

GREATER TACOMA COMMUNITY FOUNDATION

Consolidated Financial Statements

For the Years Ended December 31, 2021 and 2020

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Independent Auditor's Report

**To the Board of Directors
Greater Tacoma Community Foundation
Tacoma, Washington**

Opinion

We have audited the financial statements of Greater Tacoma Community Foundation (the Community Foundation), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Community Foundation as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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



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Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Community Foundation’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Community Foundation’s ability to continue as a going concern for a reasonable period of time.

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



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules on pages 24 through 27 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Clark Nuber P.C.

Certified Public Accountants
July 20, 2022

GREATER TACOMA COMMUNITY FOUNDATION

Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 8,968,937	\$ 9,285,078
Contributions and grants receivable (Note 3)	2,179,386	4,010,964
Trusts receivable (Note 4)	5,068,887	4,821,285
Other assets	294,388	285,857
Investments (Note 5)	149,400,784	130,045,914
Mission-related investments (Note 1)	1,224,934	1,254,148
Property and equipment, net (Note 6)	2,019,724	2,006,028
Land use (Note 7)	1,002,074	1,135,921
Collections (Note 1)	555,025	570,575
Total Assets	\$ 170,714,139	\$ 153,415,770
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other liabilities	\$ 430,604	\$ 354,794
Grants payable	152,028	105,350
Deferred revenue (Note 1)	543,192	932,791
Split-interest agreements payable (Note 15)	971,415	973,987
Funds held for the benefit of other organizations (Note 1)	16,367,750	12,984,304
Forgivable loans payable (Note 16)		115,800
Note payable (Note 16)	149,900	149,900
Total Liabilities	18,614,889	15,616,926
Net Assets:		
Without donor restrictions (Note 12)	138,241,559	123,823,556
With donor restrictions (Note 12)	13,857,691	13,975,288
Total Net Assets	152,099,250	137,798,844
Total Liabilities and Net Assets	\$ 170,714,139	\$ 153,415,770

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2021 and 2020**

	Without Donor Restrictions	With Donor Restrictions	2021 Total	Without Donor Restrictions	With Donor Restrictions	2020 Total
Revenue and Support:						
Contributions and agency funds-						
Advised	\$ 5,069,252	\$ -	\$ 5,069,252	\$ 5,830,919	\$ -	\$ 5,830,919
Designated	1,641,654	83,973	1,725,627	1,486,797	2,928,923	4,415,720
Field of interest	186,015		186,015			
Scholarships	223,822		223,822	261,677		261,677
Community grantmaking	69,875		69,875	36,000		36,000
CRUTs and annuities	25,000		25,000			
Initiatives	309,960		309,960	5,643,147		5,643,147
Administrative fund	21,609		21,609	56,743		56,743
Supporting organizations	1,395,796	15,146	1,410,942	775,562	117,109	892,671
Agency funds	1,950,346		1,950,346	301,741		301,741
	10,893,329	99,119	10,992,448	14,392,586	3,046,032	17,438,618
Less agency funds	(1,950,346)		(1,950,346)	(301,741)		(301,741)
Total contributions	8,942,983	99,119	9,042,102	14,090,845	3,046,032	17,136,877
Net investment income	17,018,470	729,093	17,747,563	13,011,943	493,644	13,505,587
Grant revenue	1,185,707	600,000	1,785,707	4,962,469	750,000	5,712,469
Other income	303,402		303,402	199,790	16,063	215,853
Change in value of split-interest agreements	(41,115)	309,073	267,958	(37,056)	345,397	308,341
Net asset restriction reclassifications (Note 7)	(1,002,074)	1,002,074				
Net assets released from restrictions	2,856,956	(2,856,956)		2,089,994	(2,089,994)	
Total Revenue and Support	29,264,329	(117,597)	29,146,732	34,317,985	2,561,142	36,879,127
Expenses:						
Program services-						
Grants:						
Advised	3,112,610		3,112,610	2,323,792		2,323,792
Designated	2,208,697		2,208,697	2,226,174		2,226,174
Field of interest	3,146,053		3,146,053	9,633,288		9,633,288
Scholarships	568,800		568,800	207,151		207,151
Community grantmaking	89,300		89,300	281,899		281,899
Agency funds	688,681		688,681	445,504		445,504
	9,814,141		9,814,141	15,117,808		15,117,808
Less agency funds	(688,681)		(688,681)	(445,504)		(445,504)
Total grants	9,125,460		9,125,460	14,672,304		14,672,304
Other program service expenses	2,830,956		2,830,956	3,004,592		3,004,592
Total program services	11,956,416		11,956,416	17,676,896		17,676,896
Management and general	2,134,898		2,134,898	1,793,219		1,793,219
Fundraising	755,012		755,012	700,010		700,010
Total supporting services	2,889,910		2,889,910	2,493,229		2,493,229
Total Expenses	14,846,326		14,846,326	20,170,125		20,170,125
Total Change in Net Assets	14,418,003	(117,597)	14,300,406	14,147,860	2,561,142	16,709,002
Net assets, beginning of year	123,823,556	13,975,288	137,798,844	109,675,696	11,414,146	121,089,842
Net Assets, End of Year	\$ 138,241,559	\$ 13,857,691	\$ 152,099,250	\$ 123,823,556	\$ 13,975,288	\$ 137,798,844

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2021 and 2020**

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,062,418	\$ 1,322,713	\$ 395,361	\$ 2,780,492	\$ 1,250,636	\$ 1,108,485	\$ 336,159	\$ 2,695,280
Employee benefits	193,098	220,554	73,729	487,381	193,803	179,084	55,426	428,313
Payroll taxes	96,468	111,388	31,585	239,441	107,309	91,490	26,678	225,477
Total salary expense	1,351,984	1,654,655	500,675	3,507,314	1,551,748	1,379,059	418,263	3,349,070
Grants	9,125,460			9,125,460	14,672,304			14,672,304
Professional fees	471,322	138,283	16,055	625,660	519,250	94,322	35,496	649,068
Occupancy	159,274	96,210	33,742	289,226	135,842	92,768	29,856	258,466
Conferences and conventions	120,561	23,630	36,944	181,135	105,186	13,016	14,335	132,537
Supplies	79,519	27,939	19,166	126,624	61,713	39,060	17,824	118,597
Equipment and maintenance	63,329	5,229	2,399	70,957	57,912	8,285	82,677	148,874
Local transportation and travel	33	269	24	326	277	639	14	930
Computer and website	30,533	40,177	33,462	104,172	35,974	35,452	24,538	95,964
Miscellaneous	79,845	56,040	32,298	168,183	79,784	60,055	17,757	157,596
Publicity and promotion	91,438	6,131	3,924	101,493	159,512	614		160,126
Telephone and postage	6,377	6,862	2,920	16,159	7,132	7,656	3,258	18,046
Interest expense		393		393		590		590
Total expenses before depreciation, amortization and land lease	11,579,675	2,055,818	681,609	14,317,102	17,386,634	1,731,516	644,018	19,762,168
Depreciation and amortization	74,514	15,780	8,520	98,814	79,332	20,335	10,542	110,209
Land lease	302,227	63,300	64,883	430,410	210,930	41,368	45,450	297,748
Total Expenses	\$ 11,956,416	\$ 2,134,898	\$ 755,012	\$ 14,846,326	\$ 17,676,896	\$ 1,793,219	\$ 700,010	\$ 20,170,125

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Cash received from revenue and support	\$ 8,124,747	\$ 16,651,506
Cash paid to grantees, employees and suppliers	(10,832,746)	(19,351,209)
Interest and dividends received	4,679,171	2,994,358
Proceeds from sales of donated investments	<u>4,053,864</u>	<u>5,750,401</u>
Net Cash Provided by Operating Activities	6,025,036	6,045,056
Cash Flows From Investing Activities:		
Purchase of investments	(16,971,582)	(14,139,562)
Proceeds from sale of investments	10,714,318	9,754,439
Purchases of property and equipment	(93,138)	(58,938)
Net deaccessions from (additions to) collections	<u>9,225</u>	<u>(45,500)</u>
Net Cash Used in Investing Activities	(6,341,177)	(4,489,561)
Cash Flows From Financing Activities:		
Proceeds from note payable		<u>149,900</u>
Net Cash Provided by Financing Activities		149,900
Net (Decrease) Increase in Cash and Cash Equivalents	(316,141)	1,705,395
Cash and cash equivalents, beginning of year	<u>9,285,078</u>	<u>7,579,683</u>
Cash and Cash Equivalents, End of Year	<u>\$ 8,968,937</u>	<u>\$ 9,285,078</u>

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2021 and 2020

Note 1 - Nature of Business and Summary of Significant Accounting Policies

Nature of Activities - Greater Tacoma Community Foundation (GTCF) connects people, knowledge, and funding to build a thriving and vibrant Pierce County, now and into the future. Through financial stewardship of more than 500 funds, with over \$150 million in assets, as well as strategic funding and initiatives with the community, GTCF provides philanthropic support to meet the community's needs and achieve its opportunities.

As a nationally accredited nonprofit community foundation, GTCF has inspired generosity across generations within Pierce County since 1981. Learn more at: <https://www.gtcf.org>

Principles of Consolidation - GTCF has an economic interest in and control over three supporting organizations. The consolidated financial statements include the accounts of GTCF and supporting organizations (collectively referred to as the Community Foundation). All of the financial activities and balances of these organizations are included in the consolidated financial statements. All significant interorganizational accounts and transactions have been eliminated. The supporting organizations consist of the following not-for-profit corporations:

- Asset Stewardship Foundation, established by GTCF in 2008 to receive certain types of noncash gifts.
- The Friends of Lakewold, established in December 1986 to support the owning, managing, maintaining and developing of the real property known as the Lakewold Gardens.
- George Weyerhaeuser Pacific Rim Bonsai Collection, established in December 2013 to support the owning and operating of the George Weyerhaeuser Pacific Rim Bonsai Collection (d/b/a Pacific Bonsai Museum).

Financial Statement Presentation - The consolidated financial statements of the Community Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category follow:

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

With Donor Restrictions - Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. For these gifts, the donor generally permits the Community Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board-approved spending policy.

Funds established by unrelated not-for-profit organizations using their own funds for their own benefit are included in investments and reported as a liability, funds held for the benefit of other organizations, on the consolidated statements of financial position, rather than as a net asset.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020**

Note 1 - Continued

The Community Foundation has presented unclassified consolidated statements of financial position which sequences assets according to their nearness of conversion to cash and sequences liabilities according to the nearness of their maturity and resulting use of cash.

Basis of Accounting - The Community Foundation’s consolidated financial statements have been prepared in accordance with U.S. GAAP on the accrual basis of accounting, where revenues are recognized when earned, and expenses are recognized when the obligation is incurred, regardless of the timing of the related cash flows.

Estimates - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Community Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consist primarily of money market funds that are not subject to withdrawal restrictions or penalties and are not pledged as collateral.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Investments in nonmarketable securities are reported at net asset value (NAV). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. NAV is a practical expedient alternative to fair value for those investments held by an investment company that do not have a readily determinable fair value, such as private equity funds. Unrealized and realized gains and losses are include in the change in net assets. Unless specific prohibitive clauses are contained in the gift instruments, funds for investment have been combined into investment pools. Revenues arising from the ownership or disposition of pooled investments are allocated to the various funds based on each fund’s percentage of ownership in the investment pool.

Mission-Related Investments - In support of its goal of advancing positive social change in Pierce County, the Community Foundation has made loan and equity investments for program purposes. Interest of 3% is recognized over the term of the loan through 2027 and is paid quarterly. The Community Foundation’s equity investments are used to create community investment pools to make small business loans and to develop business and affordable housing in Pierce County. Management has reviewed the collectability of the note receivable and equity investments and has determined an allowance for impairment is not needed as of December 31, 2021 and 2020. Mission-related investments are reported at fair value (Note 5).

Fixed Assets - GTCF and the Pacific Bonsai Museum (the Museum) capitalize assets with an individual cost of \$1,000 or more and an estimated useful life of more than one year. The Friends of Lakewold capitalizes assets with an individual cost of \$3,500 or more and an estimated useful life of more than one year. Purchased fixed assets include land, building and equipment recorded at cost. Contributed buildings, equipment and land are recorded at fair value on the date received.

Depreciation is recorded on a straight-line basis over the estimated useful lives as follows:

Computers and software	3 - 5 years
Furniture and equipment	7 - 15 years
Buildings and improvements	10 - 40 years

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2021 and 2020

Note 1 - Continued

Depreciation expense for the years ended December 31, 2021 and 2020 was \$98,814 and \$110,209, respectively.

Collections - The Museum maintains a collection of 150 bonsai, with trees from Canada, China, Japan, Korea, Taiwan, and the United States. The Museum does not typically deaccession items from its permanent collection. No depreciation is provided for the bonsai collections.

Funds Held for the Benefit of Other Organizations - In accordance with U.S. GAAP, when a not-for-profit organization such as a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor, the community foundation must account for the transfer of such assets as if it were holding the funds as an agent of the donor. These funds, identified as agency funds, are included in the Community Foundation's assets with an offsetting liability on the consolidated statements of financial position. The liability is valued at the fair value of the agency funds, estimated by the Community Foundation. Activities related to the agency funds do not affect the change in net assets of the Community Foundation.

Contributions - Contributions are recorded as revenue when an unconditional promise to give is received. Bequests are accrued as revenue when the respective will has been declared valid. Other deferred contributions are recorded as revenue when the conditions limiting the transfer of assets have been satisfied, typically when the promise becomes irrevocable. Contributions are recorded at fair value on the date received.

The Community Foundation uses the allowance method to determine uncollectible unconditional contributions receivable. The allowance is based on management's analysis for specific promises made, and it has not been significant to the Community Foundation.

Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the consolidated statements of activities and changes in net assets as net assets released from restrictions. Restricted contributions received, whose restrictions are met in the same reporting period, are recorded as unrestricted support.

The Community Foundation's corporate bylaws and contribution documents grant variance power that allows the Community Foundation to modify any recommendation or condition on distribution from a fund if such recommendation or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Whenever possible, the Community Foundation confers with the donor or the donor's representative before the distribution is modified in order to stay as close as possible to the original intent of the donor.

Because of the variance power granted to the Community Foundation, contributions are classified as without donor restrictions if they are available to the Community Foundation without a stipulated time restriction.

Grant Revenue - Grant revenue consists of both reciprocal and nonreciprocal transactions. Revenue from nonreciprocal transactions, contribution-type grant agreements, is recognized in accordance with the Community Foundation's contribution revenue policies described above. Revenue from reciprocal transactions from contracts with customers, exchange-type grant agreements, is recognized over time as the Community Foundation's obligation are met, typically by providing professional services.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2021 and 2020

Note 1 - Continued

For the years ended December 31, 2021 and 2020, total revenue from contracts with customers was \$1,305,781 and \$3,150,512, respectively, and included revenue from exchange-type grants and administrative fees on agency funds. Deferred revenue associated with contracts with customers was \$543,192, \$932,791, and \$1,268,662 at December 31, 2021, 2020, and 2019, respectively. The deferred revenue balances related to the Wallace Foundation grant which will be recognized over time as stipulated in the agreement. The Wallace Foundation selected Tacoma as one of six cities nationwide to participate in its Partnerships for Social and Emotional Learning Initiative (PSELI). This initiative, co-designed locally by Tacoma Public Schools, Greater Tacoma Community Foundation, and expanded learning communities, is testing how to provide aligned, equitable, high-quality social, emotional, and academic development to students in and out of school.

Donated Goods and Services - Many dedicated and talented individuals serve our community by collectively donating thousands of hours to GTCF and its supporting organizations. These volunteers provide services ranging from Board and Committee membership to landscaping maintenance. These donated services were not recognized in the consolidated financial statements because they did not meet the recognition criteria as defined by U.S. GAAP.

The value of donated goods and services such as professional services, advertising, and other services are recorded at fair value as the goods and services are rendered. Goods and services of \$32,424 and \$84,428 were recorded as contribution revenue and appropriate expense for the years ended December 31, 2021 and 2020, respectively.

Functional Allocation of Expenses - Salaries and related cost are allocated to supporting and program service functions based on time incurred by Community Foundation staff. All other program costs not specifically identified, including certain costs reported in professional fees, occupancy, telephone and postage, computer and website, and depreciation, are allocated based on full-time equivalents (FTEs) in each functional area.

Federal Income Taxes - The Internal Revenue Service has determined that GTCF and supporting organizations are not-for-profit organizations and have been recognized as exempt from federal income taxes, except for unrelated business income, under the provisions of Internal Revenue Code Section 501(c)(3). Taxes related to unrelated business activities were not significant for the years ended December 31, 2021 and 2020. The Community Foundation believes it has no uncertain tax positions. Accordingly, the consolidated financial statements do not include a provision for federal income taxes.

Adoption of New Standards - In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The Community Foundation adopted this ASU on January 1, 2020, and it did not result in any significant changes.

During the year ended December 31, 2020, the Community Foundation adopted FASB's ASU 2018-13 - *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)*. This update removes the disclosure requirements for transfers between Level 1 and Level 2 fair value measurements as well as the valuation processes for Level 3 fair value measurements. In lieu of a roll forward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3, as well as purchases and issues of Level 3 assets and liabilities. It also clarifies that the measurement uncertainty disclosure is to communicate information about the uncertainty of measurement as of the reporting date. No changes in the consolidated financial statements resulted from implementing this ASU.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020**

Note 1 - Continued

Recently Issued Accounting Pronouncements - In February 2016, the Financial Accounting Standards Board issued ASU 2016-2, *Leases (Topic 842)*, which was amended in May 2020. Under the ASU, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within annual reporting periods beginning after December 15, 2022. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the consolidated financial statements with cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The new standard provides a number of practical expedients. The Community Foundation is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

Subsequent Events - The Community Foundation has evaluated subsequent events through July 20, 2022, the date on which the consolidated financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying consolidated financial statements, nor have any events occurred, the nature of which would require disclosure.

Note 2 - Liquidity and Availability

The Community Foundation's financial assets available for general expenditures include the following as of December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 8,968,937	\$ 9,285,078
Contributions and grants receivable	2,179,386	4,010,964
Trusts receivable	5,068,887	4,821,285
Other assets	294,388	285,857
Investments	<u>149,400,784</u>	<u>130,045,914</u>
Total financial assets	165,912,382	148,449,098
Less financial assets unavailable for general expenditures due to designations-		
Donor-restricted endowment funds	(4,908,422)	(4,408,819)
Board-designated reserve funds	(695,079)	(654,170)
Alternative investments	(13,717,946)	(11,035,069)
Funds held for benefit of other organizations	(16,367,750)	(12,984,304)
Prepaid expenses and inventory included in other assets	(107,371)	(243,402)
Contributions and grants receivable due in more than one year	(486,814)	(1,695,030)
Trusts receivable due in more than one year	(4,876,750)	(4,721,285)
Charitable Remainder Unitrust assets	(1,224,614)	(1,173,468)
Annuity reserve assets	<u>(1,172,085)</u>	<u>(1,060,708)</u>
Total Available Financial Assets, Net	<u>\$ 122,355,551</u>	<u>\$ 110,472,843</u>

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2021 and 2020

Note 2 - Liquidity and Availability

The Community Foundation endeavors to structure its financial assets to be available and liquid as its general expenditures, liabilities and other obligations become due. The Community Foundation's endowment funds consist of donor-established endowments classified as net assets without donor restrictions. Although the Community Foundation does not intend to spend from these endowment funds other than amounts appropriated for general expenditure as part of its annual budget, amounts from the endowment funds could be made available by the Board of Directors as necessary.

Note 3 - Contributions and Grants Receivable

The Community Foundation has contributions receivable totaling \$1,779,386 and \$3,260,964 as of December 31, 2021 and 2020, respectively. The Community Foundation has grants receivable totaling \$400,000 and \$750,000 as of December 31, 2021 and 2020, respectively.

	2021	2020
Receivable in less than one year	\$ 1,692,572	\$ 2,315,934
Receivable in one to five years	486,814	1,695,030
Total Contributions and Grants Receivable	<u>\$ 2,179,386</u>	<u>\$ 4,010,964</u>

Note 4 - Trusts Receivable

Trusts receivable consist of a charitable lead annuity trust receivable over 20 years from the date of gift, and beneficial interests in several charitable remainder trusts. The charitable lead annuity trust has been discounted to present value. The charitable remainder trusts are held outside the Community Foundation and are recorded at net present value of the estimated future amount to be received. Trusts receivable as of December 31, 2021 and 2020 were \$5,068,887 and \$4,821,285, respectively, and no allowance for collectability was recorded.

Note 5 - Fair Value Measurements

Financial assets and liabilities valued using Level 1 inputs are based on adjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's suppositions about the assumptions market participants would utilize in pricing the asset or liability.

Following is a description of the valuation techniques used for assets and liabilities measured at fair value on a recurring basis. There have been no changes in the techniques used at December 31, 2021 and 2020.

Mutual Funds - Mutual funds are recorded at fair value based on current quoted market prices from actively traded markets.

Trusts Receivable - Trusts receivable are recorded at fair value based on current quoted market prices of the related investments or assessed property value for donated property, reduced by management's estimate of the present value of future payments to other beneficiaries.

Mission-Related Investments - Investment is stated at the lower of cost or impaired cost, plus or minus changes in value as a result of observable price changes that occur in orderly transactions for identical or similar investments of the same issuer, which approximates fair value as determined by management.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020**

Note 5 - Continued

Funds Held for the Benefit of Other Organizations - Valued at each fund's proportionate share of the Community Foundation's investment portfolio, which is valued as described above.

In accordance with the Accounting Standards Codification (ASC) Subtopic 820-10, certain investments that were measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

The following tables set forth by level, within the fair value hierarchy, the Community Foundation's assets and liabilities at fair value as of December 31, 2021 and 2020:

	Fair Value as of December 31, 2021			Total
	Level 1	Level 2	Level 3	
Mutual funds-				
Domestic equity	\$ 59,931,743	\$ -	\$ -	\$ 59,931,743
International equity	32,501,038			32,501,038
Global fixed assets	34,399,338			34,399,338
Real assets	8,402,843			8,402,843
Diversifying strategies	447,876			447,876
Total investments at fair value	135,682,838			135,682,838
Trusts receivable			5,068,887	5,068,887
Mission-related investments			1,224,934	1,224,934
Total Assets at Fair Value	\$ 135,682,838	\$ -	\$ 6,293,821	141,976,659
Nonmarketable securities at net asset value (NAV) - Private equity - fund of funds				13,717,946
Total Investments, Mission-Related Investments and Trusts Receivable				\$ 155,694,605
Funds held for the benefit of other organizations	\$ -	\$ -	\$ 16,367,750	\$ 16,367,750
Total Liabilities at Fair Value	\$ -	\$ -	\$ 16,367,750	\$ 16,367,750

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020

Note 5 - Continued

	Fair Value as of December 31, 2020			Total
	Level 1	Level 2	Level 3	
Mutual funds-				
Domestic equity	\$ 50,310,870	\$ -	\$ -	\$ 50,310,870
International equity	32,109,186			32,109,186
Global fixed assets	30,236,083			30,236,083
Real assets	6,220,106			6,220,106
Diversifying strategies	134,600			134,600
Total investments at fair value	119,010,845			119,010,845
Trusts receivable			4,821,285	4,821,285
Mission-related investments			1,254,148	1,254,148
Total Assets at Fair Value	\$ 119,010,845	\$ -	\$ 6,075,433	125,086,278
Nonmarketable securities at net asset value (NAV) - Private equity - fund of funds				11,035,069
Total Investments, Mission-Related Investments and Trusts Receivable				\$ 136,121,347
Funds held for the benefit of other organizations	\$ -	\$ -	\$ 12,984,304	\$ 12,984,304
Total Liabilities at Fair Value	\$ -	\$ -	\$ 12,984,304	\$ 12,984,304

In accordance with U.S. GAAP, certain investments that were measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020**

Note 5 - Continued

For the years ended December 31, 2021 and 2020, the changes in assets and liabilities classified as Level 3 are as follows:

	<u>Assets</u>	<u>Liabilities</u>
Balance, January 1, 2020	\$ 3,455,260	\$ 12,393,486
Investment return, net	311,936	1,358,243
Purchases and receipts	3,281,930	301,740
Sales and distributions	<u>(973,693)</u>	<u>(1,069,165)</u>
Balance, December 31, 2020	6,075,433	12,984,304
Investment return, net	256,712	2,008,380
Purchases and receipts	94,098	1,950,347
Sales and distributions	<u>(132,422)</u>	<u>(575,281)</u>
Balance, December 31, 2021	<u>\$ 6,293,821</u>	<u>\$ 16,367,750</u>

The following sets forth additional disclosures for the alternative investments valued at NAV as of December 31, 2021 and 2020:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>
Private Equity - Fund of Funds	\$ 13,717,946	\$ 579,000	\$ 11,035,069	\$ 579,000

Private Equity Fund of Funds - Includes investments in a partnership that makes indirect investments in three key segments: global private equity, special situations, and real assets. The objective is to invest in a diversified pool of underlying investment funds among the key segments from established investment organizations to exploit the opportunities available from investing in their requisite market segments. No withdrawals may be made prior to the dissolution and winding up of the partnership. These investments are measured at fair value using the NAV per share.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2021 and 2020

Note 6 - Property and Equipment, Net

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,145,000	\$ 1,145,000
Buildings and improvements	1,858,696	1,589,863
Equipment	44,424	44,425
Furniture and fixtures	<u>444,569</u>	<u>600,891</u>
	3,492,689	3,380,179
Less accumulated depreciation	<u>(1,472,965)</u>	<u>(1,374,151)</u>
Total Property and Equipment, Net	<u>\$ 2,019,724</u>	<u>\$ 2,006,028</u>

Note 7 - Land Use

The Museum entered into a lease agreement for the use of land where the Museum is located. The lease agreement provides for below-market rent at \$1 per year for the first 20 years. The lease carries one optional renewal extension term of 10 years after the initial 20-year lease has expired.

In 2014, the Community Foundation recorded a contribution at the fair value of the contributed use of the land for 20 years, which was estimated at \$2,430,440. The Community Foundation amortizes the value of the contribution over its remaining term. Amortization of the discount was \$296,563 and \$151,970 for the years ended December 31, 2021 and 2020, respectively. The balance of the land use asset was \$1,002,074 and \$1,135,921 at December 31, 2021 and 2020, respectively.

During the year ended December 31, 2021, the Community Foundation determined the value of the land use asset should be reflected as net assets with donor restrictions in accordance with U.S. GAAP. A reclassification is reflected on the consolidated statements of activities and changes in net assets for 2021.

Note 8 - Line of Credit

The Friends of Lakewold has a revolving line-of-credit agreement with a bank in the amount of \$150,000 with a maturity date in April 2022. The interest rate is based on the Wall Street Journal Prime Rate plus 1%. The line is unsecured. The rates at December 31, 2021 and 2020 were 4.25% and 6.25%, respectively. There was no outstanding balance on the line of credit at December 31, 2021 or 2020. Subsequent to December 31, 2021, the agreement was extended to April 2023.

Note 9 - Concentration of Credit Risk

The Community Foundation maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Community Foundation has not experienced any losses in such accounts.

At December 31, 2021 and 2020, the Community Foundation maintained accounts containing cash and securities with a brokerage firm and the trust departments of various banks. These accounts are insured up to the Securities Investor Protection Corporation insured maximum. The Community Foundation monitors these investments regularly.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020**

Note 9 - Continued

For the year ended December 31, 2021, 33% of the Community Foundation’s contribution revenue came from three donors. For the year ended December 31, 2020, 34% of the Community Foundation’s contribution revenue came from four donors.

Note 10 - Employee Benefits

GTCF sponsors a 401(k) profit sharing plan covering all eligible employees. GTCF, at the discretion of the Board of Directors, may contribute matching, profit sharing and/or qualified nonelective contributions. For the years ended December 31, 2021 and 2020, contributions by GTCF totaled \$176,163 and \$144,311, respectively.

The Friends of Lakewold maintains a defined contribution plan under Section 403(b) of the Internal Revenue Code for all employees. This plan allows employees to make contributions, but does not require any contributions from the Friends of Lakewold. Friends of Lakewold made contributions of \$6,429 and \$0 for the years ended December 31, 2021 and 2020, respectively.

The Museum sponsors a Savings Incentive Match Plan for Employees (Simple IRA) covering all eligible employees. The Museum, at the discretion of the Board of Directors, may match employee contributions up to 3 percent of compensation. For the years ended December 31, 2021 and 2020, contributions by the Museum totaled \$12,340 and \$11,235, respectively.

Note 11 - Leases

The Community Foundation leases office facilities from Commerce Building Partners, LLC. Subsequent to year end, the Community Foundation executed a lease amendment, extending the lease term through May 2023. Monthly lease payments vary from \$7,468 to \$11,773 per month. The Community Foundation is also responsible for taxes, assessments, normal maintenance and insurance.

The Community Foundation also leases various copier equipment under agreements through September 2025.

Future minimum lease payments under noncancellable agreements are as follows:

For the Years Ending December 31,

2022	\$	145,968
2023		61,257
2024		2,392
2025		1,794
		<hr/>
	\$	211,411

Rent expense for the years ended December 31, 2021 and 2020 was \$149,659 and \$146,066, respectively.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020**

Note 12 - Net Assets Without and With Donor Restrictions

Net assets without donor restrictions are available for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Community grant making	\$ 15,252,242	\$ 13,829,944
Designated	38,135,755	34,244,058
Advised	15,684,284	13,033,779
Field of interest	18,132,630	16,229,480
Scholarships	9,197,076	8,220,477
Supporting organizations	<u>406,730</u>	<u>364,610</u>
 Total endowment funds	 96,808,717	 85,922,348
 Operating funds - nonendowed	 40,737,763	 37,247,038
Board-designated reserve funds	<u>695,079</u>	<u>654,170</u>
 Total Net Assets Without Donor Restrictions	 <u>\$ 138,241,559</u>	 <u>\$ 123,823,556</u>

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Net assets with time restrictions-		
Contributions and grants receivable	\$ 2,179,386	\$ 4,010,964
Land use receivable	1,002,074	
Trusts receivable and charitable remainder trusts	5,769,729	5,482,874
Other	(1,920)	72,631
Accumulated earnings on funds held in perpetuity	985,207	485,604
 Net assets maintained in perpetuity-		
Funds held in perpetuity	<u>3,923,215</u>	<u>3,923,215</u>
 Total Net Assets With Donor Restrictions	 <u>\$ 13,857,691</u>	 <u>\$ 13,975,288</u>

Donor-restricted net assets held in perpetuity are comprised of two endowment funds related to the Friends of Lakewold. The Friends of Lakewold established an endowment fund from donor-restricted contributions and for its own benefit with GTCF. Its corpus totaled \$1,879,527 at both December 31, 2021 and 2020. The other endowment fund was established with donor-restricted contributions. Its corpus totaled \$2,043,688 at both December 31, 2021 and 2020.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020**

Note 13 - Release of Net Assets

Net assets were released from donor restrictions for the years ended December 31 as follows:

	<u>2021</u>	<u>2020</u>
Purpose or time restrictions accomplished-		
Expiration of time restriction	\$ 2,827,846	\$ 1,991,354
Purpose restrictions met	<u>29,110</u>	<u>98,640</u>
Net Assets Released From Restrictions	<u>\$ 2,856,956</u>	<u>\$ 2,089,994</u>

Note 14 - Endowments

The Community Foundation’s endowments consist of approximately 325 individual funds established by donors for a variety of purposes. When donations are received with restrictions to use the funds for a long-term nature, the Community Foundation invests these funds as endowments, with annual distributions to beneficiaries in keeping with donor intent. The net endowment assets related to Friends of Lakewold are donor restricted. The remaining net endowment assets are without donor restrictions and are subject to the Community Foundation’s variance power as discussed below:

Interpretation of Relevant Law - The Board has interpreted the Washington State Prudent Management of Institutional Funds Act (PMIFA) as making it advisable for Greater Tacoma Community Foundation to track the fair value of the original gift as of the gift date of the donor-established endowment funds absent explicit donor stipulations to the contrary.

Because of its variance power, Greater Tacoma Community Foundation classifies as net assets without donor restrictions (a) the original value of gifts donated to the perpetual endowment, and (b) the original value of subsequent gifts to the perpetual endowment.

As of December 31, 2021, endowment net assets consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Supporting organization endowment funds	\$ 406,730	\$ 2,356,297	\$ 2,763,027
Other endowment funds-			
Community grant making	15,252,242		15,252,242
Designated	38,135,755	2,552,125	40,687,880
Advised	15,684,284		15,684,284
Field of interest	18,132,630		18,132,630
Scholarships	<u>9,197,076</u>		<u>9,197,076</u>
Total Endowment Funds	<u>\$ 96,808,717</u>	<u>\$ 4,908,422</u>	<u>\$ 101,717,139</u>

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020**

Note 14 - Continued

As of December 31, 2020, endowment net assets consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Supporting organization endowment funds	\$ 364,610	\$ 2,112,284	\$ 2,476,894
Other endowment funds-			
Community grant making	13,829,944		13,829,944
Designated	34,244,058	2,296,535	36,540,593
Advised	13,033,779		13,033,779
Field of interest	16,229,480		16,229,480
Scholarships	8,220,477		8,220,477
Total Endowment Funds	<u>\$ 85,922,348</u>	<u>\$ 4,408,819</u>	<u>\$ 90,331,167</u>

Changes in endowment net assets for the years ended December 31, 2021 and 2020 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Endowment Net Assets, January 1, 2020	\$ 80,116,592	\$ 3,923,215	\$ 84,039,807
Net investment return	9,702,494	493,643	10,196,137
Contributions	713,252	180,756	894,008
Amounts appropriated for expenditure	(4,596,594)	(188,795)	(4,785,389)
Net transfers	(13,396)		(13,396)
Change in endowment net assets	<u>5,805,756</u>	<u>485,604</u>	<u>6,291,360</u>
Endowment Net Assets, December 31, 2020	85,922,348	4,408,819	90,331,167
Net investment return	14,135,289	729,092	14,864,381
Contributions	1,107,167		1,107,167
Amounts appropriated for expenditure	(4,339,394)	(229,489)	(4,568,883)
Net transfers	(16,693)		(16,693)
Change in endowment net assets	<u>10,886,369</u>	<u>499,603</u>	<u>11,385,972</u>
Endowment Net Assets, December 31, 2021	<u>\$ 96,808,717</u>	<u>\$ 4,908,422</u>	<u>\$ 101,717,139</u>

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2021 and 2020

Note 14 - 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 Community Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, there were no deficiencies of this nature at December 31, 2021 and 2020.

Return Objectives and Risk Parameters - Endowed assets of the Community Foundation are prudently managed by an Investment Consultant under the direction of the Investment Committee. A thorough investment policy defines the objectives and acceptable risk-return parameters for these funds. To provide support for programs and agencies benefitting from this endowment, a specific spending policy is adhered to and reviewed at least annually. Over time, it is the goal of the endowment's investment policy to provide a return that keeps pace with the combined total of inflation, administrative expenses and the spending requirements. The endowment investment pool is globally diversified but not immune to declines in value. However, over time, it is the expectation that investment principal can be maintained in perpetuity.

Strategies Employed for Achieving Objectives - To satisfy its long-term return objectives, the Community 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 Community Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

Spending Policy and How Investment Objectives Relate to Spending Policy - The spending policy calculates the amount of money distributed annually for grant making from the Community Foundation's various endowed funds. The current spending policy is to distribute an amount equal to 4.3% of the 16-quarter rolling average market value. However, during the year ended December 31, 2021, the Community Foundation allowed spending up to 5.3%, in response to the COVID-19 pandemic. If the market value of an endowment fund on the date on which a distribution is being determined is less than the fund's historic dollar value (the amount of the original gift plus each additional donation to the fund), the allowable spending from the endowment fund is limited to 3% of the 16-quarter rolling average market value. Accordingly, over the long term, the Community Foundation expects the current spending policy to allow its endowment assets to grow at an average rate of 2% annually. This is consistent with the Community Foundation's objective of maintaining the purchasing power of endowment assets as well as providing additional real growth through new gifts and investment returns.

Note 15 - Split-Interest Agreements

Some donors enter into trusts or other arrangements under which the Community Foundation receives benefits that are shared with other beneficiaries. The Community Foundation either receives distributions during the agreement's term, or it receives all or a portion of the assets remaining at the end of the term. Assets received under these split-interest agreements are recorded at fair value in the investments and receivable accounts and totaled \$7,465,586 and \$7,055,461 at December 31, 2021 and 2020, respectively. The related receivable or liability is calculated based on the life expectancy of the beneficiary or the term of the agreement, discounted at the applicable federal rate per the IRS tables. Included in split-interest agreements payable are charitable gift annuities with an actuarial present value of \$447,645 and \$461,984 at December 31, 2021 and 2020, respectively. The Community Foundation maintains a reserve fund adequate to meet the future payments under its charitable gift annuity contracts and in accordance with State law.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2021 and 2020

Note 16 - Risk and Uncertainties

Market and Credit Risk - The Community Foundation is exposed to market and credit risk due to the various foreign and domestic investment securities held for long-term investment purposes. Investment securities are exposed to various risks such as foreign currency exchange rate, interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statements of financial position.

PPP Loans - In response to COVID-19, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses.

On April 20, 2020, the Community Foundation obtained a loan under the PPP with a principal balance of \$384,127 and an annual interest rate of 1%. On November 2, 2020, the full amount of the PPP loan balance was forgiven.

On April 13, 2020, the Friends of Lakewold obtained a loan under the PPP with a principal balance of \$82,850 and an annual interest rate of 1%. On November 24, 2020, the full amount of the PPP loan balance was forgiven.

On May 6, 2020, the Museum obtained a loan under the PPP with a principal balance of \$105,800 and an annual interest rate of 1%. On July 7, 2021, the full amount of the PPP loan balance was forgiven.

On February 18, 2021, the Museum obtained a second PPP loan under the Second Draw Program with a principal balance of \$96,852 and an annual interest rate of 1%. On June 22, 2021, the full amount of the PPP loan balance was forgiven.

All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met. The terms and conditions include, but are not limited to, spending the PPP loan funds on qualifying expenses. The Community Foundation follows the accounting guidance for government grants in U.S. GAAP for accounting for the recognition of revenue from forgiveness of the PPP loan. In applying that guidance, the Community Foundation recognizes revenue when the barriers to entitlement to loan forgiveness are met. Management of the Community Foundation has determined that the barriers to entitlement consist of notification of loan forgiveness from the lender. Management had also determined that those barriers to entitlement were met for two of its PPP loans prior to December 31, 2020, and so revenue in the amount of \$466,977 was recognized in the 2020 consolidated statements of activities and changes in net assets. Management determined that the barriers to entitlement for the remaining PPP loan was met prior to December 31, 2021, and so revenue in the amount of \$202,652 was recognized in the 2021 consolidated statements of activities and changes in net assets.

EIDL Loan and Advance - Also included in the CARES Act was the COVID-19 Economic Injury Disaster Loan (EIDL) program. On November 2, 2020, the Friends of Lakewold obtained a loan under the EIDL program with a principal balance of \$150,000 and an annual interest rate of 2.75%. Principal and interest are payable in monthly installments beginning November 2, 2021 through maturity on November 2, 2050, with the outstanding principle balance being \$149,900 at both December 31, 2021 and 2020. The EIDL loan is secured by all tangible and intangible personal property. There is no provision for forgiveness of the loan under the EIDL program.

The Friends of Lakewold obtained a \$10,000 advance under the EIDL program on April 20, 2020. The Friends of Lakewold was notified in February 2021 that the full amount of the advance was forgiven, and grant revenue was reflected at that time.

SUPPLEMENTARY INFORMATION

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidating Statement of Financial Position
December 31, 2021**

	Greater Tacoma Community Foundation	The Asset Stewardship Foundation	The Friends of Lakewold	Pacific Bonsai Museum	Total	Eliminating Entries	Consolidated Total
Assets							
Cash and cash equivalents	\$ 8,545,189	\$ 385	\$ 348,268	\$ 75,095	\$ 8,968,937	\$ -	\$ 8,968,937
Contributions and grants receivable	2,109,530		52,424	17,432	2,179,386		2,179,386
Trusts receivable	5,068,887				5,068,887		5,068,887
Other assets	218,706		59,848	15,834	294,388		294,388
Investments	149,400,784				149,400,784		149,400,784
Mission-related investments	1,224,934				1,224,934		1,224,934
Property and equipment, net	24,559		1,784,803	210,362	2,019,724		2,019,724
Land use				1,002,074	1,002,074		1,002,074
Collections				555,025	555,025		555,025
Funds held by others for organization's benefit			2,763,027		2,763,027	(2,763,027)	
Total Assets	\$ 166,592,589	\$ 385	\$ 5,008,370	\$ 1,875,822	\$ 173,477,166	\$ (2,763,027)	\$ 170,714,139
Liabilities and Net Assets							
Liabilities:							
Accounts payable and other liabilities	\$ 222,255	\$ -	\$ 142,411	\$ 65,938	\$ 430,604	\$ -	\$ 430,604
Grants payable	152,028				152,028		152,028
Deferred revenue	543,192				543,192		543,192
Split-interest agreements payable	971,415				971,415		971,415
Funds held for the benefit of other organizations	19,130,777				19,130,777	(2,763,027)	16,367,750
Note payable			149,900		149,900		149,900
Total Liabilities	21,019,667		292,311	65,938	21,377,916	(2,763,027)	18,614,889
Net Assets:							
Without donor restrictions	135,141,537	385	2,309,258	790,379	138,241,559		138,241,559
With donor restrictions	10,431,385		2,406,801	1,019,505	13,857,691		13,857,691
Total Net Assets	145,572,922	385	4,716,059	1,809,884	152,099,250		152,099,250
Total Liabilities and Net Assets	\$ 166,592,589	\$ 385	\$ 5,008,370	\$ 1,875,822	\$ 173,477,166	\$ (2,763,027)	\$ 170,714,139

See independent auditor's report.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidating Statement of Financial Position
December 31, 2020**

	Greater Tacoma Community Foundation	The Asset Stewardship Foundation	The Friends of Lakewold	Pacific Bonsai Museum	Total	Eliminating Entries	Consolidated Total
Assets							
Cash and cash equivalents	\$ 8,911,908	\$ 385	\$ 354,151	\$ 18,634	\$ 9,285,078	\$ -	\$ 9,285,078
Contributions and grants receivable	3,926,693		60,168	24,103	4,010,964		4,010,964
Trusts receivable	4,821,285				4,821,285		4,821,285
Other assets	223,041		39,891	22,925	285,857		285,857
Investments	130,045,914				130,045,914		130,045,914
Mission-related investments	1,254,148				1,254,148		1,254,148
Property and equipment, net	39,232		1,751,379	215,417	2,006,028		2,006,028
Land use				1,135,921	1,135,921		1,135,921
Collections				570,575	570,575		570,575
Funds held by others for organization's benefit			2,476,894		2,476,894	(2,476,894)	
Total Assets	\$ 149,222,221	\$ 385	\$ 4,682,483	\$ 1,987,575	\$ 155,892,664	\$ (2,476,894)	\$ 153,415,770
Liabilities and Net Assets							
Liabilities:							
Accounts payable and other liabilities	\$ 220,355	\$ -	\$ 80,434	\$ 54,005	\$ 354,794	\$ -	\$ 354,794
Grants payable	105,350				105,350		105,350
Deferred revenue	932,791				932,791		932,791
Split-interest agreements payable	973,987				973,987		973,987
Funds held for the benefit of other organizations	15,461,198				15,461,198	(2,476,894)	12,984,304
Forgivable loans payable			10,000	105,800	115,800		115,800
Note payable			149,900		149,900		149,900
Total Liabilities	17,693,681		240,334	159,805	18,093,820	(2,476,894)	15,616,926
Net Assets:							
Without donor restrictions	119,792,693	385	2,235,810	1,794,668	123,823,556		123,823,556
With donor restrictions	11,735,847		2,206,339	33,102	13,975,288		13,975,288
Total Net Assets	131,528,540	385	4,442,149	1,827,770	137,798,844		137,798,844
Total Liabilities and Net Assets	\$ 149,222,221	\$ 385	\$ 4,682,483	\$ 1,987,575	\$ 155,892,664	\$ (2,476,894)	\$ 153,415,770

See independent auditor's report.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2021**

	Greater Tacoma Community Foundation			The Asset Stewardship Foundation			The Friends of Lakewold			Pacific Bonsai Museum			Eliminating Entries	Consolidated Total			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total					
Revenues and Support:																	
Contributions and agency funds-																	
Advised	\$ 5,069,252	\$ -	\$ 5,069,252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,069,252	\$ -	\$ 5,069,252		
Designated	1,641,654	83,973	1,725,627										1,725,627		1,725,627		
Field of interest	186,015		186,015										186,015		186,015		
Scholarships	223,822		223,822										223,822		223,822		
Community grantmaking	69,875		69,875										69,875		69,875		
CRUTs and annuities	25,000		25,000										25,000		25,000		
Initiatives	309,960		309,960										309,960		309,960		
Administrative fund	21,609		21,609										21,609		21,609		
Supporting organizations																	
Agency funds	1,950,346		1,950,346						835,630		835,630	1,214,791	15,146	1,229,937	2,065,567	(654,625)	1,410,942
															1,950,346		1,950,346
	9,497,533	83,973	9,581,506						835,630		835,630	1,214,791	15,146	1,229,937	11,647,073	(654,625)	10,992,448
Less agency funds	(1,950,346)		(1,950,346)												(1,950,346)		(1,950,346)
Total contributions and agency funds	7,547,187	83,973	7,631,160						835,630		835,630	1,214,791	15,146	1,229,937	9,696,727	(654,625)	9,042,102
Net investment income	16,958,747	379,407	17,338,154					59,723	349,686	409,409					17,747,563		17,747,563
Grant revenue	1,185,707	600,000	1,785,707												1,785,707		1,785,707
Other income	117,979		117,979					179,214		179,214	16,723			16,723	313,916	(10,514)	303,402
Change in value of split-interest agreements	(41,115)	309,073	267,958												267,958		267,958
Net asset restriction reclassifications (Note 7)											(1,002,074)	1,002,074					
Net assets released from restrictions	2,676,915	(2,676,915)						149,224	(149,224)		30,817	(30,817)					
Total Revenues and Support	28,445,420	(1,304,462)	27,140,958					1,223,791	200,462	1,424,253	260,257	986,403	1,246,660	29,811,871	(665,139)	29,146,732	
Expenses:																	
Program services-																	
Grants:																	
Advised	3,121,135		3,121,135												3,121,135	(8,525)	3,112,610
Designated	2,682,297		2,682,297												2,682,297	(473,600)	2,208,697
Field of interest	3,318,553		3,318,553												3,318,553	(172,500)	3,146,053
Scholarships	568,800		568,800												568,800		568,800
Community grantmaking	89,300		89,300												89,300		89,300
Agency funds	688,681		688,681												688,681		688,681
	10,468,766		10,468,766												10,468,766	(654,625)	9,814,141
Less agency funds	(688,681)		(688,681)												(688,681)		(688,681)
Total grants	9,780,085		9,780,085												9,780,085	(654,625)	9,125,460
Other program service expenses	1,279,992		1,279,992					702,024		702,024	859,454		859,454	2,841,470	(10,514)	2,830,956	
Total program services	11,060,077		11,060,077					702,024		702,024	859,454		859,454	12,621,555	(665,139)	11,956,416	
Management and general	1,522,638		1,522,638					386,477		386,477	225,783		225,783	2,134,898		2,134,898	
Fundraising	513,861		513,861					61,842		61,842	179,309		179,309	755,012		755,012	
Total Expenses	13,096,576		13,096,576					1,150,343		1,150,343	1,264,546		1,264,546	15,511,465	(665,139)	14,846,326	
Change in Net Assets	15,348,844	(1,304,462)	14,044,382					73,448	200,462	273,910	(1,004,289)	986,403	(17,886)	14,300,406		14,300,406	
Net assets, beginning of year	119,792,693	11,735,847	131,528,540	385		385	2,235,810	2,206,339	4,442,149	1,794,668	33,102	1,827,770	137,798,844		137,798,844		137,798,844
Net Assets, End of Year	\$ 135,141,537	\$ 10,431,385	\$ 145,572,922	\$ 385	\$ -	\$ 385	\$ 2,309,258	\$ 2,406,801	\$ 4,716,059	\$ 790,379	\$ 1,019,505	\$ 1,809,884	\$ 152,099,250	\$ -	\$ 152,099,250		

See independent auditor's report.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020**

	Greater Tacoma Community Foundation			The Asset Stewardship Foundation			The Friends of Lakewold			Pacific Bonsai Museum			Eliminating Entries	Consolidated Total	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total			
Revenues and Support:															
Contributions and agency funds-															
Advised	\$ 5,830,919	\$ -	\$ 5,830,919	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,830,919	\$ -	\$ 5,830,919
Designated	1,486,797	2,928,923	4,415,720										4,415,720		4,415,720
Field of interest															
Scholarships	261,677		261,677										261,677		261,677
Community grantmaking	36,000		36,000										36,000		36,000
Initiatives	5,643,147		5,643,147										5,643,147		5,643,147
Administrative fund	56,743		56,743										56,743		56,743
Supporting organizations							604,939	93,007	697,946	716,023	24,102	740,125	1,438,071	(545,400)	892,671
Agency funds	301,741		301,741										301,741		301,741
	13,617,024	2,928,923	16,545,947				604,939	93,007	697,946	716,023	24,102	740,125	17,984,018	(545,400)	17,438,618
Less agency funds	(301,741)		(301,741)										(301,741)		(301,741)
Total contributions and agency funds	13,315,283	2,928,923	16,244,206				604,939	93,007	697,946	716,023	24,102	740,125	17,682,277	(545,400)	17,136,877
Net investment income	12,971,105	257,051	13,228,156				40,838	236,593	277,431				13,505,587		13,505,587
Grant revenue	4,962,469	750,000	5,712,469										5,712,469		5,712,469
Other income	100,114	16,063	116,177				63,605		63,605	46,026		46,026	225,808	(9,955)	215,853
Change in value of split-interest agreements	(37,056)	345,397	308,341										308,341		308,341
Net assets released from restrictions	1,903,260	(1,903,260)					151,406	(151,406)		35,328	(35,328)				
Total Revenues and Support	33,215,175	2,394,174	35,609,349				860,788	178,194	1,038,982	797,377	(11,226)	786,151	37,434,482	(555,355)	36,879,127
Expenses:															
Program services-															
Grants:															
Advised	2,328,092		2,328,092										2,328,092	(4,300)	2,323,792
Designated	2,595,674		2,595,674										2,595,674	(369,500)	2,226,174
Field of interest	9,804,888		9,804,888										9,804,888	(171,600)	9,633,288
Scholarships	207,151		207,151										207,151		207,151
Community grantmaking	281,899		281,899										281,899		281,899
Agency funds	445,504		445,504										445,504		445,504
	15,663,208		15,663,208										15,663,208	(545,400)	15,117,808
Less agency funds	(445,504)		(445,504)										(445,504)		(445,504)
Total grants	15,217,704		15,217,704										15,217,704	(545,400)	14,672,304
Other program service expenses	1,832,814		1,832,814				477,614		477,614	704,119		704,119	3,014,547	(9,955)	3,004,592
Total program services	17,050,518		17,050,518				477,614		477,614	704,119		704,119	18,232,251	(555,355)	17,676,896
Management and general	1,275,117		1,275,117				326,738		326,738	191,364		191,364	1,793,219		1,793,219
Fundraising	440,870		440,870				104,548		104,548	154,592		154,592	700,010		700,010
Total Expenses	18,766,505		18,766,505				908,900		908,900	1,050,075		1,050,075	20,725,480	(555,355)	20,170,125
Change in Net Assets	14,448,670	2,394,174	16,842,844				(48,112)	178,194	130,082	(252,698)	(11,226)	(263,924)	16,709,002		16,709,002
Net assets, beginning of year	105,344,023	9,341,673	114,685,696	385		385	2,283,922	2,028,145	4,312,067	2,047,366	44,328	2,091,694	121,089,842		121,089,842
Net Assets, End of Year	\$ 119,792,693	\$ 11,735,847	\$ 131,528,540	\$ 385	\$ -	\$ 385	\$ 2,235,810	\$ 2,206,339	\$ 4,442,149	\$ 1,794,668	\$ 33,102	\$ 1,827,770	\$ 137,798,844	\$ -	\$ 137,798,844

See independent auditor's report.