FLEXI PLUS FIVE RENEWAL APPLICATION

NOT-FOR-PROFIT ORGANIZATION DIRECTORS AND OFFICERS LIABILITY INSURANCE
EMPLOYMENT PRACTICES LIABILITY INSURANCE
FIDUCIARY LIABILITY INSURANCE
WORKPLACE VIOLENCE COVERAGE
INTERNET LIABILITY INSURANCE

THIS IS AN APPLICATION FOR A CLAIMS MADE POLICY
PLEASE READ YOUR POLICY CAREFULLY

Instructions:
• Whenever used in this Application the term Applicant shall mean the Parent Organization and its wholly-owned/controlled subsidiaries.
• The Applicant is required to complete Sections 1, 2, and 7.
• The Applicant should complete other applicable Section(s) for which coverage is desired. (See chart below)
• Please include all requested underwriting information and attachments. Failure to supply may result in delay.

<table>
<thead>
<tr>
<th>Check Coverage Desired</th>
<th>Section</th>
<th>Requested Limit</th>
<th>Requested Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>[General Information]</td>
<td>1</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>[Directors &amp; Officers]</td>
<td>2</td>
<td>$15,000,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>[Employment Practices]</td>
<td>3</td>
<td>$10,000,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>[Fiduciary Liability]</td>
<td>4</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>[Workplace Violence]</td>
<td>5</td>
<td>$250,000</td>
<td>$</td>
</tr>
<tr>
<td>[Internet Liability]</td>
<td>6</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>[General Summary]</td>
<td>7</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

SECTION 1 – GENERAL INFORMATION
(All Applicants must complete this Section)

1. Name of Parent Organization: Chesapeake Bay Foundation, Inc.

2. Change in Address: [ ] None or  Change in internet address: [ ] None or

www. cbf.org

Billing contact name: Nicole Dunn

3. Has there been any changes in the Applicant’s operations? [ ] Yes [ ] No  If yes, please provide details.

4. Does the Applicant have a tax-exempt status under the U.S. Internal Revenue Code? [ ] Yes [ ] No  If no, provide an explanation.

5. The Officer of the Applicant designated to receive any and all notices from the Underwriter or their authorized representative concerning this insurance is:

<table>
<thead>
<tr>
<th>Name</th>
<th>Secretary</th>
<th>E-mail Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>William Agee</td>
<td><a href="mailto:wagee@cbf.org">wagee@cbf.org</a></td>
<td></td>
</tr>
</tbody>
</table>

PIIC-NPD-RENEWAL APP (05/10)  Page 1 of 7
FINANCIAL INFORMATION

<table>
<thead>
<tr>
<th></th>
<th>CURRENT FISCAL YEAR</th>
<th>PREVIOUS FISCAL YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL ASSETS</td>
<td>$ FY17 109,641,148</td>
<td>$ FY16 106,464,138</td>
</tr>
<tr>
<td>NET ASSETS / FUND BALANCE</td>
<td>$ 99,624,496</td>
<td>$ 95,100,585</td>
</tr>
<tr>
<td>ANNUAL REVENUE</td>
<td>$ 26,770,890</td>
<td>$ 27,433,426</td>
</tr>
<tr>
<td>NET REVENUE</td>
<td>$ 4,523,911</td>
<td>$ 898,048</td>
</tr>
</tbody>
</table>

Please attach the most recent annual financial audit or 990 tax form.

SECTION 2 – DIRECTORS AND OFFICERS
(All Applicants must complete this Section)

1. In the past twelve (12) months or the next twelve (12) months, has the Applicant been or anticipate being involved in any of the following? **If yes attach details.**

   - Creation of any new subsidiaries? ☐ Yes ☑ No
   - Mergers, acquisitions or consolidation with another entity? ☐ Yes ☑ No
   - Changes in the board of directors or senior management (other than death or retirement)? ☑ Yes ☐ No

SECTION 3 – EMPLOYMENT PRACTICES
(Complete this section only if Employment Practices Liability coverage is desired.)

1. Please provide the following employee count information:

<table>
<thead>
<tr>
<th>U.S. based employees/volunteers:</th>
<th>Currently</th>
<th>One Year Ago</th>
<th>Two Years Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Time employees:</td>
<td>200</td>
<td>180</td>
<td>180</td>
</tr>
<tr>
<td>Part Time employees:</td>
<td>7</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Temporary employees:</td>
<td>56</td>
<td>45</td>
<td>40</td>
</tr>
<tr>
<td>Volunteers:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non U.S. based employees/volunteers:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL SUM OF ABOVE</td>
<td>263</td>
<td>227</td>
<td>225</td>
</tr>
</tbody>
</table>

2. How many employees have been terminated or demoted in the past twelve (12) months?

   - Voluntary: 35
   - Involuntary: 4
   - Laid Off: 
   - Demoted: 

3. Is any reduction of employees or change of status anticipated in the next year?

   - Voluntary: 
   - Involuntary: 
   - Lay Offs: 
   - Demotions: 

4. Has the Applicant implemented any new employment practice/human resource policies or procedures? ☑ Yes ☐ No **If yes, please provide details.**

   See attached for personnel policy manual
SECTION 4 – FIDUCIARY LIABILITY

(Complete this section only if Fiduciary liability coverage is desired.)

1. List all plans for which coverage is requested (use attachment if necessary):

<table>
<thead>
<tr>
<th>Plan Name</th>
<th>Year Established</th>
<th>Assets/ Contributions</th>
<th>Type*</th>
<th>Participants</th>
<th>Administrator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The ABC Children Corp 401k Plan</td>
<td>2000</td>
<td>$1,000,000</td>
<td>2</td>
<td>75</td>
<td>self</td>
</tr>
<tr>
<td>a) CBF 403b Plan - TIAA</td>
<td></td>
<td>15,270,010</td>
<td>2</td>
<td>187</td>
<td>141 Inactive - Self</td>
</tr>
<tr>
<td>b) CBF 403b Plan - Vanguard</td>
<td></td>
<td>10,149,810</td>
<td>2</td>
<td>0</td>
<td>73 Inactive - Self</td>
</tr>
<tr>
<td>c)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please attach a separate page or use the additional information page provided at the end of the application.

* 1=Employee Welfare Benefit Plan (as defined by ERISA), 2= Defined Contribution Plan (as defined by ERISA), 3= Defined Benefit Plan (as defined by ERISA), 4=Other. If Type is 3 or 4 a Fiduciary Liability Supplemental Application must be completed.

2. Have there been any changes to any plan listed above? ☑ Yes ☐ No  If yes, please attach details.

3. Has any plan requested or contemplated filing a request for termination? ☐ Yes ☑ No  If yes, please attach details.

4. Has any plan been spun-off (sold), transferred or terminated? ☑ Yes ☐ No  If yes, please attach details.

Please attach a Form 5500 for each plan listed above.

SECTION 5 – WORKPLACE VIOLENCE

(Complete this section only if Workplace Violence coverage is desired.)

1. Has the Applicant added additional work locations? ☐ Yes ☑ No  If yes, please attach details.

2. The Applicant’s total number of employees:

3. Has the Applicant implemented any new employment procedures, office procedures, or security procedures? ☑ Yes ☐ No  If yes, please attach details.

4. In the past twelve (12) months or in the next twelve (12) months, has the Applicant been involved with or anticipate any layoffs, staff reductions, or facility closings? ☑ Yes ☐ No  If yes, please attach details.

SECTION 6 – INTERNET LIABILITY

(Complete this section only if Internet Liability coverage is desired.)

1. Has the Applicant created any new websites? ☑ Yes ☐ No  If yes please provide the site address(es)?

2. Has the Applicant made any material changes to the existing site? ☑ Yes ☐ No  If yes, please provide details.

In July 2017 the Vanguard Plan was closed to participants. All active VG participants moved to TIAA. We moved to a new TIAA platform called "Retirement Choice" on 7/1/18. The 5500 for FY18 has not yet been filed.
SECTION 7 – GENERAL SUMMARY
(All Applicants must complete this Section.)

1. Has the Applicant been the subject or involved in any litigation in the past twelve (12) month? ☐ Yes ☑ No
   If yes, please complete a supplemental claim form.

2. In the next twelve (12) months, does the Applicant anticipate any substantial change or reorganization of operations? ☐ Yes ☑ No
   If yes, please provide details.

If there is any material change to the answers of the Application’s questions prior to the policy inception date, the Applicant must notify the Underwriter in writing. Any outstanding quotation may be modified or withdrawn.

False Information

WARNING: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO Commits A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SUBJECTS SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

FRAUD NOTICE STATEMENTS

NOTICE TO APPLICANTS: “ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, Commits A FRAUDULENT INSURANCE ACT WHICH IS A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.”

RESIDENTS OF NEW YORK APPLICANTS: “ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, Commits A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SHALL ALSO BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATION.”

NOTICE TO ALASKA RESIDENTS APPLICANTS: “A PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE AN INSURANCE COMPANY FILES A CLAIM CONTAINING FALSE, INCOMPLETE OR MISLEADING INFORMATION MAY BE PROSECUTED UNDER STATE LAW.”

NOTICE TO ARKANSAS RESIDENT APPLICANTS: “ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.”

NOTICE TO ARIZONA RESIDENTS APPLICANTS: “FOR YOUR PROTECTION ARIZONA LAW REQUIRES THE FOLLOWING STATEMENT TO APPEAR ON THIS FORM. ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.”

NOTICE TO COLORADO RESIDENTS APPLICANTS: “IT IS UNLAWFUL TO KNOWINGLY PROVIDE FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES, DENIAL OF INSURANCE, AND CIVIL DAMAGES. ANY INSURANCE COMPANY OR AGENT OF AN INSURANCE COMPANY WHO KNOWINGLY PROVIDES FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO A POLICYHOLDER OR CLAIMANT FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICYHOLDER OR CLAIMANT WITH REGARD TO A SETTLEMENT OR AWARD PAYABLE FROM INSURANCE PROCEEDS SHALL BE REPORTED TO THE COLORADO DIVISION OF INSURANCE WITHIN THE DEPARTMENT OF REGULATORY AGENCIES.”
NOTICE TO DISTRICT OF COLUMBIA APPLICANTS: "WARNING: IT IS A CRIME TO PROVIDE FALSE OR MISLEADING INFORMATION TO AN INSURER FOR THE PURPOSE OF DEFRAUDING THE INSURER OR ANY OTHER PERSON. PENALTIES INCLUDE IMPRISONMENT AND/OR FINES. IN ADDITION, AN INSURER MAY DENY INSURANCE BENEFITS IF FALSE INFORMATION MATERIALLY RELATED TO A CLAIM WAS PROVIDED BY THE APPLICANT."

NOTICE TO FLORIDA RESIDENTS APPLICANTS: "ANY PERSON WHO, KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY INSURER FILES A STATEMENT OF CLAIM OR AN APPLICATION CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY OF THE THIRD DEGREE."

NOTICE TO KENTUCKY APPLICANTS: "ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY "MATERIALLY" FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT WHICH IS A CRIME."

NOTICE TO LOUISIANA RESIDENTS APPLICANTS: "ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON."

NOTICE TO MAINE RESIDENTS APPLICANTS: "IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS."

RESIDENTS OF MARYLAND APPLICANTS: "ANY PERSON WHO KNOWINGLY AND WILLFULLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR WHO KNOWINGLY AND WILLFULLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON."

RESIDENTS OF MINNESOTA APPLICANTS: "ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE/SHE IS FACILITATING A FRAUD AGAINST ANY INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD."

RESIDENTS OF NEW JERSEY APPLICANTS: "ANY PERSON WHO INCLUDES ANY FALSE OR MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES."

RESIDENTS OF NEW MEXICO APPLICANTS: "ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES."

RESIDENTS OF OHIO APPLICANTS: "ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE/SHE IS FACILITATING A FRAUD AGAINST ANY INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD."

RESIDENTS OF OKLAHOMA APPLICANTS: "ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER, MAKES ANY CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY."

RESIDENTS OF PENNSYLVANIA APPLICANTS: "ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD OR SOLICIT ANOTHER TO DEFRAUD AN INSURER: (1) BY SUBMITTING AN APPLICATION, OR (2) BY FILING A CLAIM CONTAINING A FALSE STATEMENT AS TO ANY MATERIAL FACT, MAY BE VIOLATING STATE LAW."

RESIDENTS OF PENNSYLVANIA APPLICANTS: "ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION OR CONCEALS FOR THE PURPOSE OF MISLEADING INFORMATION CONCERNING ANY FACT MATERIAL THERETO COMMITS A FRAUDULENT INSURANCE ACT WHICH IS A CRIME AND SUBJECTS SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES."

RESIDENTS OF TENNESSEE APPLICANTS: "IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES INCLUDE IMPRISONMENT, FINES AND DENIAL OF INSURANCE BENEFITS."

RESIDENTS OF TEXAS APPLICANTS: "IF A LIFE, HEALTH AND ACCIDENT INSURER PROVIDES A CLAIM FORM FOR A PERSON TO USE TO MAKE A CLAIM, THAT FORM MUST CONTAIN THE FOLLOWING STATEMENT OR A SUBSTANTIALLY SIMILAR STATEMENT: "ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR THE PAYMENT OF A LOSS IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN STATE PRISON."
RESIDENTS OF VIRGINIA APPLICANTS: “IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES AND DENIAL OF INSURANCE BENEFITS.”

RESIDENTS OF WASHINGTON APPLICANTS: “IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE, OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSES OF DEFRAUDING THE COMPANY. PENALTIES INCLUDE IMPRISONMENT, FINES, AND DENIAL OF INSURANCE BENEFITS.”

RESIDENTS OF WEST VIRGINIA APPLICANTS: “ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.”

William Agee
Name (Please Print/Type)

Secretary
Title (MUST BE SIGNED BY THE PRESIDENT CHAIRMAN OR EXECUTIVE DIRECTOR)

Signature

August 29, 2018
Date

The above signed warrants that he/she is authorized and has the power to complete and execute this Application, including the Warranty Statement on behalf of the Applicant and their respective Directors, Officers or other insured persons.

Produced By: (Section to be completed by Producer/Broker)

Producer

Agency

Producer License Number

Agency Taxpayer ID or SS Number

Address (Street, City, State, Zip)
ADDITIONAL INFORMATION

This page may be used to provide additional information to any question on this application. Please identify the question number to which you are referring.

__________________________________________
Signature

__________________________________________
Date

DocuSign Envelope ID: 0BFE6DC8-2228-4254-A129-069216BA9E6F
Quick Resource Links

Policies Distributed to Employees Annually

- Whistleblower Policy
- Code of Ethics Policy
- Confidentiality Policy
- Conflict of Interest Policy

Approved Policies and/or Guidelines

- Equal Employment Opportunity & Sexual Harassment Policy
- Gift Party Policy
- Distracted Driving Policy
- Make Up Time Guidelines
- 2017 Lobbying Guide
- Social Media Guidelines
- Mobile Device Guidelines and Criteria
TABLE OF CONTENTS

PURPOSE OF PERSONNEL POLICY MANUAL ........................................... 6

EQUAL EMPLOYMENT OPPORTUNITY ................................................. 7

GENERAL POLICY ON EQUAL EMPLOYMENT OPPORTUNITY .............. 7
REASONABLE ACCOMMODATIONS .................................................. 7
SANCTIONS FOR VIOLATIONS OF CBF’S EQUAL EMPLOYMENT OPPORTUNITY POLICY .................................................. 8

CODE OF ETHICS POLICY .............................................................. 9

I. PERSONNEL PRACTICES ............................................................... 10

CONFIDENTIALITY POLICY .......................................................... 10
JOB POSTINGS ............................................................................. 11
RESUMES AND APPLICATIONS ..................................................... 11
HIRING ....................................................................................... 11
PROMOTIONS ............................................................................. 11
TRANSFERS ................................................................................. 12
EMPLOYMENT OF RELATIVES .................................................... 12
EMPLOYEE DESIGNATIONS ......................................................... 12
EXEMPT – NON-EXEMPT ............................................................. 13
EMPLOYEE ORIENTATION .......................................................... 14
PERFORMANCE REVIEWS ........................................................... 14

II. COMPENSATION ........................................................................ 15

SALARIES AND SALARY INCREASES .............................................. 15
PAY PROCEDURES ....................................................................... 15
TIME SHEETS .............................................................................. 16
OVERTIME .................................................................................. 16
LIENS AND GARNISHMENTS ....................................................... 17

III. EMPLOYEE CONDUCT ............................................................... 17

WHISTLEBLOWER POLICY .......................................................... 17
CONFLICT OF INTEREST .............................................................. 18
POLICY PROHIBITING SEXUAL HARASSMENT ................................. 19
HARASSMENT ON ACCOUNT OF/WITH REGARD TO ANY PROTECTED GROUP ............................................. 20
APPLICATION OF HARASSMENT PROHIBITIONS ................. 20
INTIMATE RELATIONSHIPS
POLICY PROHIBITING RETALIATION
DISCRIMINATION, RETALIATION, HARASSMENT ADVANCED BY NON-EMPLOYEES
WHAT TO DO IF YOU FEEL YOU HAVE BEEN SUBJECTED TO DISCRIMINATION, HARASSMENT OR RETALIATION
ALCOHOL, DRUGS AND SMOKING RESTRICTIONS
DRUG TESTING
BACKGROUND INVESTIGATION
ATTENDANCE
AMERICANS WITH DISABILITIES ACT
PARTICIPATION IN POLITICAL ACTIVITIES
LOBBYING
NEWS MEDIA
DIGITAL MEDIA POLICY
MOBILE DEVICES
LIBEL/SLANDER
CBF MEMBERS
TELEPHONE PROFESSIONALISM
USE OF CBF VEHICLES, BOATS AND PROPERTY
RENTING VEHICLES
ACCIDENTS
NIGHT USE OF CBF BOATS
PERSONAL USE OF CBF BOATS, VEHICLES AND PROPERTY
USE OF PERSONAL VEHICLES/BOATS ON CBF TIME
OUTSIDE EMPLOYMENT
WORKED PRODUCED ON CBF TIME
HONORARIA
WORK RELATED INJURIES
PETS
ATHLETIC AND RECREATIONAL PROGRAMS

IV. GRIEVANCE PROCEDURE

V. DISCIPLINARY PROCEDURES

SUSPENSION, DISCIPLINARY PROBATION, DEMOTION, TERMINATION

VI. EMPLOYEE SEPERATION

RESIGNATION
REDUCTION IN WORKFORCE
RETIREMENT
TERMINATION
VII. EMPLOYEE BENEFITS

GROUP HEALTH DENTAL VISION INSURANCE
GROUP LIFE & ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE
SHORT TERM DISABILITY
LONG TERM DISABILITY
EMPLOYEE ASSISTANCE PLAN
FLEXIBLE BENEFIT PLANS
403B DEFINED CONTRIBUTION RETIREMENT PLAN
WORKERS COMPENSATION INSURANCE
CBF EDUCATION FIELD EXPERIENCES
LONGEVITY AWARDS
EMPLOYEE RECOGNITION / AWARDS
DEPARTURE PARTIES/GIFTS

VIII. LEAVES AND ABSENSES

ANNUAL VACATION LEAVE
HOLIDAY LEAVE
SICK LEAVE
BEREAVEMENT LEAVE
JURY DUTY AND SERVICE AS A WITNESS
MILITARY LEAVE
LEAVE FOR DEPLOYMENT OF FAMILY MEMBERS IN THE ARMED SERVICES (MD STAFF)
FAMILY MEDICAL LEAVE (FMLA)
PURPOSES OF FMLA LEAVE
USE OF LEAVE
DEFINITION OF A SERIOUS HEALTH CONDITION
NOTICE
TIMING OF NOTICE
CONTACT PERSON FOR LEAVE REQUEST; CONTENT OF NOTICE
CERTIFICATIONS
PAID TIME OFF BENEFITS
PAY INCREASES/BONUS ELIGIBILITY
INSURANCE COVERAGE
COMPENSATION
RETURN TO WORK
RESPONSIBILITIES UNDER FMLA; FMLA ENFORCEMENT
PERSONAL LEAVE OF ABSENCE
INCLEMENT WEATHER LEAVE
LEAVE POLICY/LONGEVITY AWARD (FOR 30+ YEARS OF SERVICE) 57

IX. REIMBURSABLE EXPENSES 58

TRANSPORTATION 58
MILEAGE 58
FERRY TRAVEL 59
CBF VEHICLES 59
ACCOMODATIONS 59
BUSINESS MEAL EXPENSES 59
LONG DISTANCE 59
TAX NUMBER 60
CREDIT CARDS AND CHECK BOOKS 60
NONREIMBURSABLE EXPENSES 60

X. PROFESSIONAL DEVELOPMENT 60

MENTORING 60
INTERNAL INTERNSHIPS 61
PURPOSE OF PERSONNEL POLICY MANUAL

This Personnel Policy Manual (PPM) is intended to inform, educate and guide each employee regarding CBF’s policies. It is a summary of benefits, practices, and policies at CBF and creates no obligation. As the policies and needs of CBF evolve, CBF may change, modify, amend, or delete any of the benefits, practices, and policies listed in this manual.

This manual is not a guarantee of the continuation of any benefits, conditions, practices, or plans at CBF. Unless a separate written employment agreement exists and states otherwise, each staff member is considered an "employee-at-will." CBF has the right to terminate the employment relationship at any time, for any reason, with or without cause or notice. At the same time, an employee may terminate his/her employment at any time and for any reason.

Any questions about CBF’s policies should be discussed with the employee’s immediate supervisor or the director of human resources.
EQUAL EMPLOYMENT OPPORTUNITY

GENERAL POLICY ON EQUAL EMPLOYMENT OPPORTUNITY

The Chesapeake Bay Foundation ("CBF") is committed to ensuring equal employment opportunity. All employment decisions, policies, and practices are to be made, developed, and conducted in accordance with applicable federal, state and local anti-discrimination laws.

CBF will not engage in or tolerate unlawful discrimination (including any form of unlawful harassment or retaliation) on account of a person's sex/gender, age, race, pregnancy (including pregnancy, childbirth or medical conditions related to pregnancy or childbirth, including recovery from childbirth), ethnicity, color, religion, creed, national origin, nationality, ancestry, citizenship, immigrant status, military status, veteran status, mental or physical disability or handicap, perceived disability or handicap, genetic information, sexual orientation, gender identity, marital status, familial status, domestic partner or civil union status, or membership in any other protected group.

For example, and by way of illustration only, CBF will not unlawfully consider an individual's membership in any protected group, as defined above, with regard to: interviewing, hiring, compensation, benefits, training, assignments, evaluations, coaching, promotions, discipline, discharge, and layoff decisions.

CBF’s policy on equal employment opportunity supports, and is consistent with, CBF’s commitment to enhancing diversity and inclusiveness. Diversity means not only membership in the various protected groups identified above, but also diversity in experience, perspective, and ideas. CBF believes that it is much stronger as an organization, and is enriched, as a result of diversity, and CBF strives to ensure that its policies and practices are respectful of diversity and promote inclusion.

This Equal Employment Opportunity policy applies to all of CBF’s employees (regardless of level) and applicants for all positions (regardless of level). All such individuals are both protected under and restricted by this Policy. All such individuals are protected in terms of their right to have a working environment free from unlawful discrimination, harassment and retaliation, and other inappropriate conduct as described below. All such individuals are restricted in that they are prohibited from engaging in unlawful discrimination, harassment and retaliation, and other inappropriate conduct as described below.

If any individual has any question as to whether or not any particular behavior may be inappropriate, he/she should be cautious and not engage in such behavior. Or if you feel as though you have been or are the subject of such harassment, contact someone in Human Resources or your immediate supervisor.

REASONABLE ACCOMMODATIONS

CBF will make reasonable accommodations which do not impose undue hardships on CBF: (1) when qualified individuals with physical or mental disabilities (including disabilities caused by, exacerbated by, or related to pregnancy or childbirth, including recovery from childbirth) or handicaps notify CBF of such disabilities or handicaps and request reasonable accommodation
(such as a leave of absence) for such disabilities or handicaps; (2) when employees notify CBF of pregnancy (including pregnancy, childbirth, or medical conditions related to pregnancy or childbirth, including recovery from childbirth) and request reasonable accommodations relating to same, regardless of whether the pregnancy, childbirth or related medical condition is a disability; and (3) with regard to employees’ religious observances, practices and beliefs.

Under each set of circumstances, CBF will consider making reasonable accommodations where CBF is aware of the need for such accommodations. An employee does not have to use the words “reasonable accommodation” or “disability” in order to make a request. Upon receiving a request for a reasonable accommodation, CBF will comply with its legal obligation to engage in an interactive process to make an individualized determination of whether a reasonable accommodation can be provided. CBF will treat a medical condition or complication that is caused or exacerbated by pregnancy no differently than other medical conditions for the purpose of determining whether an employee is disabled, engaging in the interactive process, and evaluating whether an employee is entitled to a reasonable accommodation (e.g., leave of absence and/or time off).

Employees needing accommodations for pregnancy, religious or medical reasons should contact the Director of Human Resources, or any employee in the Human Resources Department. Any officer, director, manager or supervisor who receives a request for an accommodation must contact Human Resources for guidance. As with any other violations of this Policy, any officer, director, manager or supervisor who violates the provisions of this section will be subject to discipline.

An employee who is not satisfied with any accommodation offered by CBF, or with CBF’s denial of the employee’s request for a reasonable accommodation, may appeal such decision by use of the appeal procedure (See WHAT TO DO IF YOU FEEL YOU HAVE BEEN SUBJECT TO…, page 22).

SANCTIONS FOR VIOLATIONS OF CBF’S EQUAL EMPLOYMENT OPPORTUNITY POLICY

Conduct does not need to violate the law to violate this Policy. On the other hand, not every behavior that may be considered offensive to someone who violates this Policy.

Any employee or non-employee who, after appropriate investigation, has been found to have engaged in unlawful discrimination, harassment or retaliation and/or inappropriate behavior inconsistent with this Policy (even if not unlawful) will be subject to appropriate disciplinary and/or corrective action, up to and including termination of his/her employment or other relationship with CBF.
CODE OF ETHICS POLICY

(Distribute to trustees, employees, and volunteers)

The Chesapeake Bay Foundation (hereafter “CBF”) is committed to adhering to a code of conduct that supports a workplace that is free of illegal and unethical behavior. CBF defines Unethical Conduct as any behavior that is illegal or that violates CBF policies and procedures including, but not limited to, that which results in fraud, misrepresentation or falsification of financial statements; theft, misappropriation or misuse of CBF assets; sexual or other forms of harassment; or accepting personal gifts or gratuities of substantial value (i.e. greater than $100) from vendors of CBF or from any other person or entity who has or could be perceived as having a special interest. Unethical Conduct also includes pressuring or causing any employee or other person to perform any of these acts.

It is the responsibility of all trustees, employees, and volunteers to uphold the ethical standards of CBF and to be committed to the highest possible levels of openness and accountability. If any trustee, employee or volunteer has any questions regarding the applicability or interpretation of these standards, CBF encourages those persons to raise them with the Human Resources Department, or the next level of management.

Any person may make a good faith complaint, report, or disclosure of Unethical Conduct. CBF will promptly investigate all such complaints, reports or disclosures of Unethical Conduct, and will take appropriate corrective action (which may include discipline, up to and including termination of the employment or other relationship), if warranted by the investigation. Under no circumstances will any trustee, employee or volunteer be subject to any disciplinary or retaliatory action for reporting violations or potential violations in good faith. Witnesses and others who participate in the investigatory process also are protected from any kind of retaliation. However, filing known false or malicious reports will not be tolerated, and anyone filing such reports will be subject to appropriate disciplinary action, up to and including termination of the employment or other relationship.

For employees and volunteers, any concerns regarding Unethical Conduct including, but not limited to, potential violations of the law and/or of CBF rules, policies or procedures, financial or accounting matters, internal accounting controls, or auditing matters should be reported by calling or writing your supervisor on a confidential or anonymous basis. However, if you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor’s response, you are encouraged to speak with Chief Executive Officer (Will Baker – 443-482-2122). Any trustee, employee or volunteer may report concerns regarding Unethical Conduct directly to the Chairman of the Audit and Finance Committee (Michael Chiaramonte – 571-385-4244, a member of CBF’s Board).
I. PERSONNEL PRACTICES

CONFIDENTIALITY POLICY

(Distribute to trustees, employees, and volunteers)

During the course of business operations, trustees and employees may receive or contribute to the creation of confidential and/or proprietary information relative to the operations of the Chesapeake Bay Foundation. This confidential and/or proprietary information includes, but is not limited to, to the extent not generally known by or readily accessible to the public:

- Financial information, data reports and statistics pertaining to Chesapeake Bay Foundation or its vendors or service providers;
- Information, ideas or data developed or obtained by Chesapeake Bay Foundation;
- Research-and-development projects, plans and results;
- The names, addresses and telephone numbers of the Foundation’s vendors, contractors and suppliers;
- Information that is required by law, regulation, agreement or policy to be kept confidential;
- Donor and other sensitive fundraising information, including donor lists and the names, addresses and telephone numbers of the Foundation’s current, former and prospective donors; and
- Any and all other data or information relating to the operations and business of the Foundation which is not known generally by or readily accessible to the public.

Trustees and employees and volunteers:

- Must protect this confidential and/or proprietary information and use and/or disclose such information only as necessary to further the Foundation’s business interests with approval from supervisor; and
- May not use or disclose such confidential and/or proprietary information for personal gain or for any purpose which does not further and/or which is inconsistent with the business interests of the Foundation defined by senior management.

The Foundation’s confidential and/or proprietary information may be disclosed to persons affiliated with Chesapeake Bay Foundation only on a need-to-know basis.

An employee who violates the Policy will be subject to appropriate disciplinary action, up to and including immediate discharge.

Upon separation from the Foundation, regardless of the reason and whether initiated by the Foundation or you, all Foundation’s proprietary information must be returned. (See EMPLOYEE SEPARATION, page 35 of CBF’s PPM).

Note: Employees have a right to discuss vigorously their wages and other terms and conditions of employment. Nothing in this policy is intended to or shall be interpreted as interfering with the right of employees to discuss their wages, and other terms and conditions of employment.
JOB POSTINGS
Where appropriate, CBF will try to fill vacant positions by promoting from within the organization. When vacancies occur within the organization, employees may be notified of these opportunities by means of a Job Posting which is displayed on the Human Resources Recruitment’s Job Announcement section of The Hub. CBF generally supports the career advancement of its employees. Accordingly, all active employees (regular, term, temporary/seasonal and interns) are encouraged to apply for open positions for which they are qualified.

*CBF is not, however, required to post any available position internally.*

Vacancies may be filled from within when posted, provided the employee interested in the opportunity is the most-qualified candidate for the job. An employee will be considered for a vacant position only if: (a) he/she has been in his/her current position for at least six (6) months; (b) meets all of the technical, educational and other requirements of the job for which he/she has applied and (c) he/she is not currently on a Performance Improvement Plan (“PIP”).

RESUMES AND APPLICATIONS
The human resources department will attempt to review all applications or resumes submitted. All resumes or applications received should be forwarded to the human resources department for processing. If requested to do so, the Assistant Director of Human Resources will screen candidates for referral to the hiring department.

The human resources department will attempt to forward timely responses to applicants and inform them of the status of their applications. All information submitted by applicants for open positions shall be kept on file for a three-year period. Unsolicited resumes and applications shall be considered for vacancies within 30 days of receipt.

HIRING
When a candidate has been selected for a vacant position, an Authorization to Hire Form (ATH)* should be completed before the initial offer is made to the candidate. The vice president of the department should sign it and have it approved by the chief financial officer and director of human resources. After the initial offer is made to the candidate and accepted, a letter will be sent to the new employee confirming hire date, status, work schedule, salary, and orientation date (See EMPLOYEE ORIENTATION, page 14). *Please refer to the Hub/HR/HR Forms

PROMOTIONS
Whenever possible, CBF shall attempt to fill vacant positions by promoting or transferring qualified candidates from within the organization. Vacant positions shall be announced to staff members by posting job announcements on the Human Resources’ Job Openings section of the Hub.
When vacant positions or promotion opportunities are posted, interested staff members should submit, in writing, a statement of their interest in the vacant position to the Director of Human Resources by the posted closing date.

CBF staff members who express an interest in a vacant position and meet the necessary qualifications, as determined by CBF, should be given preference, if all else is equal to outside candidates. When a staff member is selected for a vacant position, he/she should give sufficient notice (preferably two weeks) to his/her immediate supervisor. The hiring supervisor in selecting a candidate for promotion should follow the standard procedures for hiring employees (See HIRING, page 11).

**TRANSFERS**

CBF may initiate or approve staff transfers from one job to another or from one location to another. Employees who transfer may be handled in the following ways:

- Staff members who wish to transfer from one job to another within the same department should submit a written request to their supervisor.
- Staff members who wish to transfer from one department to another should submit a written request to the hiring supervisor and the director of human resources (See HIRING, page 11).

Pay for transferred employees will be no greater than the level of the new job.

**EMPLOYMENT OF RELATIVES**

CBF will consider a member of an employee’s immediate family for employment subject to the following:

- The applicant possesses all the qualifications for employment.
- A direct supervisor/subordinate relationship does not exist between the employee and his/her immediate family member at the time of hire or any time after.
- Immediate family includes the employee’s spouse, brother, sister, parents, children, step-children, mother-in-law, father-in-law, daughter-in-law, son-in-law and any other member of the employee’s household (excluding boarders.)

These criteria should also apply when transferring or promoting an employee. Should one of the above situations occur, CBF will attempt to find a suitable position within the organization to transfer one of the employees.

**EMPLOYEE DESIGNATIONS**

Revised 5/2013

A "regular" employee is one hired without a specific limitation on the length of employment. The term "regular" does not connote any contract or agreement as to continued employment (See PURPOSE OF THE PERSONNEL POLICY MANUAL, page 6).
A regular, “full-time” employee is one who works 40 or more hours per week and is eligible to receive benefits as described in this handbook.

A “term” employee who works 40 or more hours per week and is eligible to receive benefits described in this handbook, and whose employment is expected to last for a specified period of time lasting one year or more.

A regular, "P30" employee who works 30 hours per week and is eligible to receive benefits as described in this handbook.

A regular, "part-time" employee is one who works less than 40 hours per week and is eligible to receive benefits as described in this handbook.

A "temporary" employee is one whose employment is expected to last for a specified period of time (i.e., one month, six months), and who is not eligible to receive benefits. Examples of temporary employees include seasonal/temporary workers, work-study students, etc.

An "intern" is a student who is working toward a degree and who works for a specified period of time. Interns should receive college credit or a stipend for their work. Interns are not eligible to receive benefits.

An "on-call" employee is one who works occasionally. On-call employees are not eligible to receive benefits.

**EXEMPT – NON-EXEMPT**

For the protection of all workers, the federal government enacted the Fair Labor Standards Act (FLSA) to regulate minimum wages and overtime requirements. The law also classifies positions into two categories, those who are in positions covered by the law (non-exempt) and those who are not covered by the law (exempt).

The term "non-exempt" generally refers to employees whose primary job duties do not involve making independent decisions or directly managing a department and/or program.

Non-exempt employees are subject to the law's overtime provisions that require employees to be paid one and one-half times their regular rate of pay for all hours worked in excess of 40 in a workweek (See PAY PROCEDURES, page 15). All non-exempt employees must obtain authorization from their supervisor before working overtime.

The term "exempt" refers to professional administrative or executive employees whose primary job duties are directly related to management policies or general business operations; who exercise discretion and independent judgment; directly manage a department and/or a program.

Exempt employees are not subject to the law's overtime and minimum wage provisions. Exempt employees are expected to carry out the necessary functions of their position even if it requires working in excess of 40 hours per week.

The director of human resources will notify each employee upon hiring, and upon any change in status, as to whether he/she is exempt or non-exempt. If an employee is not certain whether he/she is exempt or non-exempt please request clarification from the director of human resources.
A regular, full-time employee is scheduled to work 7-1/2 hours per day - 37-1/2 hours per week. CBF’s normal workweek for office staff members is Monday through Friday, 9:00 a.m. to 5:00 p.m. with a 30-minute lunch break. However, employees may be allowed to alter their work schedule. They may arrive between the hours of 7:30 a.m. through 10:00 a.m. and leave between the hours of 3:30 p.m. through 6:00 p.m. Employees are expected to be at work no later than 10:00 a.m. and leave work no earlier than 3:30 p.m.

A workweek for exempt education field staff members consists of a minimum of 37-1/2 hours of work within the week, with two days off each week whenever possible.

There are some employees, due to the nature of their position, that are required to have a standard schedule. Therefore, employees must get prior approval from their supervisor to take advantage of a flexible schedule.

Employees are allowed to take a paid 30-minute break for lunch. If an employee wishes to take additional time for lunch, he/she must make it up at the beginning or end of the day.

Hours for part-time employees are determined by the employee's supervisor.

Employees working outside of the office during working hours must be available to their supervisor for the duration of the workday.

**EMPLOYEE ORIENTATION**

*Revised 5/2013*

Each new employee will receive an orientation to CBF. The human resources department will be responsible for the overall development and coordination of the orientation program and for implementing the portions that cover CBF’s history, philosophy, policies, benefits, new employee files, and documentation. Each supervisor is responsible for orientation as it applies to introducing each new employee to the specific job duties and department responsibilities.

The orientation program will start with a meeting with the human resources coordinator to complete necessary forms for payroll and benefits, to be followed by an introduction to fellow employees. The administrative assistant to the vice president of the department will schedule the new employee for an orientation meeting where a representative from each department will give an overview of his/her department. New employees will also be scheduled for a field trip where they will have an opportunity to gain first-hand knowledge about the Bay. Orientation meetings are scheduled the Monday after pay day. New staff field trips are also scheduled twice per year based on availability of education centers and education staff.

**PERFORMANCE REVIEWS**

*Revised 5/2013*

All regular, full-time and regular, part-time employees should receive a performance review annually.
The performance reviews are to ensure that each employee understands the requirements of his/her job, to provide an opportunity for evaluation of the employee’s performance and to engender a constructive interchange between the employee and his/her supervisor.

The Performance Management cycle is one year, beginning July 1 and concluding on June 30. A Performance Appraisal Form should be completed for each employee annually at the end of the fiscal year. Employees will complete their assigned section of the form and forward it to their supervisor. Supervisors should complete the remaining sections of the form and meet with the employee. All completed forms should be forwarded to the human resources department. All forms can be found electronically on CBF’s network.

Seasonal, on-call, and temporary employees may be given a performance review at the supervisor’s discretion.

II. COMPENSATION

SALARIES AND SALARY INCREASES

CBF will pay employees on a nondiscriminatory basis and will attempt to be competitive. Salary decisions will take into account the type of job, job performance, length of service, and CBF’s overall economic condition.

Supervisors are responsible for conducting a salary review for each employee annually during the evaluation process. Annual salary increases will be given based on the following process:

- The president shall meet with CBF’s Budget Committee to determine the budget for salary increases. If feasible, a pool of money will be allocated for staff salary increases.
- The president shall communicate salary increase guidelines to each departmental vice president.
- Department heads and supervisors should, after evaluating staff members, forward recommendations for increases to his/her vice president.
- The vice president of the department shall meet with the director of human resources to review recommendations. Final recommendations should be submitted to the president and chief of staff for review.
- The president, chief of staff or departmental vice president shall review salary increase recommendations with department heads as necessary. Final salaries will be approved by the president and chief of staff.

Final decisions as to a salary increase, if any, shall be communicated to the staff member by his/her immediate supervisor. Salary increases shall become effective July 1st unless otherwise directed by CBF’s president and/or Board of Trustees.

PAY PROCEDURES

CBF’s pay practices, procedures, and records are the basis for establishing the number of hours worked by each employee and govern all questions pertaining to hours worked, overtime, and
all other pay issues. Nothing in this Personnel Policy Manual is a guarantee by CBF on hours of work per day, per week, per year, or on any specific work schedule.

Employees normally will be paid bi-weekly. Each January, a schedule of pay dates for the year will be posted on CBF’s Intranet Website.

Employees have the option of being issued a paycheck on payday or having their pay electronically deposited (direct deposit) into their checking or savings account.

Each payday employees will receive a statement showing gross pay, deductions, and net pay. Local, state, federal, and Social Security taxes will be deducted automatically. No other deductions will be made unless required by law, a court order, contract, or employee obligation. Employees may elect to have voluntary deductions taken from their pay by written authorization.

Employees who discover a mistake in their paycheck, lose their paycheck, or have it stolen, should notify the payroll coordinator immediately. In case of loss or theft, the finance department will attempt to stop payment on the check and reissue a new one to the employee. If there is more than one stop payment issued per year, the employee is responsible for reimbursing CBF for any charges incurred as a result of the stop payment for a paycheck. If CBF cannot stop payment on the paycheck, the employee is solely responsible for any monetary loss caused by CBF’s inability to stop payment.

**TIME SHEETS**

All non-exempt employees, those employees subject to the minimum wage and overtime provisions (See EXEMPT -- NON-EXEMPT, page 13) are required, biweekly, to complete an EMPLOYEE TIME SHEET (Exhibit 5) showing the number of hours worked per week.

Exempt employees are not subject to the FLSA law’s overtime and minimum wage provisions and normally do not receive overtime (See EXEMPT -- NON-EXEMPT, page 13.) However, exempt employees are required to complete an EMPLOYEE TIME SHEET (Exhibit 5) to document any leave taken.

Time sheets cover one pay period and should be completed the Friday prior to payday. Pay Schedules can be located on the human resources section of CBF’s Intranet Website.

Supervisors should review, initial, and forward all time sheets (exempt, non-exempt, and education) to the payroll manager.

**OVERTIME**

CBF will compensate employees in accordance with the provisions of the Fair Labor Standards Act (FLSA) and other applicable laws. The Fair Labor Standards Act (FLSA) requires that non-exempt employees (See EXEMPT -- NON-EXEMPT, page 13) be paid at one and one-half times their regular salary for overtime hours worked. In general, the FLSA's minimum wage and overtime provisions do not apply to exempt employees (See EXEMPT -- NON-EXEMPT, page 13).
Non-exempt employees are subject to the law's overtime provisions and will be paid one and one-half times their regular rate for all hours worked in excess of 40 in a workweek. All non-exempt employees are required to complete a time sheet (See TIME SHEETS, page 16) showing the number or hours worked each week.

The amount of overtime hours and employees assigned to work such overtime hours are established by department heads. Employees must get approval in advance from their supervisor to work overtime.

**LIENS AND GARNISHMENTS**

According to state and federal law, CBF will process court order wage attachments and garnishments in the legally prescribed manner.

All notices of liens, garnishments, or attachments should be forwarded to the director of human resources. The director of human resources will complete the necessary documentation and forward it to the proper authorities/agency. The director of human resources will notify the affected employee that the required amount will be deducted from his/her earnings.

**III. EMPLOYEE CONDUCT**

All CBF employees should conduct themselves in such a manner as to enhance and promote the organization’s reputation. Employees should not use their positions at CBF for personal gain and must conduct themselves properly and professionally when dealing with others, including trustees, colleagues, donors, guests, program participants, other associates of CBF, and any members of the public. Demonstrating respect and appreciation for differences, and accepting others for individual differences is paramount in our profession.

CBF employees should recognize that their conduct off the job may also reflect on CBF and should conduct themselves appropriately. The workplace extends beyond the typical workday. Any gathering of CBF staff for the purpose of training, meetings, and retreats is considered workplace. CBF sponsored overnight events, evening meetings and social gatherings, and weekend events are also considered workplace.

If an employee fails to conduct himself/herself appropriately, disciplinary action may be taken, to include warning, suspension and/or termination (See DISCIPLINARY PROCEDURES, page 34).

**WHISTLEBLOWER POLICY**

(Distribute to employees)

As employees of the Chesapeake Bay Foundation (CBF), we must, at all times, practice honesty and integrity in fulfilling our responsibilities. As employees of CBF, we also must, at all times, comply not only with the letter but also with the spirit of all applicable laws and regulations.
This policy is intended to encourage and enable employees to raise concerns regarding what they may believe to be potentially unlawful, unethical or fraudulent actions. No employee who in good faith reports concerns about potentially unlawful, unethical or fraudulent actions shall suffer any form of retaliation, such as retaliatory harassment or a retaliatory adverse employment consequence. Witnesses and others who participate in the investigatory process also are protected from any kind of retaliation. Any employee who retaliates in any way against someone who has reported a violation in good faith, served as a witness in good faith, or otherwise participated in the investigatory process in good faith shall be subject to discipline up to and including termination of employment.

In most cases, an employee’s supervisor is in the best position to address any area of concern. However, if an employee is not comfortable speaking with his/her supervisor or is not satisfied with his/her supervisor’s response for any reason, that employee is encouraged to speak with the Chief Executive Officer (Will Baker – 443-482-2122). An employee may also report directly to the Chairman of the Audit and Finance Committee (Michael Chiaramonte – 571-385-4244, a member of CBF’s Board).

Violations or suspected violations may be submitted anonymously to any of the individuals referenced above. While an employee can report concerns anonymously, CBF’s ability to conduct a full and fair investigation may be limited if CBF does not have the opportunity to speak with the employee as part of the investigation. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. All reports will be promptly investigated and appropriate corrective action taken (which may include discipline, up to and including termination of the employment or other relationship), if warranted by the investigation.

CONFLICT OF INTEREST

(Distribute to trustees, employees, and volunteers)

The Chesapeake Bay Foundation’s trustees and employees shall avoid any conflict between their own respective personal, professional, or business interests and the interests of the Foundation, in any and all actions taken by them on behalf of the Foundation in their respective capacities.

Trustees or employees of the Foundation shall report if they have any direct or indirect interest in or relationship with any individual or organization which proposes to enter into any transaction with the Foundation, including but not limited to transactions involving:

a) the sale, purchase, lease or rental of any property or other asset;

b) employment, or rendition of services, personal or otherwise;

c) the award of any grant, contract, or subcontract;

d) the investment or deposit of any funds of the Foundation.

Conflict of interests shall be reported as set forth in the following paragraphs:

Trustees shall give notice, annually, of such by completing the conflict of interest disclosure found on the reverse side of this document. Trustees shall refrain from discussing or voting on the particular transaction in which he/she has an interest, or otherwise attempting to exert any
influence on the Foundation, to affect a decision to participate or not participate in such transaction. If a conflict arises during the year, trustees shall give written notice to the Chairman of the Audit and Finance Committee (Michael Chiaramonte – 571-385-4244, a member of CBF’s Board) or to the Foundation President (Will Baker – 443-482-2122), also a member of CBF’s Board. If a conflict arises during the course of a meeting and it is not practical for the trustee to give notice to the Chair of the Audit and Finance Committee or to the Foundation President, the trustee shall disclose the conflict to the Board, which shall then decide what action is appropriate.

Key employees, as defined by the IRS, or employees who are officers of CBF, shall also give notice, annually, of such interest or relationship by completing the conflict of interest disclosure found on the reverse side of this document.

All other employees shall give notice of such interest or relationship to their supervisor. If they are not comfortable speaking with their supervisor or are not satisfied with their supervisor’s response, they are encouraged to speak with their Department head or the Chief Financial Officer. In addition, employees should ensure that a conflict of interest policy, that meets or exceeds the above, is in place for any Boards on which they serve on behalf of CBF.

**POLICY PROHIBITING SEXUAL HARASSMENT**

Sexual harassment is a form of discrimination which CBF does not tolerate. Consistent with the foregoing, the following behaviors are illegal and are prohibited, whether exhibited by a man or woman and whether directed at a man or woman:

- threatening or insinuating, expressly or implicitly, that any person is required to submit to sexual advances or to provide sexual favors as a condition of employment, continued employment or any term, condition or benefit of employment, or that a person’s refusal to submit to sexual advances or to provide sexual favors will affect adversely such person’s employment, continued employment or any term, condition or benefit of employment;
- making any employment decision or taking any employment action based on a person’s submission, or refusal to submit, to sexual advances; or
- Engaging in unwelcome sexually-oriented or otherwise hostile or inappropriate conduct which has the purpose or effect of interfering unreasonably with another person’s work performance or of creating an intimidating, hostile, abusive or offensive working environment. Whether specific conduct is unreasonable is determined from the perspective of the person experiencing the conduct (not the person engaging in such conduct).

By way of example only, the following behaviors and communications are inappropriate, and are prohibited, whether or not illegal and whether directed at an employee or non-employee:

- Requiring sex as a condition of employment or any term or benefit of employment or punishing any person with regard to any term, condition or benefit of employment because he or she did not submit to sexual advances or making any employment decision based on a person’s submission to or refusal to submit to sexual advances.
• Sexual or suggestive pictures, photos, cartoons, e-mails, Internet web sites, jokes, slurs, profanity, nicknames, conversations, questions, innuendo (verbal and non-verbal), objects and symbols; frequent and/or inappropriate comments on appearance; repeated requests for dates; excessive and/or inappropriate touching; and other inappropriate behaviors and/or communications of a sexual, suggestive or biased nature.
• Pictures, photos, cartoons, e-mails, Internet web sites, “jokes,” slurs, epithets, nicknames, conversations, questions, objects, symbols, imitations, and other communications/behaviors which reflect negatively upon, stereotype, or disparage any sex/gender.
• Hostile, abusive or demeaning communications or behaviors related to sex/gender or directed at someone because of his or her sex/gender.

HARASSMENT ON ACCOUNT OF/WITH REGARD TO ANY PROTECTED GROUP

Unlawful harassment based on an individual’s membership in any protected group (based, for example, on sex/gender, age, race, pregnancy (including pregnancy, childbirth or medical conditions related to pregnancy or childbirth, including recovery from childbirth), ethnicity, color, religion, creed, national origin, nationality, ancestry, citizenship, immigrant status, military status, veteran status, mental or physical disability or handicap, genetic information, sexual orientation, gender identity, marital status, familial status, domestic partner or civil union status, or membership in any other protected group) is equally prohibited and will not be tolerated.

By way of example only, the following behaviors and communications are inappropriate, and are prohibited, whether or not illegal, and whether directed at an employee or non-employee:

• Pictures, photos, cartoons, e-mails, Internet web sites, “jokes,” slurs, epithets, nicknames, conversations, questions, objects, symbols, imitations, and other communications/behaviors which reflect negatively upon, stereotype, or disparage any protected group, e.g., any race, gender, ethnic group, age, religion or disability.
• Hostile, abusive or demeaning communications or behaviors related to a protected group or directed at someone because of his or her membership in a protected group.

APPLICATION OF HARASSMENT PROHIBITIONS

The above harassment prohibitions apply not only to verbal and written communications, but also to e-mail, voice mail, internet communications and searches, and other technology-assisted communications. Employees are expected to understand and are accountable for these prohibitions.

These prohibitions also may extend to professional and personal blogs, and other forms of social media (whether professional or personal), as will be described in more detail in CBF’s Social Media Policy. Both professional and personal social media posts and other activity may violate this Policy if it is about or becomes known by employees or independent contractors and consultants performing work for CBF, or others with whom CBF does or may do business.
The prohibitions on inappropriate behavior set forth above apply not only in the workplace but also to all other work-related settings, such as work-related meetings as well as business trips and business-related social functions.

It is not an acceptable defense to inappropriate behavior that there was no bad intent, that such behavior was intended only as a “joke,” that such behavior was not directed at any particular person or that the comments were intended as self-deprecating (for example, using an inappropriate word to describe yourself), or that you did not know the action was prohibited – ignorance is not a defense.

**INTIMATE RELATIONSHIPS**

While personal relationships may develop in a professional setting, there are restrictions. In particular, no employee (officer, manager, supervisor, etc.) ever should have to feel any pressure to become intimately involved with any other employee or non-employee. If any employee encounters or feels any unwelcome pressure to become intimately involved with any employee (officer, manager, supervisor, etc.) or non-employee (independent contractor, consultant, Board member, etc.), such employee is urged to use the procedure set forth below. If employees let CBF’s Director of Human Resources or any employee in the Human Resources Department know that there’s a problem, then CBF can help. In the absence of a complaint (utilizing the procedure below), CBF will assume that any relationship is entirely consensual and welcome.

If an employee asks another employee or non-employee for a date, and such other employee or non-employee says, “No,” it is not appropriate to ask such person again. In addition, employees may not retaliate against such person in any way for saying, “No.” Repeated requests for dates (when the individual being asked has said, “No.”) or retaliating in any way against an individual who has refused one or more offers/requests for a date will result in severe disciplinary action, up to and including the termination of employment or other relationship with CBF.

As noted above, certain professional activities, such as sharing a meal or engaging in mentoring, may have a personal component. CBF does not wish to discourage those appropriate social interactions, which can be an important part of professional development. To the contrary, CBF encourages such professional activities and related social interactions of an appropriate nature. However, where there is a personal component, employees are cautioned to remember the professional nature of the relationship and the applicability of this Policy.

**POLICY PROHIBITING RETALIATION**

CBF will neither engage in nor tolerate unlawful retaliation of any kind against any person who makes a good faith complaint of unlawful discrimination, harassment or retaliation, is associated with a person who makes such a complaint, or serves as a witness or otherwise participates in the investigatory process. CBF also will refrain from penalizing an employee in terms, conditions or privileges of employment for requesting or using an accommodation, including in connection with the employee’s pregnancy (including pregnancy, childbirth, or medical conditions related to pregnancy or childbirth, including recovery from childbirth). As with all
other provisions of this policy, all employees are protected by this provision as well as restricted in terms of what such employees may do.

Prohibited retaliation includes adverse tangible employment actions, such as denials of raises or promotions. Under certain circumstances, other material changes in the terms and conditions of employment, such as work assignments, may constitute prohibited retaliation, if the changes are a product of a retaliatory motive. Prohibited retaliation also may include adverse actions independent of the workplace, such as attempting to exclude an employee from membership in an outside professional organization because of a complaint the employee made to CBF.

The fact that the conduct about which an employee or individual complains is not unlawful is not a defense to retaliation by any employee or non-employee. Generally, so long as an individual acts in good faith in making a complaint alleging unlawful discrimination, harassment or retaliation, serving as a witness or otherwise participating in the investigatory process, no adverse action may be taken against such individual.

Prohibited retaliation will be handled under this Policy in the same manner, and employees and non-employees will be subject to disciplinary/corrective action to the same degree, as for any other violation of this Policy.

**DISCRIMINATION, RETALIATION, HARASSMENT ADVANCED BY NON-EMPLOYEES**

The prohibitions against unlawful discrimination, retaliation and harassment set forth in this Policy apply to the conduct of both CBF employees and non-employees (in the case of non-employees, when such prohibited actions are directed at employees or other non-employees at or in connection with CBF). Consequently, any employee who believes that he/she has been discriminated against, subjected to retaliation or harassed (sexually or otherwise) in the course of his/her employment by a non-employee should file a formal complaint using the procedure set forth below. As noted above, the prohibitions against unlawful discrimination, harassment and retaliation set forth in this Policy apply to the conduct of employees towards non-employees, and employees will be subject to disciplinary/corrective action as provided in this Policy.

**WHAT TO DO IF YOU FEEL YOU HAVE BEEN SUBJECTED TO DISCRIMINATION, HARASSMENT OR RETALIATION**

If an employee has a complaint that he/she, or any other employee or non-employee, may have been: (1) unlawfully discriminated against; (2) harassed, or retaliated against (including, but not limited to, being denied a request for a reasonable accommodation such as a leave of absence and/or time off or the failure to engage in the interactive process); or (3) subject to any inappropriate conduct prohibited by this Policy, by any other employee or non-employee in violation of this Equal Employment Opportunity Policy, the employee should report their concerns immediately to his/her supervisor or manager, the Director of Human Resources or anyone in the Human Resources Department, Chief of Staff, or President. Employees are
urged to speak with whichever person identified above they feel most comfortable discussing the matter with.  

Similarly, any questions as to whether specific conduct is unlawful discrimination, retaliation or harassment, should be directed to any of the individuals identified above. CBF urges employees and non-employees to ask such questions.

All complaints will be investigated promptly, and the existence and nature of any complaint will be disclosed only to the extent necessary to make a prompt and thorough investigation, or as may be necessary to take appropriate corrective measures. CBF will neither engage in, nor tolerate, any form of unlawful retaliation against any person for making a good faith complaint alleging unlawful discrimination, harassment or retaliation, serving as a witness or otherwise participating in the investigatory process.

Any officer, director, manager or supervisor who receives a complaint regarding unlawful discrimination, harassment or retaliation must report such complaint to the Director of Human Resources promptly, and may neither keep the complaint confidential nor investigate the complaint on his or her own. Any employee who is not sure whether he/she has a duty to report is advised to make the report to Human Resources.

Any employee who is not satisfied with the manner in, and extent to, which their complaint has been handled, for whatever reason, may appeal the complaint to the Director of Human Resources. All appeals must be submitted in writing, and as much detail as possible is encouraged. However, an appeal notice will be considered sufficient if the employee merely writes, “I wish to appeal my Equal Employment Opportunity (EEO) complaint.” The Director of Human Resources will arrange for one or more members of CBF’s Executive Staff to consider the appeal.2

**ALCOHOL, DRUGS AND SMOKING RESTRICTIONS**

CBF is committed to maintaining a safe and healthful working environment for its employees as well as the participants in CBF-sponsored programs. To that end, the use, sale, or possession of illegal drugs or the unauthorized use of alcohol by employees while on the job or on CBF property is prohibited (Also see EDUCATION PROCEDURES MANUAL).

For special events or other occasions, CBF’s president or any other department head may authorize the consumption of alcohol and/or smoking during CBF functions or on CBF property. Rental contracts governing use of non-CBF facilities should be consulted before such authorization is granted. Alcohol, if consumed, should be consumed in limited quantities. If excessive drinking occurs, employees should report it to the senior staff member responsible for the event. The senior staff member shall take appropriate action.

CBF is considered to be a "smoke-free workplace." As a result, smoking is prohibited, unless otherwise specified, on all CBF property, to include offices, buildings, boats, and vehicles.

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1 Applicants for employment also may use this procedure
2 Typically, the Chief of Staff and/or President will consider the appeal, unless the Director of Human Resources determines that there may be a conflict of interest.
Employees found in violation of this policy may be subject to disciplinary action (See DISCIPLINARY PROCEDURES, page 49).

**DRUG TESTING**

The United States Coast Guard requires that any employee who operates a commercial vessel is subject to pre-employment, post-accident, periodic, reasonable, random, and return to duty drug testing (See DRUG TESTING, page 24). Generally, employees who are affected by this policy are in the education department. However, there are other staff members who have access to CBF boats. Any employee who operates a CBF boat with field trip participants must comply with drug-testing requirements. Failure to do so could result in disciplinary action (See DISCIPLINARY PROCEDURES, page 49).

**BACKGROUND INVESTIGATION**

It is the policy of the Chesapeake Bay Foundation (CBF) to ensure that any newly hired employee in the education department that has the opportunity to interact with a student in an uncontrolled or unsupervised environment, undergo a background investigation as a condition of employment. CBF is committed to providing a safe and secure environment to all employees and students on CBF education field trips and training workshops.

As a condition of employment, all newly hired employees in the education department that have the opportunity to interact with students in an uncontrolled or unsupervised environment are required to successfully complete a Background Investigation.

The background investigation includes two components. The first component is fingerprinting to be processed by Criminal Justice Information System (CJIS). This is a review of State and Federal Records on an employee. The second component of the background check will consist of the following:

- Federal Records Check: A review of Federal Bureau of Investigation (FBI) records for convictions or pending charges.
- Commercial Records Check: A review of publicly available records and databases for criminal activity or incorrect information of employment applications or background investigation applications.
- Department of Social Services Records Check: A review of DSS records to determine if the employee has any child care activity that would preclude them from employment with the Chesapeake Bay Foundation.

CBF has the right to deny employment in the education department for any of the following reasons:

- If an applicant plead guilty or nolo contendere (a plea by a defendant in a criminal prosecution that without admitting guilt subjects the defendant to conviction as in the
case of a guilty plea but that does not bar denial of the truth of the charges in another proceeding) with respect to, receives probation before judgement with respect to, or is convicted of, a crime involving:

- Child abuse or neglect as defined in Article 27, 35A, Annotated Code of Maryland (Attachment 1), or a comparable crime in another state or
- A crime of violence as defined in Article 27, 643B, Annotated Code of Maryland (Attachment 2), or comparable crime in another state
- In addition, failure to properly disclose all requested information on the background investigation form is grounds for immediate termination.

CBF reserves the right to review any publicly available documents or to use previous authorizations to obtain background information on employees involved in criminal or negative social services activities. CBF will be responsible for the initial background check costs involved.

Background Investigation paperwork must be completed prior to the first day of employment at CBF. All offers of employment will be contingent based on the results of the background investigation. The employee will work in a supervised setting until all background investigation application forms are completely processed and the results are received. If there is not any disqualifying information, the employee is cleared for continued employment.

If there is disqualifying information on the results, the employee will be provided an opportunity to challenge the results. Under no circumstances will the employee be required to disclose information concerning criminal charges that have been expunged.

The senior education manager of recruitment, education program director, vice president of education, human resources director and legal counsel, if necessary, will meet to determine the status of employment. This committee will decide if the conviction is job related, if the circumstances, including the nature of the operation of the business, its remoteness in time, the number of convictions, the relation between the offense and the job, the applicant's employment history and efforts at rehabilitation. A final meeting will be held with education program director and the employee to inform him/her of the status of employment. Written notification will be given to the employee regarding employment status. A copy will be placed in the employee's Background Investigation File.

ATTENDANCE

An important job responsibility is regular attendance. Absences, while sometimes unavoidable, can disrupt the normal routine of a department. If an employee is unable to report to work as scheduled, he/she must inform his/her immediate supervisor by 9:00 a.m. of that workday. If the immediate supervisor is unavailable, the absence may be reported to another individual within the department, the director of human resources, or vice president of the department.

If an employee is absent for more than three days due to an illness, medical documentation may be requested by the employee's supervisor (See SICK LEAVE, page 63).

An employee who is absent from work and has not notified his/her supervisor may be subject to disciplinary action (See DISCIPLINARY PROCEDURES, page 49).
**AMERICANS WITH DISABILITIES ACT**

The Americans with Disabilities Act (ADA) of 1990 is a new federal civil rights law that prohibits discrimination against individuals with disabilities. The ADA also prohibits discrimination because of an individual's relationship or association with a disabled person.

A "disability" is defined as a physical or mental impairment that substantially limits one or more of the major life activities of an individual. Persons who fall into this category include, but are not limited to: persons who are deaf or hard of hearing, persons confined to wheelchairs, persons with lung disease, persons infected with the "HIV" virus or with "AIDS", and persons with psychological disorders.

CBF's policy is to provide equal employment opportunity to all employees and applicants, including individuals with disabilities.

If an individual's disability is made known to CBF (normally by the applicant or employee), CBF will attempt to make a reasonable accommodation based on the following:

- **Physical Accommodations** - CBF to the extent readily achievable will ensure that existing facilities are readily accessible to, and usable by, individuals with disabilities.

- **Workplace Accommodations** - CBF may modify job descriptions, work schedules, and equipment, or provide qualified readers or interpreters for individuals with disabilities.

CBF does, however, reserve the right not to provide an accommodation if it imposes an undue burden or hardship to the organization.

If a current employee is aware, or becomes aware that he/she has a disability that requires reasonable accommodation, he/she should notify his/her supervisor and the director of human resources immediately. Additionally, the employee should provide medical documentation of the disability. The supervisor and the director of human resources will review the "essential functions" of the employee's job and attempt to identify a reasonable accommodation that permits the employee to safely perform the essential functions of the job without imposing an undue hardship on CBF.

If a reasonable accommodation cannot be made, the employee may be reassigned to another vacant position for which he/she is qualified and can perform the essential functions, if one is available. If such a position is not available, the employee may resign or CBF may terminate his/her employment.

**PARTICIPATION IN POLITICAL ACTIVITIES**

CBF is a non-profit organization exempted from paying income taxes under Section 501(c)(3) of the IRS code. In order to maintain its exemption, CBF is prohibited from engaging in political campaign activities. We may, of course, provide information and briefings to political candidates, so long as we do so on a non-discriminatory basis. That means that if we make ourselves available to a candidate or candidates, we must do so for all other candidates as well.

In addition to complying with IRS regulations, maintaining neutrality in political campaigns protects CBF from becoming identified with a party or candidate.
Although CBF is barred by the IRS from engaging in political activities, the question has arisen as to what role staff members may play in campaigns.

While participation in political campaigns by most CBF staff members as individuals and not on behalf of CBF may generally be acceptable, staff members may not carry out political activities on CBF time or by using CBF property or facilities. Nor may CBF’s name or the employee’s identification with CBF be used in connection with political campaigns.

The more difficult question arises when senior staff members or other employees with high visibility are asked to participate in a campaign on their own primarily because of the nature of their work; e.g. being listed on the letterhead of “Environmentalists for Joe Blow.” Even if the political activity is completely carried out on the employee’s own time, away from CBF offices, and CBF’s name is not used, the identification of the employee in the public eye with CBF may be such that it appears that CBF is supporting the candidate.

Therefore, in order to protect CBF, it may be necessary on occasion to place restrictions on the political campaign activities that some staff members may undertake. Specifying beforehand which staff members and activities fall into this category is difficult. Consequently, determinations must be made on a case-by-case basis. The factors to be considered include the staff level of the CBF employee, his or her public visibility and identification with CBF, the nature of the political activity to be engaged in and its public visibility, the likelihood of the person’s activities being attributed to CBF, the nature of the office involved, and the potential for adverse repercussions to CBF.

Consequently, before agreeing to participate in political activities, a CBF employee should consult with his/her supervisor and explain in writing what he/she proposes to do, and receive approval from the vice president of the department and the chief of staff. An employee who is uncertain whether this policy applies to him/her should consult with his/her supervisor and with the vice president of the department and the chief of staff before engaging in political activities.

**LOBBYING**

Lobbying is generally defined as any contact with legislators, or members or employees of the legislative body, or other government officials in order to influence legislation. Contacts with CBF members and the general public urging them to take a position on a particular piece of legislation are also lobbying. CBF is restricted by law in the amount of lobbying it may do. Violation of the law could result in the loss of the Foundation’s tax-exempt status.

Accordingly, employees should not engage in lobbying efforts unless authorized by the vice president of the department and chief of staff. Staff members who do engage in lobbying must maintain records of their activities and file reports with the vice president of the department and the chief of staff.

**NEWS MEDIA**

CBF’s vice president of communications is the organization’s designated press contact. To the extent possible press inquiries should be referred to him/her. Other employees may have to
deal with representatives of the news media. Although most reporters are conscientious and well intentioned, occasionally some may be more interested in a story than in accuracy.

The basic rule in dealing with the press is "Don't ever say anything you would not want to read in the headlines of the newspapers." Employees should recognize that in dealing with the press, nothing is off limits. Even if a reporter agrees to do something "off-the-record," that does not mean that the employee will not find his/her name in print. Always consider how statements could be misinterpreted and recollect that off-the-cuff remarks and jokes can frequently be put in a very unfortunate light. A reporter may ask an interviewee to agree with a statement the reporter makes, for instance, "Don't you think that all industries pollute?" CBF employees should understand that if they answer anything other than "no" they are likely to be quoted as having said that all industries pollute. Bear in mind that in dealing with the press, as in all of our dealings with the public, we wish to convey an impression of dedication and professionalism, which means that full command of the facts on the topic at hand is important. If an employee does not have the information to respond, he/she should tell the inquirer, "I'm sorry I don't know, but I'll find out and follow up with you."

**DIGITAL MEDIA POLICY**

*Effective 7/2018*

The term "digital media" includes all means of communicating or posting information or content of any sort on the Internet, including to your own or someone else's web log or blog, journal or diary, personal website, social networking or affinity website, web bulletin board, or a chat room, whether or not associated or affiliated with the Chesapeake Bay Foundation (CBF), as well as any other form of electronic communication. The same principles and guidelines found in the CBF’s Personnel Policy Manual, specifically our Code of Ethics, Equal Employment Opportunity, and Sexual Harassment Policies apply to an employee’s digital media activities online.

Any conduct that adversely affects an employee’s job performance or the performance of fellow employees, or otherwise adversely affects CBF’s legitimate business interests, may result in disciplinary action, up to and including termination. Similarly, inappropriate postings, including but not limited to discriminatory remarks, harassment and threats of violence or similar inappropriate or unlawful conduct will not be tolerated and may result in disciplinary action, up to and including termination.

Employees are responsible for reviewing the detailed social media guidelines [here](#).

**MOBILE DEVICES**

*Effective 7/2018*

*Mobile devices include: cell/smartphones, tablets and/or air cards.*

CBF recognizes that there are employees who hold positions who will have the need for a mobile device in order to carry out their responsibilities. CBF does not reimburse for home internet service.
In order to participate in CBF’s corporate cellular plan or reimbursement plan, the employee must have approval of the department Head and/or Vice President.

CBF’s mobile device benefit options:
1. Employees approved to participate in the CBF cellular corporate plan, will reimburse CBF $25/month for personal use. This cost will be deducted monthly from the employee’s paycheck.
2. An expense reimbursement may be requested for $25 per month for one mobile device.

Employees are responsible for purchasing their own device and reviewing the detailed guidelines here.

LIBEL/SLANDER

It is extremely important, especially when speaking to the press, that critical statement about individuals, corporations, or organizations are accurate. If they are not, CBF may be subject to suit for libel or interference with someone’s business. This applies not only to the press, but also to speeches and even to private conversations. Staff members should make every effort to assure that the facts on which they base statements are accurate and should refrain from personal attacks or derogatory statements.

CBF MEMBERS

Revised 7/2018

CBF has over 275,000 members at the time of this writing. With such a large and growing membership, it is likely that most employees will come in contact with members from time to time. It is our policy to always respect members’ views, listen carefully to their suggestions, and respond with utmost courtesy. CBF is able to operate solely because of the philanthropy and support of its members. They must always be treated accordingly.

TELEPHONE PROFESSIONALISM

The telephone call is often the first contact an outside individual has with CBF. Therefore, we expect the highest degree of professionalism when answering and responding to a call. There are times when it becomes necessary for all staff members to help answer the phone before and after normal working hours. It is helpful if everyone shares the responsibility. Each call should be answered promptly and courteously. Each message should be recorded and all information necessary should be obtained, i.e., correct spelling, phone number, message, date and time of call, and who took the message.

USE OF CBF VEHICLES, BOATS AND PROPERTY

CBF boats, cars, vans, trucks, or other vehicles may only be operated by regular, full-time and regular, part-time employees (See EMPLOYEE DESIGNATIONS, page 9) CBF interns, on-call,
and temporary staff, CBF volunteers, and employees from other organizations affiliated with CBF must receive approval and training before any activity takes place. In addition, the supervising staff member must write up non-staff vehicle/vessel duties and receive approval by the respective department's vice president or designated safety staff member prior to operating any CBF vehicle/vessel. All Operators of CBF vehicles or boats must have a valid driver's license and/or a valid U.S. Coast Guard license and must provide a current copy of their driving record to administration department prior to operating any CBF vehicle. The driving record must be updated annually. Under no circumstances is a boat to be operated unless the operator has received prior approval from the director of education operations, the director of fleet and facilities and safety or whomever he designates.

It is important that all checklists for the operation and maintenance of CBF vessels be followed. The checklists can be found in the education instructor's file and the center safety plan for the equipment can be found at each education center. Prior to operation of the vehicle or boat, the operator must review the checklists and plan for the vehicle or boat to be operated.

Authorized individuals may not operate any CBF vehicle or boat whenever his/her ability to drive safely may be impaired or diminished for any reason (for example, taking medication – either prescription or over-the-counter preparations – which may have the effect of reducing alertness and/or retarding reflex response). Further, operation of any CBF vehicle or boat while under the influence of alcohol or illegal drugs will result in the immediate termination of employment with CBF.

If he/she operates a CBF vehicle or boat and his/her driver's license or USCG license is suspended or revoked, he/she must advise their department's vice president immediately. Failure to notify the department's vice president of an occurrence of this nature and/or operating a CBF vehicle or boat without a valid license may result in the immediate termination of employment with CBF.

**RENTING VEHICLES**

Regular, full-time, and regular, part-time staff members (See EMPLOYEE DESIGNATIONS, page 9) may be eligible to rent vehicles. Interns, counselors, work-crew, or any "temporary" staff (See EMPLOYEE DESIGNATIONS, page 9) are not allowed to rent or drive rented vehicles for CBF.

When renting vehicles, staff members must get approval from their department head.

**ACCIDENTS**

Employees must report any accident, theft, or damage involving a CBF vehicle, or a personal vehicle used on CBF business to their immediate supervisor and the vice president of administration or the director of fleet, facilities and safety within twenty-four hours. Employees are also required to complete an ACCIDENT REPORT FORM (Exhibit 8) within forty-eight hours of the accident. Employees are required to cooperate fully with authorities in the event of an accident. Employees who do not follow the procedures listed above may be subject to
disciplinary action up to and including termination (See DISCIPLINARY PROCEDURES, page 49).

In the event of any accident, involving a CBF boat, or an employee's boat used on CBF business the supervisor in charge of that program must be notified immediately so that the incident can be reported to the U. S. Coast Guard, or police, if necessary, as well as CBF’s insurance company (See EDUCATION PROCEDURES MANUAL, ADDENDUM I). The vice president of administration or director of fleet, facilities and safety must be notified immediately of any accident by the supervisor in charge. In the event of a serious marine accident, a post-accident drug test (see DRUG TESTING, page 24) must be immediately administered to all safety employees involved in the accident. A written report must be submitted to the supervising manager by the involved employees within 24 hours and a copy sent to the vice president of administration or director of fleet, facilities and safety within forty-eight hours.

**NIGHT USE OF CBF BOATS**

Because of the potential danger involved, the use of motorized CBF boats at night for work or non-work-related purposes is prohibited without prior authorization by the vice president of education, director of education operations, or the senior manager for the islands programs.

It may be necessary to use a boat at night during an emergency. In those situations, which are covered in the education center safety plan, prior authorization is not necessary. It is important, however, to make sure that all necessary equipment (e.g. running lights) are maintained in good working order on boats that may have to be used at night. Education staff members are required to obtain authorization to practice night runs before an emergency arises.

**PERSONAL USE OF CBF BOATS, VEHICLES AND PROPERTY**

From time to time, CBF may have certain boats available for the staff's recreational use. Certain qualifications, check-outs, or use fees may be required. For further information, contact the director of education operations.

When authorized use of CBF boats is granted for non-work-related purposes, the user is responsible for payment/replacement of fuel, oil, and related items. The user is also responsible for the proper reasonable care and handling of the property. All safety standards must be followed.

If damage occurs to any CBF property during personal use, the staff member may be held liable for repair or replacement of the damaged property. Such a decision will be made by the vice president of education or vice president of administration. Generally, if CBF determines that the damage is a result of reckless, negligent, or unsafe operation, the staff person involved may be held liable and may be subject to disciplinary procedures (See DISCIPLINARY PROCEDURES, page 49).
**USE OF PERSONAL VEHICLES/BOATS ON CBF TIME**

When an employee uses his/her personal vehicle/boat for CBF related business, he/she is responsible for insurance coverage for any accident. CBF requires that staff members maintain the minimum amount of insurance required by law on their vehicles/boats. CBF does maintain an umbrella insurance policy for liability coverage above the owner’s policy. This insurance can only be used when an employee has existing insurance on his/her vehicle/boat.

**OUTSIDE EMPLOYMENT**

CBF employees, in general, are permitted to hold employment outside CBF, provided the outside employment does not, in the judgment of CBF,

Interfere with performance of the employee’s duties at CBF;

Conflict, or give the appearance of conflict with those duties or with CBF policies and programs; and

Otherwise reflect unfavorably on CBF.

The potential for a conflict is especially high when a CBF employee is asked to undertake outside employment in the same professional area as his or her work at the Foundation or with any entity engaged in environmental matters. (An example would be if a staff scientist were asked to serve as a consultant to a private company on pollution issues). Accordingly, any staff member who wishes to accept outside employment, whether or not for compensation, in the same professional area as at CBF must first provide a written request to his or her supervisor and the director of human resources. Written approval must be received from both. Copies should be forwarded to the human resources department.

**WORKED PRODUCED ON CBF TIME**

Any product produced on CBF time is CBF property.

**HONORARIA**

Payments, stipends, and honoraria made to a CBF employee in connection with a CBF-related activity must be paid to CBF. This does not include payments to an employee to cover expenses not reimbursed by CBF.

Typically, honoraria are reported to the IRS as income. Employees should make every effort to have honorarium checks made payable to CBF.

**WORK RELATED INJURIES**

CBF requires staff members to maintain the highest level of safety when performing their jobs. There are times, though, when staff members may become injured during the course of
employment. As a result, CBF provides insurance in accordance with the provisions of the Worker's Compensation Law. This coverage is for injuries or illnesses arising out of and in the course of an employee’s job or occupation.

If an employee is injured, loses time from work, or suffers some disability due to a job-related injury, CBF will provide, through its insurer, medical treatment and disability benefits in accordance with the applicable Worker's Compensation Law.

Employees who sustain accidents or injuries on the job should notify their immediate supervisor and the director of human resources or human resources coordinator within 24 hours. All job-related injuries, however slight, (cuts, scrapes, bruises, etc.) must be reported to the employee’s supervisor and the director of human resources or the human resources coordinator. The human resources coordinator will complete the necessary forms and forward them to CBF’s insurance company for determination.

If the injury is serious, EMPLOYEES SHOULD GET MEDICAL ATTENTION IMMEDIATELY! The attending physician should be informed that the injury is work related. All medical bills should be forwarded to the human resources coordinator.

PETS

CBF recognizes that many staff members are pet owners. Pets have a great importance in providing companionship for people. However, due to health reasons (allergies etc.) pets will not be allowed at CBF offices or education centers (Smith, Fox and Port Isobel Island Centers, Bishop’s Head), field trips, staff meetings, retreats, and conferences.

Staff members are, however, allowed to transport pets in CBF vehicles and boats when not running field trips.

Visitors are not allowed to bring pets on CBF property.

ATHLETIC AND RECREATIONAL PROGRAMS

Chesapeake Bay Foundation (CBF) encourages employees to participate in athletic, exercise, wellness, and recreational programs.

The human resources department in conjunction with the employee sponsoring the event will be responsible for coordinating and administering all athletic, exercise, wellness, and recreational programs.

Participation in the CBF’s athletic and recreational programs is open to all employees, is voluntary, and will take place outside normal working hours. When approved by the human resources department and sponsoring employee, participation may be extended to employee families, retired employees, and guests. CBF reserves the right to exclude an employee from participation in company sponsored athletic and recreational programs if participation would pose a direct threat to the safety of the employee or others. All participants will be required to sign waiver of liability forms.
The extent of CBF's financial support for each program will be determined on a case-by-case basis. CBF retains the right to change all aspects of its athletic and recreational programs and to discontinue their existence at any time without notice.

IV. GRIEVANCE PROCEDURE

CBF believes that the success of the organization is dependent on the skills and attitudes of staff members. In order to foster positive relations between all employees, CBF encourages an atmosphere in which freedom of expression and exchange of viewpoints between employees and supervisors can occur. CBF wants staff members to know the reasons behind rules, policies, etc. Employees are encouraged to talk with their immediate supervisor in order to remain well informed. Employees are also encouraged to resolve differences with specific individuals through normal channels before proceeding with a formal grievance.

CBF recognizes that on occasion there may be a situation between employees or an employee and a supervisor that cannot be resolved through informal channels. The following steps should help employees to successfully resolve any such problems.

**STEP ONE** - The employee should promptly convey the situation in writing to his/her immediate supervisor. (If the grievance involves the supervisor, then it is permissible to proceed directly to **STEP TWO**.) The supervisor should investigate the grievance, attempt to resolve it, and notify the employee of a decision in writing within a reasonable time.

**STEP TWO** - If the employee is dissatisfied with the supervisor's decision, he/she may appeal the decision to the vice president of the department and the director of human resources in writing, or initiate the procedure with the department head if **STEP ONE** has been bypassed. Such an appeal or initial complaint, stating the reasons the employee is dissatisfied with the decision in question, must be made within 10 working days. The supervisor should also submit in writing his/her version of the grievance and decision to the vice president of the department and director of human resources. The vice president of the department and the director of human resources will investigate the complaint, confer with the employee and supervisor, and communicate a decision in writing to all the parties involved.

**STEP THREE** - If the employee is not satisfied with the decision of the vice president and the director of human resources, he/she may within five working days appeal his/her decision in writing to the president. The president will take the necessary steps to review and investigate the grievance, and present a decision in writing to all parties involved. The decision of the president shall be final.

CBF shall attempt to resolve issues presented within 30 days of notification to the department head and the director of human resources.
V. DISCIPLINARY PROCEDURES

All employees are "at-will" (See PURPOSE OF PERSONNEL POLICY MANUAL, page 4) and are expected to comply with CBF’s policies and procedures. When appropriate, disciplinary action is to be applied consistently among staff members with the general objective of improving job performance. Ideally, progressive discipline should be exercised to provide employees with a notice of deficiencies and an opportunity to improve. However, there are instances in which an employee is not meeting CBF standards of behavior or performance and when progressive discipline may not be appropriate. In those instances, CBF retains the right to administer immediate discipline up to and including suspension and/or termination.

The normal application of progressive discipline should be as follows. The employee’s supervisor should attempt to take the following action:

- Meet with the employee to discuss the matter;
- Inform the employee of the nature of the problem and the action necessary to correct it; and
- Prepare written documentation for the supervisor’s own records indicating that the meeting has taken place.

If there is a second occurrence, the supervisor should hold another meeting with the employee and take the following action:

- Issue a written reprimand to the employee.
- Notify the employee that a third incident may result in more severe disciplinary action.
- Prepare a written memorandum describing the first and second incidents and summarizing the action taken during the meeting with the employee and forward it to the director of human resources to review and to be included in the employee’s personnel file.

If there are additional occurrences, the supervisor may take the following action, with approval from the Department Head:

- Issue a written reprimand or warning.
- Suspend the employee without pay.
- Place the employee on disciplinary probation.
- Demote the employee.
- Terminate the employee.

Any of the actions listed above may be taken depending upon the nature and severity of the incident.

Employees who believe that they have been disciplined too severely or without good cause are encouraged to utilize the grievance procedure (See GRIEVANCE PROCEDURE, page 47).

Employees who have been terminated and wish to appeal the decision should follow the steps outlined under SUSPENSION, DISCIPLINARY PROBATION, DEMOTION, TERMINATION, page 50.
SUSPENSION, DISCIPLINARY PROBATION, DEMOTION, TERMINATION

Suspension without pay and demotions should be approved by the director of human resources and the department head. An employee may be placed on disciplinary probation for a period of up to three months. The employee's supervisor should outline in writing areas for improvement and the date the probationary period should end. Failure to meet guidelines may result in termination at any time during the probationary period.

At the end of the probationary period, if the staff member is still employed with CBF, the supervisor should meet with the employee and notify him/her in writing as to the status of his/her employment. If the employee's performance has improved to an acceptable level, the employee may be restored to “regular” status. If the employee's performance is still deficient, the employee may be terminated. Terminations should be approved by the department head and the director of human resources. The department head should outline in writing the reason for the termination and the effective date of the action.

A terminated employee may immediately appeal the termination in writing to the president. The decision of the president shall be final.

VI. EMPLOYEE SEPARATION

An employee who desires to discontinue his/her employment with CBF may do so at any time for any reason. Additionally, CBF may terminate an employee at any time for any reason (See PURPOSE OF PERSONNEL POLICY MANUAL, page 5).

RESIGNATION

Employees who desire to voluntarily terminate their employment with CBF should give written notice of their intent to resign to their immediate supervisor and the director of human resources. Notification should include the effective date and reason for the resignation. CBF desires employees, when possible, to give advance notice of their resignation. Two or more weeks notice is desirable but not required.

Upon separation, an employee is required to complete a Separation Checklist* before departure.

Employees will be paid for any unused annual leave on a pro-rated basis (See LEAVE AND ABSENCES, page 61). Employees will not be paid for any unused sick leave (See SICK LEAVE, page 63).

Employees will not be able to use annual, holiday, or sick leave to extend their termination date.

Education Staff members will not be reimbursed for any unused compensatory time and may not use compensatory time, annual, holiday, or sick leave to extend their termination date.

Employees who resign and are rehired within a six-month period will be restored to their original length of service before they resigned. Employees who resign and are rehired after a six-month break in service will be treated as new employees. *Please refer to the Hub/HR/HR Forms
REDUCTION IN WORKFORCE

CBF will attempt to avoid layoffs and, whenever possible, will consider alternatives to layoffs before any final decisions are made. However, unusual circumstances, unforeseen events, or the like, may necessitate a reduction in regular staff. If it is necessary to reduce employment because of adverse economic or other conditions, layoffs will be conducted based on the following procedures.

Primary consideration should be given to retaining positions CBF considers necessary for the continuing operation of the organization. Where CBF deems it appropriate, individuals in these positions will be retained based on the department head's assessment of the quality of work performance, ability, and dedication toward achieving program objectives.

Employees who are laid-off may receive one week's pay for every year worked at CBF.

RETIREMENT

CBF employees are eligible for normal retirement on the first day of the following month in which they reach age 65.

An employee who chooses to take normal retirement is requested to give his/her immediate supervisor and the director of human resources written notification of his/her proposed retirement at least three months in advance.

Employees who qualify for retirement are eligible to receive pension and other various benefits in accordance with CBF's employee benefit plans (See EMPLOYEE BENEFITS, see page 57). CBF reserves the right to amend or terminate all benefit plans and programs, even after retirement, at its sole discretion.

Retirees are welcome on CBF field trips and at all CBF social gatherings.

TERMINATION

Regretfully, there may be instances where conditions may warrant the termination of an employee. Termination for cause includes, but is not limited to, the dismissal of an employee from CBF due to unacceptable job performance, misconduct towards other employees, CBF, its donors, members, field trip participants, other persons or organizations associated with CBF or the general public.

In most cases, the employee will have received prior warning and/or been given a time period for adjustments to be made. Under certain conditions, an employee may be immediately terminated (See DISCIPLINARY PROCEDURES, page 49).

Employees discharged for cause will receive pay up to the date of discharge and payments for earned annual leave.

There will be no prior notice given in the case of termination for cause.

Employees who wish to appeal the decision should follow the steps outlined under SUSPENSION, DISCIPLINARY PROBATION, DEMOTION, TERMINATIONS, page 50).
REFERENCES

All requests for employment references should be forwarded to the director of human resources. Each request should be submitted in writing and should include an authorization by the employee for the release of the requested information. As a general rule, the human resources department will not release reference information without the employee’s authorization. Absent such authorization, CBF will limit reference information to verification of the employee’s name, title, and dates of employment with CBF.

EXIT INTERVIEW

Staff members, who resign from their position, will have the opportunity to have an exit interview with the assistant director of human resources. All directors and executive level positions will have the opportunity to meet with the director of human resources. The definition of staff members includes all part time employees, full time employees, paid and non-paid interns and volunteers.

The exit interview policy is designed with several components. The first component is to provide a summary of benefits the employee is entitled to; as well as, to address any questions the individual may have prior to his separation with CBF. The second component of the exit interview process is to allow the staff member to explain why he/she is leaving CBF. The third component is that the departing staff member has the opportunity to express what part of the job was satisfying and unsatisfying as well as to make any comments regarding employment with CBF. The last component is that the human resources director and/or assistant director of human resources will solicit constructive feedback from the departing staff member to improve the organizations overall as well as the specific department where he/she worked.

An ongoing exit interview program will allow the human resources director and/or the assistant director of human resources, if applicable, to determine which policies, practices and conditions are causing employees to resign. The information obtained through the exit interview process will result in better selection, placement and training practices; improve working conditions; enhance supervision; and in general, further employee relations by having the employee leave with a positive view of CBF.

All information obtained during an exit interview will be kept confidential. The director of human resources and/or the assistant director of human resources, if applicable, will be the only individual privileged to the information. Comments maybe shared with the vice president of the department and or chief of staff. Specific information will not be released to appropriate managers without the consent of the departing staff member.

The human resources director and/or the assistant director of human resources will contact the employee upon resignation to set an appointment for the exit interview. The departing employee will receive a questionnaire mailed to his home. A confidential self-addressed envelope will be provided for the questionnaire to be returned to the director of human resources.
VII. EMPLOYEE BENEFITS

Various CBF benefits are provided to eligible regular, full-time and regular, part-time employees. Temporary, seasonal and on-call staff members, trainees, and interns are not eligible for CBF benefits other than those required by law.

A "part-time" employee who works less than 20 hours per week is not eligible for employee benefits other than those required by law.

With regard to each of the benefits offered by CBF, eligible employees will receive a Summary Plan Description (SPD). As the name implies, the SPD is a general summary of the eligibility requirements and other terms, conditions and restrictions as set forth in the Plan Document for each benefit plan.

Specific rights to benefits under each benefit plan and the conditions to be satisfied for eligibility for participation/coverage is governed solely, and in every respect, by the eligibility requirements and other terms, conditions and restrictions in the Plan Documents and insurance contracts, and not by the information in this Handbook. If there is any discrepancy between the descriptions of the plans presented in this Handbook and the official Plan Document, the language of the official Plan Document shall govern as the "final word."

CBF reserves the right in its sole discretion to revise, to modify, or to terminate any benefit plan, option or coverage (including any retiree benefit plan, option or coverage) at any time, for any reason, with or without further notice.

GROUP HEALTH DENTAL VISION INSURANCE

Revised 9/2010

Regular, full-time employees and regular, part-time employees who work at least thirty (30) hours per week may be eligible to participate in one of CBF's health insurance plans.

For a full explanation of state-specific benefits and a full description of the health plans, please see the Human Resources Benefits section of The Hub.

To participate in one of the plans, eligible employees must complete an enrollment form at the time employment begins or at the time they satisfy the eligibility requirements for this benefit.

CBF will pay sixty (60%) of the coverage premium for regular, full-time and regular, part-time employees working at least thirty (30) hours per week.

GROUP LIFE & ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE

Revised 9/2010

Regular full-time and regular part-time employees who work at least 30 hours a week may be eligible for life insurance. CBF offers life insurance in the amount equal to the employee's annual salary with a $50,000 limit at no cost to the employee. Generally, coverage begins for eligible employees at the first of the month after ninety (90) days of employment.
Employees also may be eligible to purchase supplemental insurance at their own cost.

To participate, eligible employees must complete an insurance enrollment form and designate beneficiary(ies) at the time employment begins or at the time they satisfy the eligibility requirements for this benefit.

**SHORT TERM DISABILITY**

*Revised 9/2010*

Regular, full-time and regular part-time employees who work at least 30 hours per week may be eligible for Short-Term Disability benefits. All expenses associated with this Coverage are paid in full by CBF.

Generally speaking, employees may qualify for benefits through this coverage if they are under a doctor’s care and deemed unable to work due to an accident or illness.

After all sick leave is exhausted, employees will be paid sixty percent (60%) of their weekly salary (up to a maximum of $1,500 a week) through the 89th day of their disability. CBF self-insures the Short-Term Disability policy.

Please refer to the Family and Medical Leave Act policy, as Short-Term Disability will run concurrently with FMLA if the eligibility provisions are met.

**LONG TERM DISABILITY**

*Revised 9/2010*

Regular full-time and regular part-time employees who work at least 30 hours per week may be eligible for Long-Term Disability benefits. Generally, coverage begins at the first of the month after ninety (90) days of employment, in accordance with the terms of CBF’s Long-Term Disability policy. All expenses associated with this Coverage are paid in full by CBF.

Generally speaking, employees may qualify for benefits under the Long-Term Disability policy if they have met the eligibility requirements and have been disabled for a total of ninety (90) days (while under Short-Term Disability).

The Long-Term Disability insurance may continue to pay benefits for permanently disabled employees up to the normal retirement age.

**EMPLOYEE ASSISTANCE PLAN**

*Revised 9/2010*

Regular full-time and regular part-time employees are automatically enrolled into CBF’s Employee Assistance Plan (EAP). The EAP is a free, confidential service that offers employees, their spouse and dependents help with personal and work-related issues, 24 hours a day, 7 days a week.
For a full description of the plan and everything that it offers, please see the Human Resources page of The Hub.

**FLEXIBLE BENEFIT PLANS**

*Revised 5/2013*

Regular full-time and regular part-time employees who work at least thirty (30) hours per week may be eligible to participate in the Flexible Spending Plans at the first of the month after thirty (30) days of employment.

Eligible employees can contribute up to $2,500 per pay on a pre-tax basis to a Medical FSA and/or up to $2,500 per pay on a pre-tax basis to a Dependent Care FSA.

To participate in one of the plans, eligible employees must complete an enrollment form at the time employment begins or at the time they satisfy the eligibility requirements for this benefit.

For a full description of the Plans, please see the Human Resources page of The Hub.

**403B DEFINED CONTRIBUTION RETIREMENT PLAN**

*Revised 9/2010*

Employees that work more than 20 hours per week and at least 1000 hours a year and have attained the age of 21 may be eligible to participate in CBF’s retirement plan on their start date and are fully vested upon enrolling in the plan. CBF’s 403(b) Plan allows eligible employees to make tax-favored payroll deductions from their earnings for deposit into their retirement-income fund, through our carrier, TIAA-CREF.

As of January 1, 2010, once an employee has been employed for 6 (six) consecutive months, CBF will match up to four percent (4%) of an eligible employee's annual salary, calculated on a bi-weekly basis. This amount is over and above the annual maximum for employee deferrals set by the IRS.

To become a participant of the plan, you must complete a Salary Deferral Agreement and complete an online enrollment with the carrier. Additional information as well as a Summary Plan Description are available through the Human Resources Department, or can be found on the Human Resources page of The Hub.

**WORKERS COMPENSATION INSURANCE**

*Revised 4/2009*

Workers’ Compensation Insurance is provided by CBF to cover medical expenses and disability claims of eligible employees who suffer on-the-job injuries as determined by specific state laws. For a more detailed description of the Workers’ Compensation Insurance, please see "Work Related Injuries" in the Employee Conduct Section of the current Handbook (revised 4/2009).
CBF EDUCATION FIELD EXPERIENCES
Revised 4/2009

All staff members and their immediate family members are encouraged to participate in any CBF education field experience, free of charge. Employees must contact the Education Coordinator for space availability and field schedules. Employees must accompany all family members.

If a field experience is scheduled during work hours, employees must get prior approval from their supervisor in order to attend.

LONGEVITY AWARDS
Revised 5/2009

Longevity Awards are given to employees marking their 5, 10, 15, 20, 25, 30, 35, and 40 years with CBF. Every award is presented at the all-staff meeting held in December. Awards presented in December mark employees who have had their anniversary during that current calendar year. There is an outline for the budgeted amount for each award. Awards must be presented by CBF's President at the December all-staff meeting.

Regular, full-time and regular, part-time employees (20 hrs or more) who are celebrating an anniversary divisible by five (5). Long term leave and seasonal/temporary assignments is excluded and not applicable to the tenure. The Human Resources Department will determine staff anniversaries each year and communicate to those staff members.

Budgeted outline for each award:

- **Five Years**: A gold seagull pin
- **Ten Years**: A RAVE print of their choice, framed. A plaque will be given separately. Staff members have their choice of 12x18 prints located on the Digital Library.
- **Fifteen Years**: $250-300 is budgeted for a gift, either chosen or surprised with.
- **Twenty Years**: $300-500 is budgeted for a gift.
- **Twenty-Five Years**: $500+ is budgeted for a gift.
- **Thirty Years**: A Merrill Center cedar tree in the employee’s honor, along with a personal leather journal with notes from staff members.
- **Thirty-Five Years and Forty Years**: $550+ is budgeted for a gift, if employee has already utilized the leave opportunity or opts not to take the leave.

*A one time, paid leave up to twenty days for eligible employees who are celebrating the tenure of 30, 35 or 40 years with CBF. Please refer to Employee Handbook/Leave Policy-Longevity Award.

EMPLOYEE RECOGNITION / AWARDS
Revised 5/2009
Employees may occasionally receive awards or gifts, outside the traditional performance management process, for a specific job well done or for a specific occasion (such as a birthday). Per IRS guidelines, a prize or award that is not cash or cash equivalent, of nominal value and is provided infrequently is excludable from an employee’s wages. Prizes or awards that are given frequently to an employee do not qualify as an excludable de minimis award, even if each award is small in value. IRC §132(e)

Examples of Excludable De Minimis Awards

Nominal gifts for birthdays, holidays; Flowers, plaques, coffee mugs for special occasions; Holiday turkey and hams; Gold watch on retirement.

Nominal for this purpose means small in value, relative to the value of total compensation. There is no set dollar amount in the law for nominal prizes or awards. A $25 limit is imposed on business gifts. The IRS has given advice at least once that a benefit of $100 did not qualify as de minimis. ILM 200108042

Any gifts made to CBF employees that do not qualify as de minimis or do not qualify under the longevity award policy, will be included in the employee’s gross income and reported on the employee’s W2*. * Per IRS Guidelines – Employee awards either longevity or employee recognition must be items of tangible personal property, which is not taxable. The following items are considered taxable by the IRS and may not be presented to CBF employees as an award: Cash or Cash Equivalents, Gift Certificates, Vacations, Meals, Lodging, Tickets to theater or sporting events and stocks, bonds or other securities.

DEPARTURE PARTIES/GIFTS

Revised 4/2014

The purpose of the policy is to ensure continuity and consistency throughout the organization with departing staff. Depending on the circumstances of the departing employee, the Vice President may elect to host a departure party and/or purchase a departure gift.

Departure Party

If the department choses to organize a “departure party” for a staff member, please follow the following guidelines:

Description: The specific department is responsible for the farewell event. The hosting department cannot exceed $100 for food and drinks (excluding alcohol).

Departure Gift

If the department choses to purchase a “departure gift” for a staff member, please follow the following guidelines:

Description: The value of the gift is based on the longevity of the departing employee using a tier of $20 per year, up to $200 maximum.
* Per IRS Guidelines – Employee awards either employee recognition or longevity must be items of tangible personal property, which is not taxable. The following items are considered taxable by the IRS and may not be presented to CBF employees as an award: Cash or Cash Equivalents, Gift Certificates, Vacations, Meals, Lodging, Tickets to theater or sporting events and stocks, bonds or other securities.

Any gifts made to CBF employees that do not qualify as de minimis will be included in the employee’s gross income and reported on the employee’s W2 and requires additional work from the Finance Department.

Who is eligible? Full time (Regular/Term) and Part-time (Regular/Term) employees (20 hrs or more) who have voluntarily separated employment from CBF with the appropriate two-week notice and more than one-year of employment. Seasonal/temporary and/or intern assignments is excluded and not applicable to the policy. The Human Resources Department will partner with Finance determine the net value of each gift and ensure it meets the IRS guidelines.

VIII. LEAVES AND ABSENSES

CBF offers several types of leave for staff members. They are:

- Annual Vacation Leave
- Holiday Leave
- Sick Leave
- Bereavement Leave
- Jury Duty/Court Appointed Leave
- Military Leave
- Family Medical Leave
- Personal Leave of Absence
- Inclement Weather Leave

Whenever possible leave time should be preplanned and authorized by your supervisor.

ANNUAL VACATION LEAVE

Revised 4/2009

CBF offers regular, full-time employees twenty (20) work days of paid vacation each calendar year for personal use. These days are paid at an employee’s regular rate of pay (excluding overtime) and accrue during the calendar year. Employees may request to be advanced calendar year, unaccrued vacation days, which may be permitted at their supervisor’s discretion, subject to operational and staffing needs. Accordingly, employees who terminate their employment and have used more annual (vacation) days than have been accrued, may be required to pay CBF back for leave on a pro-rated basis to the maximum extent permitted by law. For example, if an employee uses fifteen (15) annual leave days and resigns in June, he/she will be required to pay CBF back for five (5) days.
During the first year of employment, an employee will be eligible for a pro-rata amount of paid vacation days based upon the employee’s start date. Regular, part-time employees regularly scheduled to work more than twenty (20) hours per workweek will be eligible for paid vacation days on a pro-rated basis.

CBF encourages employees to make full use of their vacation leave. Vacation days can be taken at any time during the year as long as it has been approved in advance and in writing by the employee's supervisor. At least two (2) weeks prior notice should be given if a week or more of vacation is requested. Supervisors retain the right to limit the length of vacation taken at one time or to deny vacation requests for the sake of work flow. For exempt (salaried) employees, vacation leave must be reported in full day or half day increments. For non-exempt (hourly) employees, vacation may be taken in increments of 1 (one) hour.

Pursuant to Maryland’s Flexible Leave Act, and subject to the other terms and conditions of this policy, an employee may use vacation days for an illness in the employee’s immediate family (defined as parents, spouse, children or dependents).

Employees should use their vacation the calendar year in which it accrues. However annual vacation days may be carried over to the following calendar year, to be used by January 31st, subject to supervisor approval.

When an employee leaves CBF, he/she will be paid for any accrued but unused vacation days. Vacation days may not be used to extend an employee’s resignation date and may not be used during any resignation notice period provided by an employee.

**HOLIDAY LEAVE**

*Revised 4/2009*

The following days are recognized as days off with pay for regular, full-time employees. Regular, part-time employees who are regularly scheduled to work more than twenty (20) hours per workweek will receive Holiday Leave on a pro-rated basis.

- New Year's Day
- Martin Luther King, Jr. Day
- President's Day
- Good Friday OR Easter Monday (The office remains open both days)
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Friday after Thanksgiving
- Christmas Day

If one of the above holidays falls on a Saturday, Friday will become the observed holiday. If the holiday falls on a Sunday, Monday becomes the observed holiday.

CBF recognizes the need for employees to have time off other than the days listed above for religious or other observances. Employees are allowed to work on any three (3) holidays listed...
above and take off at another time for their observance. Employees must get prior written approval from their supervisors in advance if they plan to take time off other than a regularly scheduled holiday so that adequate staff coverage can be provided.

If you are away on approved Vacation over a Holiday, you will receive Holiday benefits for the Holiday and will not be charged Vacation benefits for that day. However, if a Holiday occurs while you are away on a Leave of Absence, you will receive no pay for the Holiday (except as otherwise provided in this Handbook).

**SICK LEAVE**

Revised 7/2018

CBF offers regular, full-time employees ten (10) work days of paid sick leave each calendar year. These days are paid at an employee’s regular rate of pay (excluding overtime) and accrue during the calendar year. Employees may request to be advanced un-accrued sick days, which may be permitted at their supervisor's discretion, subject to operational and staffing needs. Any unused leave can be carried over from year-to-year with no limit.

During the first year of employment, an employee will be eligible for a pro-rata amount of sick leave based upon the employee's start date. Regular, part-time employees who are regularly scheduled to work more than twenty (20) hours per workweek receive leave on a pro-rated basis.

Sick leave may be used for the following reasons:

- To care or treat the employee’s Illness, injury or condition, including pregnancy
- To obtain preventative medical care for the employee or the employee’s family member (defined as child, spouse, parent, grandparent, grandchild or sibling)
- To care for a family member with a mental or physical illness, injury or condition
- For maternity or paternity leave
- When the absence of work is necessary due to domestic violence, sexual assault or stalking committed against the employee or the employee’s family member and the leave is being used for reasons defined under the Healthy Working Families Act;
- For doctor’s and dentist’s appointment made during the work day
- For a death or funeral in an employee’s immediate family member as detailed in the Bereavement Leave section below

All Exempt (salaried) and Non-Exempt (hourly) employees must report sick leave in 1 (one) hour increments. When an employee is out sick, he/she should/must personally notify his/her supervisor(s) by 9:00 a.m. of the day he/she will be absent. It is not sufficient to leave a voice mail message. Employees must apply for a leave of absence when they will be away from work longer than five (5) days. Supervisors may request documentation of an employee’s illness or the employee’s family members if sick leave is used to care for a family member.

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3 Employees may also be eligible for leave under the Family and Medical Leave Act for absences of five (5) or fewer days or for a Personal Leave of Absence (See FMLA and Personal Leaves of Absence Policy)
Abuse of sick leave may result in disciplinary action (see Disciplinary Procedures).

Employees who have an illness or disability and have exhausted all of their sick leave, may be eligible for payments pursuant to the short term and long-term disability benefits programs offered by CBF for eligible employees. Employees should contact Human Resources for additional questions about those available benefits.

Accrued but unused sick time is not paid at termination or under any other circumstances.

**BEREAVEMENT LEAVE**

*Revised 4/2009*

Regular, full-time and regular, part-time employees who are regularly scheduled to work more than twenty (20) hours per workweek may use up to five (5) days of sick leave to handle arrangements for and to attend the funeral services of a member of the "immediate family."

Immediate family is defined as the following:

- Spouse
- Brother/Sister
- Parents/Step-Parents
- Children/Step-Children
- Mother/Father-in-law
- Daughter/Son-in-law

Any other individual who, although not related to you by blood or marriage, has a significant emotional relationship with you and resided as your domestic partner at your home address.

You may request two (2) earned sick leave days to attend the funeral services of your grandparent, grandchild, aunt, uncle, niece, nephew, cousin, brother/sister-in-law.

**JURY DUTY AND SERVICE AS A WITNESS**

*Revised 4/2009*

CBF encourages its employees to respond positively to their civic responsibilities when called upon to serve as a jurors or witnesses. Consequently, CBF will grant regular, full-time and part-time employees summoned to serve in these capacities up to a maximum of five (5) days of paid leave.

If the employee is required to serve longer than five (5) days, CBF will reimburse employees for an additional ten (10) days, of the difference between their base rate of pay for regularly scheduled work days lost and jury pay received. After this time, employees must take unpaid leave through CBF.

You must report immediately to your supervisor your receipt of subpoena or notice to appear for jury duty or as a witness. However, CBF may request that you be excused from jury duty or

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4 In addition, exempt employees will be paid their full salary while serving on a jury or as a witness for any work week in which they perform any work for CBF, minus fees received for jury duty or service as a witness.
witness duty or be assigned to another time if your services are considered to be essential to our business operation at the time you are scheduled for jury duty or service as a witness.

While on jury duty or serving as a witness, you must report for work whenever the service schedule permits.

Generally, employees who appear as a witness for a private party or personal case will not be eligible for leave under this policy; however, employees who are victims of domestic violence or criminal acts may be eligible for leave in accordance with applicable law.

**MILITARY LEAVE**

*Revised 11/2013*

All employees shall be eligible for Military Leave for voluntary or involuntary military service in conformity with all applicable federal and state laws, including the Uniformed Services Employment and Reemployment Rights Act (USERRA). An employee on Military Leave will be reinstated in accordance with applicable federal and state laws.

Employees must notify their supervisor and the HR Director as soon as possible after learning of their need for Military Leave. Notification may be oral or written. If the employee’s order to report for duty is in writing, the employee should provide his or her supervisor and the HR Director with a copy of the order as soon as possible.

Military Leave is generally unpaid. However, CBF will pay its Exempt employees their full salary for any work week in which they are on Military Leave and do any work for CBF, less any compensation the employees receive from the military. In addition, for a period of ten (10) days, employees will be paid the difference between their regular pay and military pay. Employees must present appropriate military pay vouchers for the period of service. Employees shall also be eligible to take any available paid time off benefits during their leave. Employees on Military Leave do not accrue additional paid time off benefits during Military Leave, except during such time as they use their Accrued Vacation or Sick leave.

Employees on Military Leave will receive all seniority-based benefits which they otherwise would have received had they remained actively employed. CBF treats employees on Military Leave the same as employees on other forms of comparable leave with regard to non-seniority-based benefits.

Generally, employees on Military Leave who have health coverage through CBF may continue to participate in CBF’s health plans, as defined by USERRA, at their sole expense under USERRA and the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), subject to USERRA's and COBRA’s eligibility requirements and other terms, conditions and restrictions.

Generally, employees on Military Leave who have health coverage through CBF may continue to participate in CBF’s health plans, as defined by USERRA, at their sole expense under USERRA and COBRA, subject to USERRA's and COBRA’s eligibility requirements and other terms, conditions and restrictions. However, for the first thirty (30) days of an employee's Military Leave, CBF will continue to pay its share of the premium for an employee’s continued participation in CBF’s health plans, as defined by USERRA, provided the employee continues to pay his or her share. For a Military Leave that extends beyond thirty (30) days, employees may
be required to pay the full cost of their continuation coverage under USERRA and/or COBRA. CBF will offer continuation coverage for the maximum period required by federal and state law. Please contact Human Resources for specific coverage policies and Company contributions, which may vary by state.

Employees who are enrolled in CBF's 403(b) plan may continue to contribute to the plan during their period of Military Leave to the extent their compensation continues or they use their accrued Paid Time Off. Employees who participate in CBF's 403(b) plan but who do not continue to contribute while on Military Leave may make catch-up contributions following their return from Military Leave, consistent with the law.

**LEAVE FOR DEPLOYMENT OF FAMILY MEMBERS IN THE ARMED SERVICES (MD STAFF)**

Eligible Maryland employees may take unpaid leave from work on the day that an immediate family member is leaving for, or returning from, active duty outside the United States as a member of the U.S. Armed Forces. An employee taking such leave may, but is not required to, use paid time off.

To be eligible for leave, an employee must:

- Have worked for CBF for the last 12 consecutive months
- Have worked at least 1,250 hours during the last 12 months

For purposes of this policy, an “immediate family member” is an employee’s spouse, parent, stepparent, child, stepchild, or sibling.

The employee will be required to submit proof to CBF verifying the reason for leave.

**FAMILY MEDICAL LEAVE (FMLA)**

*Revised 4/2009*

Employees may be eligible for an unpaid leave of absence under the Federal Family and Medical Leave Act ("FMLA"), subject to its eligibility requirements and other terms, conditions and restrictions. In addition, employees may be eligible for other unpaid leave provided as a matter of CBF policy.

**FMLA**

**Eligible Employees**

An employee may be eligible for unpaid leave pursuant to the Family and Medical Leave Act ("FMLA") if, as of the date his or her leave commences, he or she has been employed by CBF for at least twelve (12) months, has worked for at least 1,250 hours in the twelve (12) month period
preceding the commencement of the leave and is employed at a worksite where 50 or more employees are employed within 75 miles of the worksite.

PURPOSES OF FMLA LEAVE

An eligible employee shall be eligible for a total of twelve (12) workweeks\(^5\) of unpaid, job protected leave in a designated twelve (12) month period for one or more of the following reasons:

- For incapacity due to pregnancy, prenatal medical care or child birth.
- To care for the employee's son or daughter after birth.\(^5\)
- To care for the employee's son or daughter upon placement with the employee for adoption or foster care.
- In order to care for the employee's spouse, son or daughter or parent, if such spouse, son or daughter or parent has a serious health condition (as described below).
- Because of a serious health condition that makes the employee unable to perform the functions of the employee's job.
- Because of a "qualifying exigency" due to the fact that the employee's spouse, son, daughter or parent is a member of the National Guard or Reserves either on active duty or has been notified of an impending call or order to active duty in the Armed Forces support of a contingency operation. This leave does not apply if the employee's spouse, son, daughter or parent is a member of the Regular armed forces.\(^7\)
- In order to care for a covered servicemember with a serious injury or illness if the employee is the spouse, son, daughter, parent or "next-of-kin" of a covered servicemember. As explained below, for this type of leave only, employees may be eligible for up to twenty-six (26) weeks of unpaid FMLA leave in a single twelve (12) month period ("covered servicemember leave").

The twelve (12) month period in which an eligible employee may take up to twelve (12) workweeks of unpaid FMLA leave is measured backward from the first date an employee uses any FMLA leave for any of the reasons set forth above, except when FMLA leave is taken to care for a covered servicemember as explained below.

In addition, as noted above, the FMLA also provides eligible employees with a special leave entitlement to take up to twenty-six (26) workweeks of unpaid leave within a "single twelve (12) month period" in order to care for a covered servicemember with a serious injury or illness if the employee is the spouse, son, daughter, parent or "next-of-kin" of a covered servicemember. A "covered servicemember" is a current member of the Armed Forces, including a member of the National Guard or Reserves.

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\(^5\) In certain circumstances as set forth below, an employee may be eligible for up to twenty-six (26) workweeks of FMLA leave.

\(^6\) Leave taken under these circumstances must be completed within twelve (12) months of the birth or placement to which the leave relates.

\(^7\) Qualifying exigencies may include handling issues arising from short-term deployment, attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, resting and recuperating, and attending post-deployment reintegration briefings.
National Guard or Reserves, who has a serious injury or illness incurred in the line of duty on active duty that may render the servicemember medically unfit to perform his or her duties for which the servicemember is undergoing medical treatment, recuperation, or therapy, or is on outpatient status or is on the temporary disability retired list.

The single twelve (12) month period in which an eligible employee may take up to twenty-six (26) workweeks of unpaid covered servicemember leave is measured forward from the first day the eligible employee takes FMLA leave to care for a covered servicemember and ends twelve (12) months after that date. This FMLA leave entitlement is applied on a per-covered-service member, per-injury basis. ¹

However, Employees should appreciate that an eligible employee is limited to a combined total of twenty-six (26) workweeks of unpaid FMLA leave for any FMLA qualifying reason during the "single twelve (12) month period," provided that an eligible employee is eligible for no more than twelve (12) weeks of FMLA leave because of the following, alone or in combination with each other: the birth of a son or daughter of the employee and in order to care for the son or daughter; because of the placement of a son or daughter with an employee for adoption or foster care; in order to care for the spouse, son, daughter or parent with a serious health condition; because of the employee’s own serious health condition; or because of a qualifying exigency. In other words, the expanded twenty-six (26) workweeks of unpaid FMLA leave applies only in the limited circumstances of caring for a covered servicemember as noted above and may not be used to expand the length of time (twelve (12) workweeks) available to an employee to be taken for other FMLA-qualifying reasons.

For example, assume during a "single twelve (12) month period" an employee takes sixteen (16) weeks of FMLA leave to care for a covered servicemember; that employee would be eligible for another ten (10) weeks of FMLA leave to care for a newborn child (or for any other FMLA qualifying purpose). However, the employee may not take more than twelve (12) weeks of FMLA leave to care for a newborn child (or any other FMLA qualifying purpose other than to care for a covered servicemember) during the "single twelve (12) month period," even if the employee takes fewer than fourteen (14) weeks of FMLA leave to care for a covered servicemember.

**USE OF LEAVE**

An eligible employee does not need to use his or her FMLA leave entitlement in one block. FMLA leave may be taken intermittently or on a reduced schedule basis when medically necessary. Employees requesting intermittent or reduced leave must make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt CBF’s operations. FMLA leave due to a "qualifying exigency" may also be taken on an intermittent or a reduced schedule basis.

¹ The "per covered-service member, per-injury basis" means that an eligible employee may be entitled to take more than one period of twenty-six (26) workweeks of leave if the leave is to care for different covered service members or to care for the same service member with a subsequent serious illness or injury, except that no more than twenty-six (26) workweeks of leave may be taken within any “single twelve (12) month period.”
If an eligible employee needs intermittent or reduced-schedule leave that is foreseeable based upon planned medical treatment for the employee, a family member, or a covered servicemember, including during a period of recovery from the serious health condition, CBF may, in its discretion, permit intermittent or reduced schedule leave.

**DEFINITION OF A SERIOUS HEALTH CONDITION**

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the employee from performing the function of the employee's job, or prevents the qualified family member from participating in school or other daily activities.

Subject to certain conditions, the continuing treatment required may be met by a period of incapacity of more than three (3) consecutive, full calendar days combined with at least two (2) visits to a health care provider or one (1) visit and a regimen of continuing treatment, or incapacity due to pregnancy or prenatal care, or incapacity due to a chronic condition. Other permanent and long-term conditions as well as conditions requiring multiple treatments may also meet the definition of continuing treatment.

**NOTICE**

**Timing of Notice**

Where the need for FMLA leave is foreseeable, an employee must give thirty (30) days' advance notice of the need for FMLA leave, where possible.

When the need for FMLA leave is foreseeable and thirty (30) days advance notice is not possible, the employee must give notice "as soon as is practicable."

"As soon as practicable" means as soon as possible and practicable. When an employee becomes aware of a need for FMLA leave less than thirty (30) days in advance, it generally should be practicable for the employee to provide notice of the need for leave either the same day or the next business day.

*Note: For foreseeable leave due to a qualifying exigency, an employee must provide notice as soon as practicable, regardless of how far in advance such leave is foreseeable. Where the need for leave is not foreseeable, an employee must provide notice to CBF as soon as practicable under the facts and circumstances of a particular situation. In addition, absent in an emergency or other unusual circumstance, employees are expected to provide notice in accordance with CBF’s call-out procedure.*

**Contact Person for Leave Request; Content of Notice**

Absent in an emergency or other unusual circumstance, an employee's request for FMLA leave must be in writing. The written request must be submitted to the Human Resources Director.

The employee must provide sufficient information to the Human Resources Director to enable CBF to determine if the leave may qualify for FMLA protection and the anticipated timing and duration of the leave, specifying, to the extent possible, the beginning and end dates of the
leave. Sufficient information may include that the employee is unable to perform job functions, the family member is unable to perform daily activities, the need for hospitalization or continuing treatment by a health care provider, or circumstances supporting the need for military leave. Merely calling in "sick" is insufficient.

If an employee requests leave for a reason for which FMLA leave was previously taken or certified (including in the case of intermittent leave) an employee must specifically reference the qualifying reason for leave or the need for FMLA leave.

CERTIFICATIONS

An employee will be required to provide periodic reports to CBF of the employee's status and intent to return to work.

An employee will be required to provide a complete and sufficient medical certification to determine his or her eligibility for leave and/or continued leave. CBF may also require a second or third medical opinion. In addition, CBF may also require recertification of an employee's need for leave. These requirements apply both in the event an employee is requesting leave for his or her own serious health condition and in the event of the serious health condition of a parent, spouse or child or, as applicable, covered servicemember.

In connection with a request for FMLA Leave due to a "qualifying exigency," or to care for a covered servicemember, CBF may also require an employee to provide a complete and sufficient certification and/or other documentation in support of the leave.

CBF may also require that an employee provide a fitness for duty certification prior to permitting an employee to return to work from FMLA leave due to his or her own serious health condition. Where an employee is on intermittent or reduced schedule leave for his own serious health condition, the employee may also be required to provide a fitness for duty certification periodically if reasonable safety concerns exist.

PAID TIME OFF BENEFITS

During FMLA leave, there shall be no loss of paid time off benefits accrued prior to the commencement of the leave.

Where FMLA leave runs concurrently with paid time off benefits (Vacation and Sick days), an employee will continue to accrue paid time off benefits during the period of paid FMLA leave. When the employee is on FMLA leave but is not concurrently receiving paid time off benefits from CBF, paid time off benefits will not continue to accrue.

Where FMLA leave is taken in a full week increment, and a holiday occurs during that week, the holiday has no effect; the entire week counts as FMLA leave but the employee will be paid for the Holiday. Where an employee uses FMLA leave in increments of less than one week, the
Holiday will not count against the FMLA leave used by the employee, unless the employee was otherwise scheduled and expected to work on the holiday.

In addition, to the extent permitted by law, employees shall be ineligible for Bereavement or Juror/Witness Pay during FMLA leave.

**PAY INCREASES/BONUS ELIGIBILITY**

An employee's absence on FMLA leave, as with other equivalent leaves, may impact an employee's eligibility for and/or amount of a pay increase where the pay increase is conditioned upon seniority, length of service or work performed.

If an employee is on FMLA leave when his or her performance evaluation would regularly be scheduled, the evaluation may be delayed until the employee returns to work.

**INSURANCE COVERAGE**

During FMLA leave, CBF will continue the employee's health (and dental) insurance coverage under the same terms and conditions as would have been provided if the employee had remained actively employed, provided the employee pays his or her premium portion, if applicable, on a timely basis. CBF will provide you with advance written notice as to how you will be responsible for your premium portion, if applicable.

In regard to all other insurance plans that CBF pays for on behalf of the employee, CBF will continue to make the level of payment on the employee's behalf as it did during his or her active employment until the end of the month in which FMLA commences, to the extent such coverage may be continued by the Plan Document. Thereafter, coverage will continue during FMLA leave only if the employee pays the full cost of coverage and only if continued participation is permitted by the Plan Document.

**COMPENSATION**

FMLA leaves are without pay, except as provided below.

Employees may be eligible to receive, or CBF may require employees to take, Vacation days concurrently with all FMLA leaves. An employee's ability to use concurrently Vacation days during FMLA leave is also subject to CBF's normal Annual Vacation policy.

Employees may be eligible to receive, or CBF may require employees to take, Sick Days concurrently with FMLA Leave taken for an employee's serious health condition or that of an immediate family member. An employee’s ability to use concurrently Sick Days during FMLA leave is also subject to CBF's normal Sick Leave policy.

In addition, an employee may also be eligible for pay pursuant to a disability benefits plan, or workers compensation payments, subject to their eligibility requirements and other terms, conditions, restrictions and exclusions. In such cases, CBF will concurrently designate the
period of time in which the employee receives those benefits as FMLA leave and count the time against the employee's FMLA leave entitlement. In addition, an employee and CBF may agree, subject to state law, to have paid time off benefits supplement any disability or workers compensation benefits, such as when the applicable plan or workers compensation provides replacement income for only a portion of the employee's income.

However, in no case may an employee receive more than 100-percent of his or her regular net pay during FMLA leave.

**RETURN TO WORK**

Generally, employees are guaranteed to return to the same or an equivalent position if they return to work prior to or immediately after exhausting their FMLA entitlement. "Key employees" as defined by the FMLA in terms of compensation may be denied restoration of employment by CBF where such restoration of employment would cause substantial and grievous economic injury to the operations of CBF. You will be informed at the time you request leave if you are a Key employee as defined by the Act.

Any employee may be denied restoration to the same or equivalent position if his or her position would have been eliminated and/or changed if he or she had remained continuously employed.

**RESPONSIBILITIES UNDER FMLA; FMLA ENFORCEMENT**

CBF will inform employees requesting leave whether they are eligible under FMLA. If an employee is eligible, CBF will provide a notice specifying any additional information required as well as the employee's rights and responsibilities. If CBF determines that an employee is not eligible, CBF must provide the employee with a reason for the ineligibility.

CBF will inform the employee whether the leave requested will be designated as FMLA leave and the amount of leave that will be counted against the employee's FMLA leave entitlement. If CBF determines that the employee's leave is not FMLA protected, then CBF will notify the employee.

CBF cannot and will not interfere with, restrain, or deny the exercise of any right provided under the FMLA, or discharge or discriminate against any person for opposing any practice made unlawful by the FMLA or for involvement in any proceeding under or relating to the FMLA.

An employee may file a complaint with the U.S. Department of Labor or may bring a private lawsuit against an employer. The FMLA does not affect any Federal or State law prohibiting discrimination, or supersede any State or local law which provides greater family or medical leave rights.

PERSONAL LEAVE OF ABSENCE

Revised 4/2009

CBF, in its sole discretion, may grant unpaid leave of up to twelve (12) weeks per year to regular full-time or regular part-time employees and who have been employed for a minimum of twelve (12) consecutive months. Employees may take a leave of absence without pay for educational, medical, or personal reasons, including political campaign activity. The leave must be taken in full work week increments. Before granting a request for a leave of absence under this policy, CBF, in its sole discretion, will consider the reason for the leave, the CBF's operational needs, the time of year requested the nature of your position with CBF, your length of service, your attendance and disciplinary records.

Employees must provide a written request for a leave of absence without pay. The written request should include the reason for leave and length of leave requested. Requests should be submitted to the Departmental Vice President for approval at least thirty (30) days in advance of the start of leave and forwarded to the Human Resources Department.

While a leave of absence under this policy is without pay, an employee may use accrued but unused vacation and/or sick days (depending on the type of requested leave) to receive pay during the leave. Employees cannot extend their leave by using additional paid days.

An employee on a leave of absence will be eligible to participate in CBF's group health plan under the same terms and conditions as would have been provided had the employee remained actively employed, provided that he or she pays the full cost of his or her coverage. An employee may continue to participate in CBF's other insured benefit plans at his or her sole expense, to the extent permitted by the plan document(s).

During the leave period, an employee is ineligible for any pay increases, holiday, jury/witness, bereavement or bonus pay. Nor shall an employee accrue any paid time off benefits during an unpaid leave of absence.

An employee may be required to provide medical documentation and/or to submit to an examination by a doctor designated by CBF to determine his or her eligibility for an unpaid leave of absence and/or fitness to return to work from leave.

CBF cannot guarantee of reinstatement to the same or any other position following completion of the unpaid leave of absence. CBF reserves the right to fill a employee's position if necessary.

If leave is taken for medical reasons, to the extent the employee is covered by Family Medical Leave Act, FMLA applies, with greater protections and restrictions, the intent is for this policy to run consecutively with FMLA.

INCLEMENT WEATHER LEAVE

Revised 1/2013

Regular, full time and regular, part time staff members who work more than 20 hours per week will receive three (3) inclement weather days per calendar year. After these days have been exhausted, staff members should use available annual leave (vacation days).
These days should be used for inclement weather when the weather has been deemed severe by the Vice President of Administration. The VP of Administration will determine when CBF Annapolis offices will be closed or declared an inclement weather day for those who cannot make it to work. The state executive directors for each state will make a determination for their respective office.

Please consider the following categories and how your time should be recorded and coded:

If the office experiences a weather related closure and is closed for a full day, code hours as “regular” on your timesheet. If the office experiences a partial day close due to weather or the office has delayed opening or early closing, code hours as “regular” as well.

If the office experiences a non-weather related closure for either a full or partial day; (other circumstances- CBF has a loss of power, heat and/or phones), code hours on your timesheet as “regular”.

When using an inclement weather day, please code your timesheet as follows:

- Time Type – Inclement Weather Leave
- Department – Your own department
- Project Code – Other Benefit Leave

For staff that are partially or fully funded by any grants and/or sponsored programs, please consult your financial manager on the appropriate allocation.

Please note: Due to unusual circumstances, supervisors may exercise some discretion for inclement weather related issues.

Staff can get updated closure information via the following methods:

- Phone System- Call the CBF main number (410-268-8816). Right before the Auto Attendant comes on, there will be recorded message indicating any closings or delays.
- The Hub- A message will be placed on the home page of the CBF Hub.
- E-mail- All staff e-mail will be sent out.

All messages will be posted by 6:00am and updated at the top of each hour if the weather continues to worsen. The main greeting on the Headquarters phone system will also be updated for the general public.

**LEAVE POLICY/LONGEVITY AWARD (FOR 30+ YEARS OF SERVICE)**

*Revised 5/2009*

CBF has established a one time, paid leave for eligible employees who are celebrating the tenure of 30, 35 or 40 years with CBF. The employee may take up to twenty (20) days to dedicate the allocated time to bay-related professional career growth, development and/or activity. This is a great opportunity for tenured staff to re-energize, get invigorating about Saving the Bay. This longevity award will be retro active to any staff that has celebrated a minimum of thirty years and has not already utilized the benefit.
During the next scheduled staff meeting, the employee will be asked to give a short presentation/discussion on their journey and/or achievements during their leave.

Eligible employees must provide a written request for the leave. The written request should include the anticipated bay-related event and length of the leave requested. The leave must be taken in one increment. Requests should be submitted to the Departmental Vice President for approval at least thirty (30) days in advance of the start of the leave and forwarded to the Human Resources Department. Before granting the leave under this policy, CBF, in its sole discretion will consider the CBF’s operational needs, the time of year requested, the nature of your position with CBF, your attendance and disciplinary records. Employees cannot extend the leave using additional paid days.

IX. REIMBURSABLE EXPENSES

CBF will reimburse staff members for expenses incurred while on official CBF business and where employees have received prior approval from their supervisor. Expenses are expected to be reasonable based on local circumstances and the purpose of the trip. Rates (airfare, train, lodging) should be investigated and staff members should attempt to find the lowest possible cost. Receipts are required for all expenses as described on the Expense Report (Exhibit 7). Expense Reports should be completed, approved by the department head and turned into the accounting department. Additionally, employees must receive prior approval from their department heads for amounts over $250.00.

TRANSPORTATION

CBF employees should use the most economical, practical mode of travel possible. Keeping in mind our commitment to the environment, staff members whenever possible, should seek alternatives to driving such as using public transportation (trains, buses, etc.) or if public transportation is not accessible staff members are encouraged to carpool.

Staff members should get prior approval from the department head for travel arrangements.

MILEAGE

CBF staff members who use their personal vehicle to perform official CBF business will be reimbursed for mileage. The rate will be set annually.

In order to encourage carpooling, mileage will be paid for CBF meetings and conferences to drivers will full cars (minimum 3) or drivers who cannot, for legitimate reasons, make the carpool. Mileage will not be reimbursed to an employee who simply wants to drive alone.

CBF staff members are responsible for maintaining a minimum level of liability insurance on personal vehicles used for CBF business. CBF maintains secondary coverage for liability. Therefore, CBF’s insurance will not cover repairs to personal vehicles in the event of an accident.
Employees whose cars are towed or ticketed while on CBF business, will be responsible for all fines incurred.

**FERRY TRAVEL**

CBF staff members may charge work-related ferry travel to Smith and Port Isobel Islands by signing their names and purpose of travel on the CBF account record kept by the ferry captains.

Ferry travel for personal use must be paid by the employee.

**CBF VEHICLES**

CBF may have vehicles available for use in the headquarters office for CBF business use. For insurance purposes, staff members must maintain an acceptable driving record to use CBF vehicles. For further information contact the headquarters office manager.

CBF provides vehicles for various education programs as deemed necessary. These vehicles are for the use of those programs only unless otherwise authorized by the vice president of education or director of education operations.

Employees will be reimbursed for any out-of-pocket expenses such as gasoline or emergency repairs. Receipts should accompany all expense reports before payment is made.

**ACCOMMODATIONS**

Staff members will be reimbursed for reasonable expenses incurred (lodging, meals, tips, taxis, etc.) as a result of out-of-town travel when on official CBF business. To keep these expenses to a minimum, staff members should attempt to stay with co-workers, family, friends, or camp whenever possible.

Receipts are required for all expenses.

**BUSINESS MEAL EXPENSES**

CBF will reimburse staff members for justifiable business-related meals. Names and business relationships of the people for whom the expenses were incurred should be included on expense reports. Staff members must also attach a receipt and get approval from the department head.

**LONG DISTANCE**

Because of the nature of our organization, and the location of CBF offices and education centers, staff members may from time to time, have to use their home phones to place long distance telephone calls for official CBF business. When this occurs, staff members should attach a copy of their telephone bill to their expense report and highlight the amount of the long-distance phone calls.
TAX NUMBER

As a non-profit organization, CBF is entitled to tax-exempt status in Maryland and Virginia. When making purchases for CBF, the tax-exempt number should be given so that we are not charged sales tax. The tax-exempt numbers for Maryland and Virginia are available through the accounting office.

CREDIT CARDS AND CHECK BOOKS

Credit cards and checkbooks are issued to various CBF staff members. These credit cards and checkbooks are to be used only for CBF purchases.

Credit cards and check books are issued and monitored by the finance department. Monthly reports must be submitted for credit card and checkbook use.

Upon leaving CBF, staff members must return credit cards and check books.

NONREIMBURSABLE EXPENSES

CBF will pay only business-related expenses. Non-reimbursable expenses include, but are not limited to:

- Expenses resulting from staying at a conference or meeting site before and/or after the approved dates of attendance;
- Expenses resulting from taking side-trips for pleasure or personal convenience;
- Expenses incurred by other persons (family, friends, business acquaintances, etc.) who are not traveling on official CBF business;
- Expenses not documented by a receipt; and
- Expenses deemed inappropriate by a department head, vice president of the department, the vice president of finance, and the president.

X. PROFESSIONAL DEVELOPMENT

CBF encourages staff members to upgrade their job-related skills through professional development. Regular, full-time and regular, part-time employees who work more than 20 hours per week are eligible to take advantage of CBF’s professional development program. Employees interested in the program should contact their supervisor.

MENTORING

CBF encourages staff members to share their professional knowledge and skills. A mentor is one who accepts the responsibility of guiding an interested staff member in his/her area of
expertise. Staff members who are interested in becoming a mentor should notify the director of human resources.

- Staff members interested in taking advantage of mentoring should do the following:
  - Contact the director of human resources for a list of mentors in the appropriate department;
  - Contact the desired mentor; and
  - Work with the mentor to develop a plan where knowledge is shared and career objectives are met.

After an employee has selected a mentor and followed the above steps, a written summary of the employee's and mentor's experiences should be forwarded to the director of human resources. The director of human resources shall monitor the program on an on-going basis.

INTERNAL INTERNSHIPS

CBF's most valuable asset is its employees. We realize that the more staff members develop professionally and personally, the stronger CBF becomes.

Internal internships are provided to give employees an opportunity to gain experience while expanding their knowledge of other departments, and to provide useful support and assistance to other departments.

Each department has the responsibility of assessing its needs, developing a project, announcing internal internships, designating a contact person, and monitoring the progress of the intern.

Departments participating in intern projects should consider internal interns before soliciting from outside the organization. All internal internships should be posted on the Human Resources Recruitment's Job Announcement section of CBF's Intranet Website.

Employees who are interested in taking advantage of an internal internship should get prior approval from their supervisor. The supervisor should realize that the internship may require that an employee spend time away from his/her normal job functions. As a result, there must be a mutual agreement between department supervisors. Salaries will continue to be paid by the employee's department.

After an employee has received approval from his/her supervisor, he/she should notify the appropriate department in writing of his/her expressed interest in the internship. When an employee has been selected for an internal internship, the supervisor in that department should outline to the employee in writing, the nature, expectations and length of the internship. Copies should be forwarded to the employee's supervisor and the director of human resources.

Upon completion of the internal internship, the supervisor should provide a written evaluation of the employee. A copy should be forwarded to the director of human resources to be included in the employee's file.
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditor's Report</td>
<td>2 - 3</td>
</tr>
<tr>
<td>Exhibit A - Statement of Financial Position, as of June 30, 2017, with Summarized Financial Information for 2016</td>
<td>4</td>
</tr>
<tr>
<td>Exhibit B - Statement of Activities and Change in Net Assets, for the Year Ended June 30, 2017, with Summarized Financial Information for 2016</td>
<td>5</td>
</tr>
<tr>
<td>Exhibit C - Statement of Functional Expenses, for the Year Ended June 30, 2017, with Summarized Financial Information for 2016</td>
<td>6 - 7</td>
</tr>
<tr>
<td>Exhibit D - Statement of Cash Flows, for the Year Ended June 30, 2017, with Summarized Financial Information for 2016</td>
<td>8 - 9</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>10 - 29</td>
</tr>
<tr>
<td>Supplemental Information</td>
<td></td>
</tr>
<tr>
<td>Schedule 1 - Summary of Conservation and Scenic Easements for Information Purposes Only (Unaudited), for the Year Ended June 30, 2017</td>
<td>30</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

To the Board of Trustees
Chesapeake Bay Foundation, Inc.
Annapolis, Maryland

We have audited the accompanying financial statements of the Chesapeake Bay Foundation, Inc. (the Foundation), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2017, and the change 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.
Report on Summarized Comparative Information

We have previously audited the Foundation's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Summary of Conservation and Scenic Easements on page 30, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

December 14, 2017

Gelman Rosenberg & Friedman
CHESAPEAKE BAY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$9,984,436</td>
<td>$4,966,040</td>
</tr>
<tr>
<td>Investments</td>
<td>57,758,141</td>
<td>57,231,749</td>
</tr>
<tr>
<td>Accounts receivable, less allowance for doubtful accounts of $2,852 and $1,909 for 2017 and 2016, respectively</td>
<td>759,675</td>
<td>843,584</td>
</tr>
<tr>
<td>Note receivable</td>
<td>84,822</td>
<td>87,013</td>
</tr>
<tr>
<td>Pledges receivable, net of allowance for doubtful accounts of $102,270 and $123,774 for 2017 and 2016, respectively</td>
<td>9,173,036</td>
<td>11,676,703</td>
</tr>
<tr>
<td>Prepaids, deposits and other assets</td>
<td>837,583</td>
<td>651,495</td>
</tr>
<tr>
<td>Property and equipment, net of accumulated depreciation and amortization of $18,270,258 and $17,071,657 for 2017 and 2016, respectively</td>
<td>31,043,455</td>
<td>31,007,554</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$109,641,148</strong></td>
<td><strong>$106,464,138</strong></td>
</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS

LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan payable</td>
<td>$1,417,571</td>
<td>$2,408,828</td>
</tr>
<tr>
<td>Bonds payable</td>
<td>4,244,019</td>
<td>4,789,103</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>2,075,956</td>
<td>1,740,573</td>
</tr>
<tr>
<td>Deferred income</td>
<td>1,027,160</td>
<td>863,126</td>
</tr>
<tr>
<td>Liability under split interest agreements</td>
<td>813,779</td>
<td>840,555</td>
</tr>
<tr>
<td>Interest rate swap obligation</td>
<td>438,167</td>
<td>721,368</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>10,016,652</strong></td>
<td><strong>11,363,553</strong></td>
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</tbody>
</table>

NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>33,689,681</td>
<td>31,759,859</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>19,661,940</td>
<td>17,233,727</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>46,272,875</td>
<td>46,106,999</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>99,624,496</strong></td>
<td><strong>95,100,585</strong></td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$109,641,148</strong></td>
<td><strong>$106,464,138</strong></td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
### CHESAPEAKE BAY FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2017 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

#### REVENUE

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily Restricted</td>
</tr>
<tr>
<td>Membership contributions</td>
<td>$4,949,035</td>
<td>$ -</td>
</tr>
<tr>
<td>Grants and gifts</td>
<td>8,314,929</td>
<td>7,653,759</td>
</tr>
<tr>
<td>Education contracts and tuition</td>
<td>1,055,752</td>
<td>-</td>
</tr>
<tr>
<td>Investment distribution</td>
<td>591,530</td>
<td>2,177,434</td>
</tr>
<tr>
<td>Donated goods and services</td>
<td>1,255,568</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>772,883</td>
<td>-</td>
</tr>
<tr>
<td>Net assets released from donor restrictions</td>
<td>10,004,859</td>
<td>(10,004,859)</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>26,944,556</strong></td>
<td><strong>(173,666)</strong></td>
</tr>
</tbody>
</table>

#### EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Education</td>
<td>6,583,700</td>
<td>-</td>
</tr>
<tr>
<td>Environmental Protection and Restoration</td>
<td>11,290,038</td>
<td>-</td>
</tr>
<tr>
<td>Strategic Communications</td>
<td>3,090,621</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td><strong>20,964,359</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td>Support Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and Administrative</td>
<td>2,289,329</td>
<td>-</td>
</tr>
<tr>
<td>Fundraising</td>
<td>3,506,414</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total support services</strong></td>
<td><strong>5,795,743</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>26,760,102</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td>Change in net assets before capital additions (deductions)</td>
<td>184,454</td>
<td>(173,666)</td>
</tr>
</tbody>
</table>

#### CAPITAL ADDITIONS (DEDUCTIONS)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment gain (loss) and distributions, net</td>
<td>1,461,530</td>
<td>2,601,879</td>
</tr>
<tr>
<td>Grants and gifts</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gain on sale of property and equipment</td>
<td>637</td>
<td>-</td>
</tr>
<tr>
<td>Unrealized gain on interest rate swap</td>
<td>283,201</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total capital additions (deductions)</strong></td>
<td><strong>1,745,368</strong></td>
<td><strong>2,601,879</strong></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>1,929,822</td>
<td>2,428,213</td>
</tr>
<tr>
<td>Net assets at beginning of year</td>
<td>31,759,859</td>
<td>17,233,727</td>
</tr>
<tr>
<td><strong>NET ASSETS AT END OF YEAR</strong></td>
<td><strong>$33,689,681</strong></td>
<td><strong>$19,661,940</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
## CHESAPEAKE BAY FOUNDATION, INC.

### STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

<table>
<thead>
<tr>
<th>2017</th>
<th>Program Services</th>
<th>Environmental Education</th>
<th>Environmental Protection and Restoration</th>
<th>Strategic Communications</th>
<th>Total Program Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$2,545,614</td>
<td>$4,272,518</td>
<td>$1,125,661</td>
<td>$7,943,793</td>
<td></td>
</tr>
<tr>
<td>Fringe benefits</td>
<td>983,921</td>
<td>1,635,282</td>
<td>442,703</td>
<td>3,061,906</td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>310,784</td>
<td>246,992</td>
<td>54,065</td>
<td>611,841</td>
<td></td>
</tr>
<tr>
<td>Restoration supplies</td>
<td>120</td>
<td>172,496</td>
<td>88</td>
<td>172,704</td>
<td></td>
</tr>
<tr>
<td>Telephone</td>
<td>46,849</td>
<td>68,336</td>
<td>8,564</td>
<td>123,749</td>
<td></td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>114,826</td>
<td>202,456</td>
<td>92,650</td>
<td>409,932</td>
<td></td>
</tr>
<tr>
<td>Occupancy and utilities</td>
<td>405,152</td>
<td>935,261</td>
<td>126,857</td>
<td>1,467,270</td>
<td></td>
</tr>
<tr>
<td>Equipment rental, leasing, repairs and maintenance</td>
<td>289,748</td>
<td>220,253</td>
<td>42,264</td>
<td>552,265</td>
<td></td>
</tr>
<tr>
<td>Printing and publications</td>
<td>155,232</td>
<td>308,700</td>
<td>128,089</td>
<td>592,021</td>
<td></td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>1,251</td>
<td>22,032</td>
<td>6,358</td>
<td>29,641</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>236,977</td>
<td>196,099</td>
<td>13,010</td>
<td>446,086</td>
<td></td>
</tr>
<tr>
<td>Meetings and seminars</td>
<td>133,234</td>
<td>85,465</td>
<td>17,685</td>
<td>236,384</td>
<td></td>
</tr>
<tr>
<td>Outside services</td>
<td>51,235</td>
<td>260,293</td>
<td>88,411</td>
<td>399,939</td>
<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>261,563</td>
<td>896,942</td>
<td>310,375</td>
<td>1,468,880</td>
<td></td>
</tr>
<tr>
<td>Restoration fees</td>
<td>-</td>
<td>395,663</td>
<td>-</td>
<td>395,663</td>
<td></td>
</tr>
<tr>
<td>Personnel recruitment</td>
<td>865</td>
<td>-</td>
<td>-</td>
<td>865</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>15,350</td>
<td>29,925</td>
<td>1,090</td>
<td>46,365</td>
<td></td>
</tr>
<tr>
<td>Mailing preparation</td>
<td>35,314</td>
<td>60,558</td>
<td>16,578</td>
<td>112,450</td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>161,727</td>
<td>122,902</td>
<td>14,056</td>
<td>298,685</td>
<td></td>
</tr>
<tr>
<td>List rentals</td>
<td>38,665</td>
<td>66,304</td>
<td>18,151</td>
<td>123,120</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>185,780</td>
<td>196,873</td>
<td>20,985</td>
<td>403,638</td>
<td></td>
</tr>
<tr>
<td>Subrecipients</td>
<td>-</td>
<td>123,286</td>
<td>-</td>
<td>123,286</td>
<td></td>
</tr>
<tr>
<td>Donated goods and services</td>
<td>385,353</td>
<td>387,035</td>
<td>457,761</td>
<td>1,230,149</td>
<td></td>
</tr>
<tr>
<td>Sub-total</td>
<td>6,359,560</td>
<td>10,905,671</td>
<td>2,985,401</td>
<td>20,250,632</td>
<td></td>
</tr>
<tr>
<td>Allocation of management and general</td>
<td>224,140</td>
<td>384,367</td>
<td>105,220</td>
<td>713,727</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$6,583,700</strong></td>
<td><strong>$11,290,038</strong></td>
<td><strong>$3,090,621</strong></td>
<td><strong>$20,964,359</strong></td>
<td></td>
</tr>
</tbody>
</table>
### Support Services

<table>
<thead>
<tr>
<th></th>
<th>General and Administrative</th>
<th>Fundraising</th>
<th>Total Support Services</th>
<th>Total Expenses</th>
<th>Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$1,777,350</td>
<td>$1,274,539</td>
<td>$3,051,889</td>
<td>$10,995,682</td>
<td>$10,565,362</td>
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<tr>
<td></td>
<td>646,795</td>
<td>498,597</td>
<td>1,145,392</td>
<td>4,207,298</td>
<td>4,076,786</td>
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<tr>
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<td>33,643</td>
<td>54,070</td>
<td>87,713</td>
<td>699,554</td>
<td>593,254</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>172,704</td>
<td>203,124</td>
</tr>
<tr>
<td></td>
<td>4,306</td>
<td>11,765</td>
<td>16,071</td>
<td>139,820</td>
<td>165,523</td>
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<tr>
<td></td>
<td>1,722</td>
<td>140,205</td>
<td>141,927</td>
<td>551,859</td>
<td>664,288</td>
</tr>
<tr>
<td></td>
<td>273,739</td>
<td>81,140</td>
<td>354,879</td>
<td>1,822,149</td>
<td>1,792,851</td>
</tr>
<tr>
<td></td>
<td>20,589</td>
<td>72,838</td>
<td>93,427</td>
<td>645,692</td>
<td>533,641</td>
</tr>
<tr>
<td></td>
<td>1,515</td>
<td>316,171</td>
<td>317,686</td>
<td>909,707</td>
<td>787,931</td>
</tr>
<tr>
<td></td>
<td>5,738</td>
<td>4,625</td>
<td>10,363</td>
<td>40,004</td>
<td>51,331</td>
</tr>
<tr>
<td></td>
<td>40,672</td>
<td>24,072</td>
<td>64,744</td>
<td>510,830</td>
<td>474,846</td>
</tr>
<tr>
<td></td>
<td>78,240</td>
<td>129,130</td>
<td>207,370</td>
<td>443,754</td>
<td>432,603</td>
</tr>
<tr>
<td></td>
<td>7,522</td>
<td>228,021</td>
<td>235,543</td>
<td>635,482</td>
<td>489,809</td>
</tr>
<tr>
<td></td>
<td>133,945</td>
<td>371,449</td>
<td>505,394</td>
<td>1,974,274</td>
<td>2,604,788</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>395,663</td>
<td>247,625</td>
</tr>
<tr>
<td></td>
<td>26,411</td>
<td>-</td>
<td>26,411</td>
<td>27,276</td>
<td>28,573</td>
</tr>
<tr>
<td></td>
<td>14,048</td>
<td>12,557</td>
<td>26,605</td>
<td>72,970</td>
<td>116,825</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>67,442</td>
<td>67,442</td>
<td>179,892</td>
<td>179,708</td>
</tr>
<tr>
<td></td>
<td>46,373</td>
<td>21,158</td>
<td>67,531</td>
<td>366,216</td>
<td>360,002</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>29,517</td>
<td>29,517</td>
<td>152,637</td>
<td>142,471</td>
</tr>
<tr>
<td></td>
<td>9,027</td>
<td>25,120</td>
<td>34,147</td>
<td>437,785</td>
<td>357,546</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>123,286</td>
<td>528,845</td>
</tr>
<tr>
<td></td>
<td>650</td>
<td>24,769</td>
<td>25,419</td>
<td>1,255,568</td>
<td>1,191,947</td>
</tr>
<tr>
<td>3,122,285</td>
<td>3,387,185</td>
<td>6,509,470</td>
<td>26,760,102</td>
<td>26,589,679</td>
<td></td>
</tr>
<tr>
<td>(832,956)</td>
<td>119,229</td>
<td>(713,727)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>$2,289,329</strong></td>
<td><strong>$3,506,414</strong></td>
<td><strong>$5,795,743</strong></td>
<td><strong>$26,760,102</strong></td>
<td><strong>$26,589,679</strong></td>
<td></td>
</tr>
</tbody>
</table>
## Statement of Cash Flows

**For the Year Ended June 30, 2017**

### With Summarized Financial Information for 2016

#### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$4,523,911</td>
<td>($898,048)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,261,187</td>
<td>1,209,626</td>
</tr>
<tr>
<td>Unrealized gain on interest rate swap</td>
<td>(233,201)</td>
<td>(22,701)</td>
</tr>
<tr>
<td>Gain on sale of property and equipment</td>
<td>(637)</td>
<td>-</td>
</tr>
<tr>
<td>Capital additions - permanently restricted contributions</td>
<td>(34,164)</td>
<td>(1,326,720)</td>
</tr>
<tr>
<td>Change in the discount of long-term pledges receivable</td>
<td>(176,220)</td>
<td>(828,134)</td>
</tr>
<tr>
<td>Change in allowance for doubtful accounts</td>
<td>(20,561)</td>
<td>(15,149)</td>
</tr>
<tr>
<td>Unrealized (gain) loss on investments</td>
<td>(6,343,991)</td>
<td>1,825,422</td>
</tr>
<tr>
<td>Realized gains on investments</td>
<td>(294,752)</td>
<td>(456,770)</td>
</tr>
<tr>
<td>Change in value of split interest agreements</td>
<td>58,103</td>
<td>11,790</td>
</tr>
<tr>
<td>Decrease (increase) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>82,966</td>
<td>653,420</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>2,701,391</td>
<td>793,022</td>
</tr>
<tr>
<td>Prepaids, deposits and other assets</td>
<td>(186,088)</td>
<td>33,864</td>
</tr>
<tr>
<td>Increase (decrease) in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>335,383</td>
<td>34,911</td>
</tr>
<tr>
<td>Deferred income</td>
<td>164,034</td>
<td>347,882</td>
</tr>
<tr>
<td>Liability under split interest agreements</td>
<td>(9,477)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>1,777,884</td>
<td>1,362,415</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales (purchases) of investments</td>
<td>6,112,351</td>
<td>(3,286,794)</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(1,278,057)</td>
<td>(1,713,950)</td>
</tr>
<tr>
<td><strong>Proceeds from note receivable</strong></td>
<td>2,191</td>
<td>1,719</td>
</tr>
<tr>
<td><strong>Net cash provided (used) by investing activities</strong></td>
<td>4,836,485</td>
<td>(4,999,025)</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital additions - permanently restricted contributions</td>
<td>34,164</td>
<td>1,326,720</td>
</tr>
<tr>
<td>Payments on bonds payable</td>
<td>(554,735)</td>
<td>(524,936)</td>
</tr>
<tr>
<td>Payments on loan payable</td>
<td>(1,000,000)</td>
<td>(2,600,000)</td>
</tr>
<tr>
<td>Proceeds from split interest agreements</td>
<td>-</td>
<td>29,217</td>
</tr>
<tr>
<td>Payments made on split interest agreements</td>
<td>(75,402)</td>
<td>(79,063)</td>
</tr>
<tr>
<td><strong>Net cash used by financing activities</strong></td>
<td>(1,595,973)</td>
<td>(1,848,062)</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
CHESAPEAKE BAY FOUNDATION, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2016

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>$ 5,018,396</td>
<td>$(5,484,672)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>4,966,040</td>
<td>10,450,712</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT END OF YEAR</strong></td>
<td><strong>$ 9,984,436</strong></td>
<td><strong>$ 4,966,040</strong></td>
</tr>
</tbody>
</table>

**SUPPLEMENTAL INFORMATION**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Paid</td>
<td>$ 294,995</td>
<td>$ 345,512</td>
</tr>
<tr>
<td>Taxes Paid</td>
<td>$ 316</td>
<td>$ 22,366</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Chesapeake Bay Foundation, Inc. (the Foundation) is a non-profit organization, incorporated in the State of Maryland in March 1966. Its principal sources of funds are contributions received directly from the public and grants received from individuals, foundations, governments, and corporations for environmental education, environmental protection, and land management and conservation programs relating to the Chesapeake Bay Region.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, Not-for-Profit Entities.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Cash and cash equivalents -

The Foundation considers all cash and other highly liquid investments, including certificates of deposit with maturities of three months or less, and excluding cash and cash equivalents held by investment managers, to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to a limit of $250,000. At times during the year the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

The Foundation invests in shares held in individual securities or investment funds which include bonds, stocks, investment trusts, money market funds held for investment purposes, and limited partnerships. Investment fund managers trade in various domestic and foreign financial markets, which carry a certain amount of risk of loss. Investments are stated at fair value based on quoted market prices at the reporting date, or in absence of such quoted market price, a reasonable estimate of fair value as approved by management. Unrealized and realized gains and losses are included in investment (loss) return and investment income in the Statement of Activities and Change in Net Assets.

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. Credit risk from financial instruments relates to the possibility that invested assets within a particular industry segment may experience loss due to market conditions. The Foundation has diversified its financial instruments to help ensure that no one industry segment represents a significant concentration of risk.

Although management uses its best judgment at estimating fair value of the underlying assets for its investments, there are inherent limitations in any valuation technique. Therefore, the value is not necessarily indicative of the amount that could be realized in a current transaction. Future events will also affect the estimates of fair value, and the effect of such events on the estimates of fair value could be material.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Financial instruments with off-balance sheet risk -

In the course of trading activities entered into by the Foundation's various investment fund managers, certain financial instruments with off-balance sheet risk were acquired in order to structure the portfolio transactions to economically match the investment objectives of the funds and to hedge market risk. The exposure to credit risk associated with non-performance of any of these types of financial instruments is typically limited to the value of such investments reported as assets in the Statement of Financial Position.

Accounts and pledges receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. Pledges receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and gifts revenue. Conditional promises to give are not included as support until the conditions are substantially met. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer and donor.

Deferred financing costs -

Deferred financing costs represent loan issuance and bond issuance costs and other costs related to the construction of the Brock Environmental Center and the acquisition of the Bay Ridge Facility (Notes 7 and 8). Deferred financing costs are being amortized over the respective lives of the loan and bonds. Deferred financing costs are shown net of loan and bonds payable on the accompanying Statement of Financial Position.

Property and equipment -

Property and equipment are stated at acquisition cost or fair market value at the date of donation, less accumulated depreciation. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to thirty years. The Foundation has established $5,000 as its threshold for capitalization.

Land is stated at acquisition cost, fair market value, or if fair market value is not available, at assessment value, at the date of donation. The land is used for educational, conservation, and operating purposes.

The cost of maintenance and repairs is recorded as expenses are incurred.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Statement of Activities and Change in Net Assets, to its current fair value.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Split interest agreements -

A split interest agreement is a trust or other arrangements initiated by donors under which the Foundation receives benefits that are shared with either the donor or third party beneficiaries.

The Foundation is the beneficiary of several split interest agreements. The Foundation's interest in these split interest agreements is reported as a contribution in the year received at its net present value. For the years ended June 30, 2017 and 2016, liabilities under split interest agreements totaled $813,779 and $840,555, respectively.

Net asset classification -

The net assets of the Foundation are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Foundation and include both internally designated and undesignated resources.

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in perpetuity by the Foundation. There are restrictions placed on the use of investment earnings from these endowment funds.

Contributions, grants and gifts -

Contributions, grants and gifts are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such contributions, grants and gifts received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

The Foundation receives funding under grants and contracts from the U.S. Government for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted grant revenue to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants and support receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as a refundable advance.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Donated goods and services -

Contributions of goods or services are recognized when they are received if the goods or services either (a) create or enhance non-financial assets, or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not donated. These amounts are shown as revenue and expenses on the Statement of Activities and Change in Net Assets.

Income taxes -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is not a private foundation. The Foundation is required to report unrelated business income to the Internal Revenue Service and the appropriate state taxing authorities. The Foundation has recorded income tax expense of $316 and $22,366 for the years ended June 30, 2017 and 2016, respectively, as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Unrelated Business Income Tax Included as an Addition to Miscellaneous Expenses in the Accompanying Statement of Functional Expenses</td>
<td>$316</td>
<td>$22,366</td>
</tr>
</tbody>
</table>

Uncertain tax positions -

For the years ended June 30, 2017 and 2016, the Foundation has documented its consideration of FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Use of estimates -

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

Fair value measurement -

The Foundation adopted the provisions of FASB ASC 820, Fair Value Measurement. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets.
CHESAPEAKE BAY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Functional allocation of expenses (continued) -

Accordingly, certain costs have been allocated among the programs and support services benefited.

Joint costs -

For fiscal years 2017 and 2016, the Foundation incurred joint costs of $2,328,695 and $2,194,443, respectively, for educational materials, membership and support services. These costs were allocated as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Education</td>
<td>$560,816</td>
<td>$474,025</td>
</tr>
<tr>
<td>Environmental Protection and Restoration</td>
<td>961,715</td>
<td>855,734</td>
</tr>
<tr>
<td>Strategic Communications</td>
<td>263,267</td>
<td>246,036</td>
</tr>
<tr>
<td>Fundraising</td>
<td>542,897</td>
<td>618,648</td>
</tr>
<tr>
<td><strong>TOTAL JOINT COSTS INCURRED</strong></td>
<td><strong>$2,328,695</strong></td>
<td><strong>$2,194,443</strong></td>
</tr>
</tbody>
</table>

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

New accounting pronouncements -

In April 2015, the FASB issued Accounting Standards Update (ASU) 2015-03 related to Simplifying the Presentation of Debt Issuance Costs, as part of its simplification initiative. The ASU changes the presentation of debt issuance costs in the financial statements. Under the ASU, an entity presents such costs in the Statement of Financial Position as a direct deduction from the related debt liability, rather than as an asset. Amortization of the costs is reported as interest expense. The guidance in the ASU is effective for fiscal years beginning after December 15, 2015. During the year ended June 30, 2017, the Foundation adopted the new guidance above and applied it retrospectively.

In 2015, the FASB issued ASU 2015-07, Fair Value Measurement (Topic 820). The ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The ASU becomes effective for years beginning after December 15, 2016. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. During the year ended June 30, 2017, the Foundation adopted the new guidance above and applied it retrospectively.

New accounting pronouncements not yet adopted -

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958), intended to improve financial reporting for not-for-profit entities.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncements not yet adopted (continued) -

The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the Foundation's financial statements, it is not expected to alter the Foundation's reported financial position.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year thus the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted and should be applied retrospectively in the year the ASU is first applied. The Foundation plans to adopt the new ASU at the required implementation date.

In 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 31, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Foundation plans to adopt the new ASUs at the required implementation date.

2. INVESTMENTS

At June 30, 2017 and 2016, investments at readily determinable fair values, consisted of the following:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>$20,175,840</td>
<td>$16,574,704</td>
</tr>
<tr>
<td>International equity securities</td>
<td>4,168,864</td>
<td>3,399,425</td>
</tr>
<tr>
<td>Partnerships/Alternative investments</td>
<td>22,732,632</td>
<td>19,902,319</td>
</tr>
<tr>
<td>Corporate bonds and other agencies</td>
<td>4,582,622</td>
<td>10,920,144</td>
</tr>
<tr>
<td>Beneficial interest in perpetual trust</td>
<td>3,223,517</td>
<td>3,223,517</td>
</tr>
<tr>
<td>Sub-total investments</td>
<td>54,883,475</td>
<td>54,020,109</td>
</tr>
<tr>
<td>Cash and cash equivalents held by investment managers</td>
<td>2,874,666</td>
<td>3,211,640</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENTS</strong></td>
<td><strong>$57,758,141</strong></td>
<td><strong>$57,231,749</strong></td>
</tr>
</tbody>
</table>
2. INVESTMENTS (Continued)

Under the terms of certain agreements for several alternative investments, the Foundation is obligated to remit additional funding periodically as capital calls are exercised.

As of June 30, 2017 and 2016, the Foundation has uncalled commitments of $1,396,623 and $1,509,957, respectively.

Alternative investments are comprised of the following at June 30, 2017 and 2016:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Net Asset Value</th>
<th>Uncalled Commitments</th>
<th>Liquidity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic/U.S. Limited Partnerships</td>
<td>$2,191,215</td>
<td>$1,912,775</td>
<td>$1,396,623</td>
</tr>
<tr>
<td>Domestic/U.S. Limited Partnerships</td>
<td>2,220,104</td>
<td>1,857,864</td>
<td>-</td>
</tr>
<tr>
<td>Domestic/U.S. Alternative Trusts</td>
<td>4,076,630</td>
<td>3,639,123</td>
<td>-</td>
</tr>
<tr>
<td>Domestic/U.S. Limited Partnerships</td>
<td>14,244,683</td>
<td>12,492,557</td>
<td>-</td>
</tr>
<tr>
<td>ALTERNATIVE INVESTMENTS</td>
<td>$22,732,632</td>
<td>$19,902,319</td>
<td>$1,396,623</td>
</tr>
</tbody>
</table>

Included in the investment balance at June 30, 2017 and 2016 are investments related to certain split-interest agreements in the amounts of $890,624 and $887,275, respectively.

The investment portfolio includes $38,084,134 and $37,413,618 of permanently restricted endowment investments at June 30, 2017 and 2016, respectively (see Note 17).

The Foundation follows the Uniform Prudent Management Institutional Funds Act (UPMIFA). As such, endowment earnings not yet authorized for spending are shown as temporarily restricted net assets. If, in a given year, there are deficiencies in any endowment fund, unrestricted net assets will cover the deficiencies.

It is the policy of the Foundation to spend on operations 5% of a twelve quarter trailing average of the sum of accumulated investments, including endowment fund investments. This 5% amount is shown in the revenue section of the Statement of Activities and Change in Net Assets. Investment income that exceeds this target and all losses in a given year are considered non-operating items and are included in the capital additions (deductions) section of the Statement of Activities and Change in Net Assets, as "Investment (loss) return, net".
2. INVESTMENTS (Continued)

Investment return for the years ended June 30, 2017 and 2016 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>$325,342</td>
<td>$1,045,831</td>
</tr>
<tr>
<td>Unrealized gain (loss)</td>
<td>6,343,991</td>
<td>(1,825,422)</td>
</tr>
<tr>
<td>Realized gains</td>
<td>294,752</td>
<td>456,770</td>
</tr>
<tr>
<td>Total investment (loss) return</td>
<td>6,964,085</td>
<td>(322,821)</td>
</tr>
<tr>
<td>Less: Investment distribution for operations</td>
<td>(2,768,964)</td>
<td>(2,768,395)</td>
</tr>
<tr>
<td><strong>INVESTMENT GAIN (LOSS) AND DISTRIBUTIONS, NET</strong></td>
<td><strong>$4,195,121</strong></td>
<td><strong>($3,091,216)</strong></td>
</tr>
</tbody>
</table>

3. ACCOUNTS RECEIVABLE

Accounts receivable are stated at their carrying value, which approximates fair value, and are due within one year. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer. Accounts receivable consisted of the following at June 30, 2017 and 2016, respectively:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal and state receivables</td>
<td>$657,295</td>
<td>$762,694</td>
</tr>
<tr>
<td>Non-Federal and state receivables</td>
<td>105,232</td>
<td>82,799</td>
</tr>
<tr>
<td>Total accounts receivable</td>
<td>762,527</td>
<td>845,493</td>
</tr>
<tr>
<td>Less: Allowance for doubtful accounts</td>
<td>(2,852)</td>
<td>(1,909)</td>
</tr>
<tr>
<td><strong>NET ACCOUNTS RECEIVABLE</strong></td>
<td><strong>$759,675</strong></td>
<td><strong>$843,584</strong></td>
</tr>
</tbody>
</table>

4. NOTE RECEIVABLE

On July 20, 1998, the Foundation loaned $135,000 to the Rappahannock Tribe, Inc. (the Tribe). The loan was collateralized by the Tribe’s property. The note bears interest at a rate of 7.5% annually, with interest payable monthly. The note was due on July 1, 1999; however, the note has been extended every year and is now due July 1, 2018. Only monthly payments of interest are to be made by the Tribe until maturity. The amounts outstanding at June 30, 2017 and 2016 were $84,822 and $87,013, respectively.

5. PLEDGES RECEIVABLE

As of June 30, 2017 and 2016, contributors to the Foundation have made written promises to give totaling $10,383,756 and $13,085,147, respectively. Pledges due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate ranging from 1.8% to 7%. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor.
5. PLEDGES RECEIVABLE (Continued)

Pledges are due as follows at June 30, 2017 and 2016:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>$2,482,827</td>
<td>$4,492,273</td>
</tr>
<tr>
<td>One to five years</td>
<td>2,869,354</td>
<td>3,133,954</td>
</tr>
<tr>
<td>Beyond five years</td>
<td>5,031,575</td>
<td>5,458,920</td>
</tr>
<tr>
<td><strong>Total pledges</strong></td>
<td><strong>10,383,756</strong></td>
<td><strong>13,085,147</strong></td>
</tr>
<tr>
<td>Less: Discount to net present value</td>
<td>(1,108,450)</td>
<td>(1,284,670)</td>
</tr>
<tr>
<td>Less: Allowance for doubtful accounts</td>
<td>(102,270)</td>
<td>(123,774)</td>
</tr>
<tr>
<td><strong>NET PLEDGES RECEIVABLE</strong></td>
<td><strong>$9,173,036</strong></td>
<td><strong>$11,676,703</strong></td>
</tr>
</tbody>
</table>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2017 and 2016:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$11,747,533</td>
<td>$11,747,533</td>
</tr>
<tr>
<td>Building and improvements</td>
<td>26,940,206</td>
<td>26,867,591</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>5,543,190</td>
<td>3,693,575</td>
</tr>
<tr>
<td>Boats</td>
<td>4,058,464</td>
<td>4,003,386</td>
</tr>
<tr>
<td>Vehicles</td>
<td>601,955</td>
<td>590,720</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>405,365</td>
<td>1,159,406</td>
</tr>
<tr>
<td>Art</td>
<td>17,000</td>
<td>17,000</td>
</tr>
<tr>
<td><strong>Total property and equipment</strong></td>
<td><strong>49,313,713</strong></td>
<td><strong>48,079,211</strong></td>
</tr>
<tr>
<td>Less: Accumulated depreciation and amortization</td>
<td>(18,270,258)</td>
<td>(17,071,657)</td>
</tr>
<tr>
<td><strong>NET PROPERTY AND EQUIPMENT</strong></td>
<td><strong>$31,043,455</strong></td>
<td><strong>$31,007,554</strong></td>
</tr>
</tbody>
</table>

The amount of property and equipment (at cost or fair market value at date of donation) that cannot be sold by the Foundation due to donor restrictions is $8,155,524 at June 30, 2017 and 2016 (see Note 17).

Depreciation and amortization expense for the years ended June 30, 2017 and 2016 totaled $1,261,187 and $1,209,626, respectively. Of these amounts, $823,402 and $852,080 is included in occupancy expense, and $437,785 and $357,546 is included in depreciation and amortization expense in the accompanying Statement of Functional Expenses for the years ended June 30, 2017 and 2016, respectively.

7. LOAN PAYABLE

The Chesapeake Bay Foundation’s Brock Environmental Center is a 10,200 square foot facility located at Pleasure House Point in Virginia Beach, Virginia. It sits on land once slated for heavy development that is now saved in perpetuity.
7. LOAN PAYABLE (Continued)

The Brock Environmental Center provides a collaborative workspace for all of the Foundation’s Virginia Beach program staff, the local Lynnhaven River NOW environmental group, a partner group of the Foundation, and the City of Virginia Beach Parks and Recreation.

The Brock Environmental Center is also a venue for expanded environmental education programs for decision makers, students, teachers and volunteers, serves as a lasting demonstration site for restoration projects, and provides meeting space for local nonprofit groups.

The Brock Environmental Center is one of the most sustainable buildings in the world. The facility earned both the U.S. Green Building Council’s LEED Platinum Certification and the International Living Building Institute’s Living Building Challenge Certification.

On October 1, 2013, the Foundation obtained a variable rate taxable loan in the amount of $8,300,000 from Capital One in connection with the development of the Brock Environmental Center (the “Taxable Loan”). The Taxable Loan is unsecured, and is structured as a “draw down facility” and payments are interest only through maturity. The Foundation does not expect any additional draw downs on the loan. The entire unpaid balance, together with all accrued and unpaid interest, shall be due and payable in full on the maturity date of October 1, 2020. The total amount of the loan outstanding as of June 30, 2017 and 2016 was $1,417,571 and $2,408,828, respectively.

Total interest of $14,937 was capitalized and included in the buildings and improvements account for the year ending June 30, 2015. Additionally, financing costs totaling $67,560, related to obtaining the Taxable Loan, were capitalized and are being amortized over the life of the Taxable Loan. At June 30, 2017 and 2016, accumulated amortization for the Taxable Loan financing costs totaled $35,389 and $25,737, respectively.

Additionally, the agreements for the loan payable and bonds payable (discussed in Note 8) contain various covenants, which among other things, require the Foundation to maintain certain financial ratios and submit various financial reports throughout their fiscal year.

Interest expense for the years ended June 30, 2017 and 2016 was $47,850 and $69,714, respectively, which is included in occupancy and utilities expense within the Statement of Functional Expenses.

As of June 30, 2017 and 2016, the outstanding balance of the loan payable is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan principal payable</td>
<td>$1,449,742</td>
<td>$2,449,742</td>
</tr>
<tr>
<td>Less: Deferred financing costs, net of accumulated depreciation of $35,389 and $25,737, respectively</td>
<td>$(32,171)</td>
<td>$(40,914)</td>
</tr>
<tr>
<td>NET LOAN PAYABLE</td>
<td><strong>$1,417,571</strong></td>
<td><strong>$2,408,828</strong></td>
</tr>
</tbody>
</table>

8. BONDS PAYABLE

In December 2000, the Foundation moved into its U.S. Green Building Council LEED Platinum headquarters, a facility named the Philip Merrill Environmental Center (Merrill Center), which is widely recognized as one of the most environmentally innovative buildings in the world.
8. BONDS PAYABLE (Continued)

The facility includes a two story, 30,000 square foot "green" office building and common meeting centers for internal and external groups. Since moving into the Merrill Center, much of the site has been and continues to be restored with native plants.

During fiscal year 2014, the "Variable Rate Economic Development Revenue Bonds, Series 1998" which were used to finance the acquisition, construction and equipping a portion of the Merrill Center, were refinanced with the related bond sinking fund extinguished and capitalized costs fully amortized. As described further below, no amount of the 1998 Bonds was outstanding as of June 30, 2014.

On October 1, 2013, the Maryland Economic Development Corporation (MEDCO) issued an Economic Development Refunding Revenue Bond, The Chesapeake Bay Foundation Project, 2013 Series (the "2013 Series Bonds") in the amount of $6,195,000 for the benefit of the Foundation. Proceeds of the 2013 Series Bonds were used to refinance MEDCO’s outstanding 1998 Series Bonds, noted above.

The 2013 Series Bonds were purchased by Capital One Bank, N.A. ("Capital One"). Principal and interest on the 2013 Series Bonds are due monthly based on a mortgage style amortization structure. The final maturity date of the Series 2013 Bonds is October 1, 2023. Financing costs related to the issuance of the 2013 Series Bonds in the amount of $87,420, were capitalized and are being amortized over the life of the bonds. At June 30, 2017 and 2016, accumulated amortization for the bond financing costs totaled $32,054 and $23,312, respectively.

To mitigate the effect of fluctuations in interest rates, the Foundation has hedged these bonds using the interest rate swap agreement described in Note 9. The bond agreements, among other provisions, require the Foundation to meet certain financial ratio tests. For the years ended June 30, 2017 and 2016, the Foundation was in compliance with all bond covenants.

As of June 30, 2017 and 2016, the outstanding balance of the bond payable is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond principal payable</td>
<td>$4,299,385</td>
<td>$4,854,120</td>
</tr>
<tr>
<td>Less: Deferred financing costs, less accumulated amortization of $32,054 and $23,312, respectively</td>
<td>(55,366)</td>
<td>(65,017)</td>
</tr>
<tr>
<td>NET BONDS PAYABLE</td>
<td>$4,244,019</td>
<td>$4,789,103</td>
</tr>
</tbody>
</table>

Principal payments are due as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$585,406</td>
</tr>
<tr>
<td>2019</td>
<td>616,824</td>
</tr>
<tr>
<td>2020</td>
<td>652,423</td>
</tr>
<tr>
<td>2021</td>
<td>687,925</td>
</tr>
<tr>
<td>2022</td>
<td>726,002</td>
</tr>
<tr>
<td>Thereafter</td>
<td>1,030,805</td>
</tr>
<tr>
<td><strong>BONDS PAYABLE</strong></td>
<td><strong>$4,299,385</strong></td>
</tr>
</tbody>
</table>
8. BONDS PAYABLE (Continued)

The Foundation incurred interest expense on the bonds totaling $247,144 and $275,798 for the years ended June 30, 2017 and 2016, respectively, which is included in occupancy and utilities expense within the Statement of Functional Expenses.

9. INTEREST RATE SWAP

The bonds discussed in Note 8 include interest payments based on the Securities Industry and Financial Markets Association (“SIFMA”) Index, formerly the Bond Market Association (BMA). As a means to reduce its exposure to volatility in the variable rate index, the Foundation entered into certain interest rate swap agreements. The intention of the swap agreement is to synthetically fix the interest rate on the bonds.

The Foundation had an interest rate swap agreement (the “Wells Fargo Swap”), which was terminated on September 27, 2013 in connection with the issuance of the 2013 Series Bonds. The market value of the Wells Fargo Swap, at the time of termination, was embedded in the new Swap provided by Capital One Bank, N.A. (the “Capital One Swap”). Under the Capital One Swap, the Foundation pays a fixed rate of 4.52% and receives a floating rate equal to 78% of 1-Month LIBOR. The Capital One Swap hedges 100% of the outstanding amount of the 2013 Series Bonds and provides the Foundation with a synthetic fixed rate cost of capital through the maturity of the 2013 Series Bonds on October 1, 2023.

For the years ended June 30, 2017 and 2016, the outstanding notional amount of the Capital One Swap was $4,299,385 and $4,854,120, respectively. As of June 30, 2017 and 2016, the Capital One Swap had a negative fair value of $438,167 and $721,368, respectively, which is reflected as a liability in the financial statements.

The swaps expose the Foundation to basis risk should the actual rate on the Foundation’s bonds exceed the LIBOR Index for the years ended June 30, 2017 and 2016. Since the Foundation’s bonds are based upon the LIBOR Index, there is relatively little basis risk. Should the Foundation terminate the Capital One Swap prior to maturity, the Foundation will either receive or pay a termination payment. This payment is equal to the fair value of the Capital One Swap at the time it is terminated.

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2017 and 2016:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Restricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Education</td>
<td>$ 473,437</td>
<td>$ 541,564</td>
</tr>
<tr>
<td>Environmental Protection and Restoration</td>
<td>6,944,267</td>
<td>6,881,215</td>
</tr>
<tr>
<td>Property and Equipment</td>
<td>764,871</td>
<td>868,921</td>
</tr>
<tr>
<td>Other</td>
<td>17,201</td>
<td>17,201</td>
</tr>
<tr>
<td>Total program restricted</td>
<td>8,199,776</td>
<td>8,308,901</td>
</tr>
<tr>
<td>Time Restricted</td>
<td>11,462,164</td>
<td>8,924,826</td>
</tr>
<tr>
<td>TEMPORARILY RESTRICTED NET ASSETS</td>
<td><strong>$ 19,661,940</strong></td>
<td><strong>$ 17,233,727</strong></td>
</tr>
</tbody>
</table>
10. TEMPORARILY RESTRICTED NET ASSETS (Continued)

The Foundation is the recipient of several charitable remainder unitrusts that are administered by third parties. Under the terms of these trusts, payments of income are made from the trusts to the donors or other specified parties over the terms of the trusts. Upon the termination of the trusts, the remaining net assets will be transferred to the Foundation for its unrestricted use.

Accumulated investment earnings from permanently restricted endowed funds included within temporarily restricted net assets as of June 30, 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>With purpose restrictions</td>
<td>$5,060,811</td>
<td>$3,777,793</td>
</tr>
<tr>
<td>Time restriction</td>
<td>$2,435,110</td>
<td>$1,123,962</td>
</tr>
</tbody>
</table>

**ACCUMULATED ENDOWMENT EARNINGS INCLUDED IN TEMPORARILY RESTRICTED NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,495,921</td>
<td>$4,901,755</td>
<td></td>
</tr>
</tbody>
</table>

Temporarily restricted net assets released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors or the passage of time are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor Restrictions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Education</td>
<td>$994,159</td>
<td>$1,652,024</td>
</tr>
<tr>
<td>Environmental Protection and Restoration</td>
<td>$5,907,122</td>
<td>$8,114,673</td>
</tr>
<tr>
<td>Property and Equipment</td>
<td>$366,857</td>
<td>$265,655</td>
</tr>
<tr>
<td>Other</td>
<td>$397,458</td>
<td>$48,748</td>
</tr>
<tr>
<td>Total donor restrictions</td>
<td>$7,665,596</td>
<td>$10,081,100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time Restrictions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time Restricted</td>
<td>$2,309,900</td>
<td>$2,233,893</td>
</tr>
<tr>
<td>Time restricted (death of donors)</td>
<td>$29,363</td>
<td>-</td>
</tr>
<tr>
<td>Total time restrictions</td>
<td>$2,339,263</td>
<td>$2,233,893</td>
</tr>
</tbody>
</table>

**NET ASSETS RELEASED FROM RESTRICTIONS**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,004,859</td>
<td>$12,314,993</td>
<td></td>
</tr>
</tbody>
</table>

11. LEASE COMMITMENT

The Foundation leases office space, equipment, and distribution facilities under noncancellable leases expiring at various dates.

Certain lease agreements call for escalation of rental payments based upon increases in operating costs of the lessor and increases in consumer price indices. Additionally, some of the leases include renewal options ranging from three months to three years.
11. LEASE COMMITMENT (Continued)

The minimum rental payments under these noncancellable leases for future fiscal years are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>$252,917</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>189,213</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>79,513</td>
</tr>
<tr>
<td></td>
<td>2021</td>
<td>56,400</td>
</tr>
<tr>
<td></td>
<td>2022</td>
<td>55,793</td>
</tr>
<tr>
<td></td>
<td>Thereafter</td>
<td>9,359</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$643,195</strong></td>
</tr>
</tbody>
</table>

Rent expense for the years ended June 30, 2017 and 2016 totaled $250,727 and $248,267, respectively. Rent expense is included in occupancy and utilities in the Statement of Functional Expenses.

12. DEFINED CONTRIBUTION RETIREMENT BENEFIT PLAN

Retirement benefits are available for substantially all regular, full-time Foundation personnel, through direct payments by the Foundation to the Plan administrators. For these employees, the Foundation matches the employee’s voluntary contribution up to four percent. For the years ended June 30, 2017 and 2016, the Foundation made contributions in the amounts of $403,463 and $376,026, respectively.

13. RELATED PARTY

For the years ended June 30, 2017 and 2016, the Foundation received gross contributions and grants in the amounts of $2,650,369 and $4,094,833, respectively, from Trustees and Executive Management. Net amounts due under pledges receivable from related parties totaled $2,432,177 and $2,663,790 as of June 30, 2017 and 2016, respectively.

14. CONTINGENCIES

The Foundation receives grants from various agencies of the United States Government. For the fiscal year ended June 30, 2017, such grants are subject to audit under the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2017. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.
14. CONTINGENCIES (Continued)

Various lawsuits and other contingent liabilities arise in the ordinary course of the Foundation's activities. While the final outcome of these legal actions cannot be determined at this time, management is of the opinion that the ultimate liability, if any, from the final resolution of these matters will not have a material effect on the Foundation’s financial statements.

15. DONATED GOODS, SERVICES AND PROPERTY

During the years ended June 30, 2017 and 2016, the Foundation was the beneficiary of donated goods and services, which allow the Foundation to provide greater resources toward various programs. To properly reflect total program expenses, donations totaling $1,255,568 and $1,191,947 have been included in revenue and expense for the years ended June 30, 2017 and 2016, respectively, which included $1,150,000 and $1,049,500 of in-kind public service announcements for the years ended June 30, 2017 and 2016, respectively.

16. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Foundation has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies or classifications used at June 30, 2017.

- **Equity/International Equity** - Valued at the closing price reported on the active market in which the individual securities are traded.

- **Partnerships/Alternative investments** - these instruments do not have a readily determinable fair value. Fair value for these instruments is measured using the net asset value per share practical expedient, in accordance with ASU 2015-07.
16. FAIR VALUE MEASUREMENT (Continued)

- **Corporate bonds and other agencies** - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

- **Beneficial interest in perpetual trust** - Valued at the present value of discounted cash flows of the trust investment value into perpetuity.

- **Cash and cash equivalents held by investment managers** - Fair value is equal to the reported net asset value of the fund.

- **Interest rate swap obligations** - Fair value is derived from quotes from a dealer or broker, where available. Models used in valuing such agreements consider the contractual terms of and specific risks inherent in the instrument, and inputs used typically include yield curve, instrument volatility, prepayment rates and assumptions concerning nonperformance risk.

For the year ended June 30, 2017, there were no transfers between levels. Transfers between levels are recorded at the end of the reporting period, if applicable.

The tables below summarizes, by level within the fair value hierarchy, the Foundation's investments as of June 30, 2017:

<table>
<thead>
<tr>
<th>Asset Class:</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>$20,175,840</td>
<td>$-</td>
<td>$-</td>
<td>$20,175,840</td>
</tr>
<tr>
<td>International equity securities</td>
<td>$4,168,864</td>
<td>$-</td>
<td>$-</td>
<td>$4,168,864</td>
</tr>
<tr>
<td>Corporate bonds and other agencies</td>
<td>$4,582,622</td>
<td>$-</td>
<td>$-</td>
<td>$4,582,622</td>
</tr>
<tr>
<td>Beneficial interest in perpetual trust</td>
<td>$-</td>
<td>$3,223,517</td>
<td>$-</td>
<td>$3,223,517</td>
</tr>
<tr>
<td>Cash and cash equivalents held by investment managers</td>
<td>$2,874,666</td>
<td>$-</td>
<td>$-</td>
<td>$2,874,666</td>
</tr>
</tbody>
</table>

**Investments Measured at Net Asset Value:**

<table>
<thead>
<tr>
<th>Asset Value:</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnerships/Alternative investments</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$22,732,632</td>
</tr>
</tbody>
</table>

**Total Investments**

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>$20,175,840</td>
<td>$-</td>
<td>$-</td>
<td>$20,175,840</td>
</tr>
<tr>
<td>International equity securities</td>
<td>$4,168,864</td>
<td>$-</td>
<td>$-</td>
<td>$4,168,864</td>
</tr>
<tr>
<td>Corporate bonds and other agencies</td>
<td>$4,582,622</td>
<td>$-</td>
<td>$-</td>
<td>$4,582,622</td>
</tr>
<tr>
<td>Beneficial interest in perpetual trust</td>
<td>$-</td>
<td>$3,223,517</td>
<td>$-</td>
<td>$3,223,517</td>
</tr>
<tr>
<td>Cash and cash equivalents held by investment managers</td>
<td>$2,874,666</td>
<td>$-</td>
<td>$-</td>
<td>$2,874,666</td>
</tr>
<tr>
<td>Total Investments</td>
<td>$31,801,992</td>
<td>$3,223,517</td>
<td>$-</td>
<td>$57,758,141</td>
</tr>
</tbody>
</table>

**Liability:**

| Interest Rate Swap Obligation | $- | $438,167 | $- | $438,167 |

**Investments measured at net asset value:** Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation the fair value hierarchy to the amounts presented in the Statement of Financial Position.
16. FAIR VALUE MEASUREMENT (Continued)

For the year ended June 30, 2016, there were no transfers between levels. Transfers between levels are recorded at the end of the reporting period, if applicable.

The tables below summarizes, by level within the fair value hierarchy, the Foundation's investments as of June 30, 2016:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>$16,574,704</td>
<td>$ -</td>
<td>$ -</td>
<td>$16,574,704</td>
</tr>
<tr>
<td>International equity securities</td>
<td>3,399,425</td>
<td>$ -</td>
<td>$ -</td>
<td>3,399,425</td>
</tr>
<tr>
<td>Corporate bonds and other agencies</td>
<td>10,920,144</td>
<td>$ -</td>
<td>$ -</td>
<td>10,920,144</td>
</tr>
<tr>
<td>Beneficial interest in perpetual trust</td>
<td>$ -</td>
<td>3,223,517</td>
<td>$ -</td>
<td>3,223,517</td>
</tr>
<tr>
<td>Cash and cash equivalents held by investment managers</td>
<td>3,211,640</td>
<td>$ -</td>
<td>$ -</td>
<td>3,211,640</td>
</tr>
<tr>
<td>Investments Measured at Net Asset Value:</td>
<td></td>
<td></td>
<td></td>
<td>19,902,319</td>
</tr>
<tr>
<td>Partnerships/Alternative investments</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>19,902,319</td>
</tr>
<tr>
<td>Total Investments</td>
<td>$34,105,913</td>
<td>$3,223,517</td>
<td>$-</td>
<td>$57,231,749</td>
</tr>
</tbody>
</table>

| Liability:                         |             |         |         |             |
| Interest Rate Swap Obligation      | $ -         | $721,368| $ -     | $721,368    |

Investments measured at net asset value: Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation the fair value hierarchy to the amounts presented in the Statement of Financial Position.

17. ENDOWMENT

The Foundation's endowment consists of several individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on existence or absence of donor imposed restrictions. The Board of Trustees has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent 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.
17. ENDOWMENT (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. (See Note 10, total endowments funds classified as temporarily restricted net assets.)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- The investment policies of the organization.

Permanently restricted net assets are invested in perpetuity, the income of which is restricted to the following:

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental education</td>
<td>$10,429,108</td>
</tr>
<tr>
<td>Environmental protection and restoration</td>
<td>$13,514,767</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>$8,155,524</td>
</tr>
<tr>
<td>General operating</td>
<td>$14,173,476</td>
</tr>
<tr>
<td><strong>PERMANENTLY RESTRICTED NET ASSETS</strong></td>
<td>$46,272,875</td>
</tr>
</tbody>
</table>

Permanently restricted net assets consist of the following:

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments</td>
<td>$38,084,134</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>$8,155,524</td>
</tr>
<tr>
<td>Pledge receivables, net of discount</td>
<td>33,217</td>
</tr>
<tr>
<td><strong>PERMANENTLY RESTRICTED NET ASSETS</strong></td>
<td>$46,272,875</td>
</tr>
</tbody>
</table>

Endowment net asset composition by type of fund as of June 30, 2017:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-Restricted Endowment Funds</td>
<td>$632,245</td>
<td>$7,495,921</td>
<td>$46,272,875</td>
<td>$53,136,551</td>
</tr>
<tr>
<td>Board-Designated Endowment Funds</td>
<td>913,277</td>
<td></td>
<td></td>
<td>913,277</td>
</tr>
<tr>
<td><strong>TOTAL FUNDS</strong></td>
<td><strong>$281,032</strong></td>
<td><strong>$7,495,921</strong></td>
<td><strong>$46,272,875</strong></td>
<td><strong>$54,049,828</strong></td>
</tr>
</tbody>
</table>
### 17. ENDOWMENT (Continued)

Changes in endowment net assets for the year ended June 30, 2017:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>$(369,143)</td>
<td>$4,901,755</td>
<td>$46,106,999</td>
<td>$50,639,611</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>3,409</td>
<td>382,006</td>
<td>-</td>
<td>385,415</td>
</tr>
<tr>
<td>Net appreciation of investments</td>
<td>112,738</td>
<td>4,966,682</td>
<td>-</td>
<td>5,211,132</td>
</tr>
<tr>
<td>Total investment return</td>
<td>116,147</td>
<td>5,348,688</td>
<td>131,712</td>
<td>5,596,547</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>-</td>
<td>34,164</td>
<td>34,164</td>
</tr>
<tr>
<td>Appropriation of endowment assets for expenditure</td>
<td>577,088</td>
<td>(577,088)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other changes: Transfer of net assets</td>
<td>(43,060)</td>
<td>(2,177,434)</td>
<td>-</td>
<td>(2,220,494)</td>
</tr>
<tr>
<td><strong>ENDOWMENT NET ASSETS, END OF YEAR</strong></td>
<td><strong>$ 281,032</strong></td>
<td><strong>$ 7,495,921</strong></td>
<td><strong>$ 46,272,875</strong></td>
<td><strong>$ 54,049,828</strong></td>
</tr>
</tbody>
</table>

Endowment net asset composition by type of fund as of June 30, 2016:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-Restricted Endowment Funds</td>
<td>$(1,209,333)</td>
<td>$4,901,755</td>
<td>$46,106,999</td>
<td>$49,799,421</td>
</tr>
<tr>
<td>Board-Designated Endowment Funds</td>
<td>840,190</td>
<td>-</td>
<td>-</td>
<td>840,190</td>
</tr>
<tr>
<td><strong>TOTAL FUNDS</strong></td>
<td><strong>$(369,143)</strong></td>
<td><strong>$4,901,755</strong></td>
<td><strong>$46,106,999</strong></td>
<td><strong>$50,639,611</strong></td>
</tr>
</tbody>
</table>

Changes in endowment net assets for the year ended June 30, 2016:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>$217,327</td>
<td>$6,380,315</td>
<td>$44,638,965</td>
<td>$51,236,607</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>15,266</td>
<td>917,237</td>
<td>26</td>
<td>932,529</td>
</tr>
<tr>
<td>Net appreciation of investments</td>
<td>(22,092)</td>
<td>(1,033,361)</td>
<td>13</td>
<td>(1,055,440)</td>
</tr>
<tr>
<td>Total investment return</td>
<td>(6,826)</td>
<td>(116,124)</td>
<td>-</td>
<td>(122,911)</td>
</tr>
<tr>
<td>Contributions</td>
<td>15,000</td>
<td>-</td>
<td>1,326,720</td>
<td>1,341,720</td>
</tr>
<tr>
<td>Appropriation of endowment assets for expenditure</td>
<td>(42,576)</td>
<td>(2,178,284)</td>
<td>-</td>
<td>(2,220,860)</td>
</tr>
<tr>
<td>Other changes: Transfer of net assets</td>
<td>(552,068)</td>
<td>815,848</td>
<td>141,275</td>
<td>405,055</td>
</tr>
<tr>
<td><strong>ENDOWMENT NET ASSETS, END OF YEAR</strong></td>
<td><strong>$(369,143)</strong></td>
<td><strong>$4,901,755</strong></td>
<td><strong>$46,106,999</strong></td>
<td><strong>$50,639,611</strong></td>
</tr>
</tbody>
</table>
17. ENDOWMENT (Continued)

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain into perpetuity. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $632,245 and $1,209,333 as of June 30, 2017 and 2016, respectively. These deficiencies resulted from unfavorable market fluctuations occurring after the investment of permanently restricted contributions and the appropriation for certain programs that were deemed prudent by the Board of Trustees.

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 programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed a blended index of the Standard & Poor's 500 Index and the Barclays Aggregate Bond Index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based and partnerships/alternative investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Foundation has a policy of appropriating for distribution each year 5% of a twelve quarter trailing average of the sum of accumulated investments for each fund. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow. This is consistent with the Foundation’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

18. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through December 14, 2017, the date the financial statements were issued.
SUPPLEMENTAL INFORMATION
The Chesapeake Bay Foundation, Inc. (the Foundation) holds conservation and scenic easements on various properties in the Chesapeake Bay region that are designed to prohibit the property owner, his successor, heirs, or assignees from developing or altering the property in any way inconsistent with the easement. The Foundation has responsibility for enforcing the specific provisions of each easement, which are primarily obtained by donation. The following is a description of easements held at June 30, 2017.

**Maryland**

- Approximately 45 acres along the Tavern Creek in Kent County, Maryland
- Approximately 70 acres along the Southeast Creek in Queen Anne’s County, Maryland
- Approximately 209 acres along the Pocomoke River in Somerset County, Maryland

**Virginia**

- Approximately 1 acre along the Smarts Creek/Potomac River in Westmoreland County, Virginia
- Approximately 2 acres along the Pamunkey River in King William County, Virginia
- Approximately 20 acres along Middle River in Augusta County, Virginia
- Approximately 20 acres along Brush Creek in Frederick County, Virginia
- Approximately 32 acres along the Dragon Run in Middlesex County, Virginia
- Approximately 37 acres along the Jordan River in Rappahannock County, Virginia
- Approximately 39 acres along the Totuskey Creek in Richmond County, Virginia
- Approximately 72 acres near Piscataway Creek in King and Queen and Essex Counties, Virginia
- Approximately 72 acres along the Chesapeake Bay in Northumberland County, Virginia
- Approximately 94 acres along Barnes Creek in Northumberland County, Virginia
- Approximately 118 acres along Mountain Run in Orange County, Virginia
- Approximately 150 acres along Garden Creek and the Chesapeake Bay in Mathews County, Virginia