

**GREATER TACOMA COMMUNITY FOUNDATION
AUDIT COMMITTEE MEETING**

June 24, 2024 12:00 p.m.

Location: GTCF Board Room

AGENDA

- I. 12:00 p.m. Review minutes of the March 18, 2024 meeting
Action: Vote to approve the March 18, 2024 meeting minutes

- II. 12:05 p.m. GTCF Audited Consolidated Financial Statements:
 - Presentation by Troy Rector from Clark Nuber**Action:** Vote to recommend the GTCF Consolidated Financial Statements for the Year Ended December 31, 2023 to the Board of Directors for their approval.

- IV. 1:00 p.m. Miscellaneous:
 - Staffing update
 - WA State Department of Commerce Contract
 - Lakewold Garden supporting org relationship
 - GTCF Financial statements Q1, 2024 (attached)
 - Vanguard performance returns Q1,2024 (attached)
 - Other Business updates

- V. 1:20 p.m. Executive Session

- VI. 1:30 p.m. Adjourn

Note: The next Audit committee meeting is set for September 30, 2024.

Greater Tacoma Community Foundation
Audit Committee Meeting Minutes
March 18, 2024

The Audit Committee met on March 18, 2024 in the GTCF boardroom.

Members present: Jeanette Roatch, Lucy Lu, Ivan Harrell, Scott Limoli (Zoom), Steen Raisl (Zoom), Tom Dhamers (Zoom)

Board Members present: Christopher Alego

Staff present: Mo Mousa, Marinda Huber, Stacey Guadnola, and Deana Hodges

The meeting called to order at 12:07 p.m.

Item I: The committee voted unanimously to approve the minutes of December 4, 2023 with one update to change the chair to Jeanette Roatch.

Item II: Troy and Victoria from Clark Nuber presented the audit plan to the committee. This year's areas of emphasis will include Revenue Recognition, Grant Expense Recognition, Management override of controls and Agency Fund balances and related activity.

During open discussion with the auditors, the Audit Committee addressed the following topics:

- Updating accounting manual in 2024
- The impact on books/audit processes when implementing changes to legacy scholarships funds – no change in 2023. There will be changes in 2024

CN has a separate tax team that covers the 990 preparation.

The Committee reviewed Clark Nuber's proposed audit and tax (990 preparation) fees for the years 2023-2025. Mo reminded the committee that GTCF covers audit fees for its supporting organizations, Lakewold Gardens and Bonsai.

Mo presented a spreadsheet with the committee highlighting the significant increase in the proposed audit fees in 2023: 26% increase for GTCF and 60% for Lakewold Gardens and 71% for Bonsai.

- Mo further noted that the negotiated increase in audit and tax fees will be phased in over the next 3 years
- Jeanette highlighted the challenges facing the accounting/audit industry, particularly the shortage of staff and the significant increase in wages since the contract with Clark Nuber was signed. She noted that GTCF has not seen an increase in audit/tax fees over the last 2 years, which is remarkable. Jeanette praised the fees GTCF currently pay and

emphasized the exceptional value of continuing to have Clark Nuber as our audit firm.

- Mo mentioned that due to the challenges the auditor encountered with Lakewold Gardens' audit/ tax work, as a result, GTCF has requested the removal of Lakewold as a supporting organization. Consequently, the 2024 audit will not include Lakewold financials in GTCF consolidated audited financial statements, nor will any information reflect their status of them being a sponsored org with GTCF

Item IV: Marinda shared with the committee that the finance team is working on revising the accounting manual and expects to present a draft revised manual in the September audit committee meeting.

Whistleblower Policy is available on Boardpaq. The only thing changed in the policy are the names listed at the bottom, otherwise no changes from last year.

Marinda gave a review of the financial statements. Highlighting the following:

- Gifts/grants receivable have declined as grants payments have been received and no new grants awarded.
- Assets increased from \$162 million in 2022 to \$172 million in 2023.
- Unearned revenue declined to 0 as all unearned revenue was Wallace, which ended in August of 2023.
- Grant revenue decreased in 2023 compared to 2022 due to numerous Catalyst fund grants received in 2022.

Item V: Executive session deemed not necessary

Item VI: Meeting adjourned 1:17 p.m.

Jeanette Roatch, Chair

Date

GREATER TACOMA COMMUNITY FOUNDATION

Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

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 26 through 29 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.

Certified Public Accountants

REPORT DATE

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidated Statements of Financial Position
December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 16,256,968	\$ 28,784,098
Contributions and grants receivable (Note 3)	54,114	1,108,541
Trusts receivable (Note 4)	5,081,845	4,789,767
Bequest receivable (Note 3)	562,500	521,700
Other assets	233,145	606,679
Investments (Note 5)	153,913,946	125,343,596
Mission-related investments (Notes 1 and 5)	785,565	846,782
Property and equipment, net (Note 6)	2,118,233	2,088,028
Land use (Note 7)	727,821	860,501
Right-of-use asset, operating (Notes 1 and 11)	1,420,230	1,559,033
Collections (Note 1)	565,025	555,025
Total Assets	<u>\$ 181,719,392</u>	<u>\$ 167,063,750</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other liabilities	\$ 511,097	\$ 643,662
Deferred revenue (Note 1)	5,875	123,497
Lease liability, operating (Notes 1 and 11)	1,463,685	1,582,714
Split-interest agreements payable (Note 15)	771,413	822,263
Funds held for the benefit of other organizations (Note 1)	20,718,879	17,961,872
Line of credit (Note 8)	84,283	24,439
Note payable (Note 8)	143,976	149,900
Total Liabilities	23,699,208	21,308,347
Net Assets:		
Without donor restrictions (Note 12)	146,521,174	133,910,174
With donor restrictions (Note 12)	11,499,010	11,845,229
Total Net Assets	<u>158,020,184</u>	<u>145,755,403</u>
Total Liabilities and Net Assets	<u>\$ 181,719,392</u>	<u>\$ 167,063,750</u>

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

Consolidated Statements of Activities and Changes in Net Assets For the Years Ended December 31, 2023 and 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Total	Without Donor Restrictions	With Donor Restrictions	2022 Total
Revenue and Support:						
Contributions and agency funds-						
Advised	\$ 4,935,211	\$ 562,500	\$ 5,497,711	\$ 21,666,555	\$ 521,700	\$ 22,188,255
Designated	1,113,803	65,000	1,178,803	421,644	2,500	424,144
Field of interest	902,410		902,410	350		350
Scholarships	98,589		98,589	201,263		201,263
Community grantmaking	154,725		154,725	100,192		100,192
Initiatives				3,900		3,900
Administrative fund	50,000		50,000	3,055		3,055
Supporting organizations	960,803	643,489	1,604,292	1,253,057	265,977	1,519,034
Agency funds	2,130,612		2,130,612	4,940,703		4,940,703
	10,346,153	1,270,989	11,617,142	28,590,719	790,177	29,380,896
Less agency funds	(2,130,612)		(2,130,612)	(4,940,703)		(4,940,703)
Total contributions	8,215,541	1,270,989	9,486,530	23,650,016	790,177	24,440,193
Net investment return	16,107,337	682,808	16,790,145	(19,247,656)	(695,671)	(19,943,327)
Grant revenue	133,629		133,629	1,074,563	600,000	1,674,563
Program income	90,672		90,672	83,236		83,236
Other income	251,639		251,639	263,219	22,125	285,344
Change in value of split-interest agreements	4,393	423,341	427,734	(39,259)	(212,093)	(251,352)
Net assets released from restrictions	2,723,357	(2,723,357)		2,517,000	(2,517,000)	
Total Revenue and Support	27,526,568	(346,219)	27,180,349	8,301,119	(2,012,462)	6,288,657
Expenses:						
Program services-						
Grants:						
Advised	4,341,419		4,341,419	3,049,198		3,049,198
Designated	3,552,507		3,552,507	2,324,018		2,324,018
Field of interest	371,970		371,970	156,683		156,683
Scholarships	321,728		321,728	501,645		501,645
Community grantmaking	311,331		311,331	769,813		769,813
Agency funds	1,800,091		1,800,091	886,881		886,881
	10,699,046		10,699,046	7,688,238		7,688,238
Less agency funds	(1,800,091)		(1,800,091)	(886,881)		(886,881)
Total grants	8,898,955		8,898,955	6,801,357		6,801,357
Other program service expenses	3,258,707		3,258,707	2,771,632		2,771,632
Total program services	12,157,662		12,157,662	9,572,989		9,572,989
Management and general	1,858,539		1,858,539	2,235,382		2,235,382
Fundraising	899,367		899,367	824,133		824,133
Total supporting services	2,757,906		2,757,906	3,059,515		3,059,515
Total Expenses	14,915,568		14,915,568	12,632,504		12,632,504
Total Change in Net Assets	12,611,000	(346,219)	12,264,781	(4,331,385)	(2,012,462)	(6,343,847)
Net assets, beginning of year	133,910,174	11,845,229	145,755,403	138,241,559	13,857,691	152,099,250
Net Assets, End of Year	\$ 146,521,174	\$ 11,499,010	\$158,020,184	\$ 133,910,174	\$ 11,845,229	\$145,755,403

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2023 and 2022**

	2023				2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,463,263	\$ 931,703	\$ 417,274	\$ 2,812,240	\$ 1,292,221	\$ 1,224,937	\$ 403,717	\$ 2,920,875
Employee benefits	213,374	159,295	65,194	437,863	219,381	207,680	77,034	504,095
Payroll taxes	136,313	77,236	35,924	249,473	121,248	110,499	33,568	265,315
Total salary expense	1,812,950	1,168,234	518,392	3,499,576	1,632,850	1,543,116	514,319	3,690,285
Grants	8,898,956			8,898,956	6,801,356			6,801,356
Professional fees	334,589	259,131	66,243	659,963	130,863	296,765	22,590	450,218
Publicity and promotion	249,359	12,302	79,680	341,341	141,137	6,092	27,707	174,936
Occupancy	111,970	121,559	51,863	285,392	114,248	113,942	41,985	270,175
Conferences and conventions	158,756	41,197	20,790	220,743	222,465	38,872	49,817	311,154
Miscellaneous	36,788	80,379	45,749	162,916	61,132	47,115	28,429	136,676
Equipment and maintenance	135,986	8,280	8,852	153,118	105,552	8,843	2,332	116,727
Supplies	90,557	47,106	23,786	161,449	39,085	56,475	29,169	124,729
Computer and website	24,475	62,238	40,156	126,869	32,328	70,499	49,780	152,607
Total expenses before depreciation, amortization and land lease	11,854,386	1,800,426	855,511	14,510,323	9,281,016	2,181,719	766,128	12,228,863
Depreciation and amortization	67,293	11,654	6,835	85,782	64,945	11,827	7,407	84,179
Land lease	235,983	46,459	37,021	319,463	227,028	41,836	50,598	319,462
Total Expenses	\$ 12,157,662	\$ 1,858,539	\$ 899,367	\$ 14,915,568	\$ 9,572,989	\$ 2,235,382	\$ 824,133	\$ 12,632,504

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Cash received from revenue and support	\$ 6,899,358	\$ 22,766,867
Cash paid to grantees, employees and suppliers	(14,269,354)	(12,179,784)
Interest and dividends received, net of fees	3,877,573	4,069,133
Proceeds from sales of donated investments	3,434,066	3,570,327
Net receipts of agency funds	<u>2,757,007</u>	<u>1,594,122</u>
Net Cash Provided by Operating Activities	2,698,650	19,820,665
Cash Flows From Investing Activities:		
Purchase of investments	(20,933,025)	(2,182,522)
Proceeds from sale of investments	5,336,464	2,310,896
Purchases of property and equipment	(115,987)	(157,878)
Net additions to collections	<u>(10,000)</u>	<u></u>
Net Cash Used in Investing Activities	(15,722,548)	(29,504)
Cash Flows From Financing Activities:		
Contributions received for long-term purposes	442,848	
Proceeds from line of credit	60,560	76,000
Payments on line of credit	(716)	(52,000)
Payments on note payable	<u>(5,924)</u>	<u></u>
Net Cash Provided by Financing Activities	496,768	24,000
Net Change in Cash and Cash Equivalents	(12,527,130)	19,815,161
Cash and cash equivalents, beginning of year	<u>28,784,098</u>	<u>8,968,937</u>
Cash and Cash Equivalents, End of Year	<u>\$ 16,256,968</u>	<u>\$ 28,784,098</u>

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

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 racially equitable, accessible, inclusive Pierce County, now and for generations to come. GTCF aligns funding and action through strategic philanthropic investments as well as stewardship of more than 600 individual, family, and agency funds.

As a nationally accredited nonprofit community foundation with more than \$180 million in assets, GTCF has catalyzed a thriving Pierce County since 1981. Learn more at <http://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).

Subsequent to year end...(add disclosure for removing GTCF as the sole member of FOL?)

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, 2023 and 2022

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 included 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 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, 2023 and 2022. 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.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 1 - Continued

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

Depreciation expense for the years ended December 31, 2023 and 2022 was \$85,784 and \$84,179, respectively.

Right-of-Use (ROU) Asset and Lease Liability - The Community Foundation determines if an arrangement contains a lease at inception. Operating and financing leases are included in ROU assets and lease liabilities on the consolidated statements of financial position. ROU assets represent a right to use an underlying asset for the lease term and operating lease liabilities represent the Community Foundation's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. If the Community Foundation's leases do not provide an implicit rate of return, the Community Foundation uses the risk-free discount rate, determined using a period comparable with that of the lease term from the lease commencement date. For operating leases, ROU assets are reduced over the lease term by the recognized straight-line lease expense less the amount of accretion of the lease liability determined using the effective interest method. For finance leases, ROU assets are amortized on a straight-line basis over the shorter of the useful life of the leased asset or the lease term. Interest expense on each finance lease liability is recognized utilizing the effective interest method. ROU assets are tested for impairment in the same manner as long-lived assets. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Community Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. A ROU asset and operating lease liability is not recognized for leases with total lease payments are less than \$5,000, or when the total term is less than 12 months.

Collections - The Museum maintains a collection of about 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.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 1 - Continued

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.

For the years ended December 31, 2023 and 2022, total revenue from contracts with customers was \$282,242 and \$711,322, respectively, and included revenue from exchange-type grants and administrative fees on agency funds. Deferred revenue associated with contracts with customers was \$0, \$118,629, and \$543,192 at December 31, 2023, 2022, and 2021, respectively. 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.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 1 - Continued

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. Fair values of goods and services received are based on management's estimates of the amount the Community Foundation would pay for those goods and services if they had not been donated. Goods and services of \$38,141 and \$9,378 were recorded as contribution revenue and appropriate expense for the years ended December 31, 2023 and 2022, respectively. This support is utilized to conduct the programs and supporting services of the Community Foundation. The Community Foundation did not monetize any donated support during the years ended December 31, 2023 and 2022.

The Community Foundation also receives the use of donated property (Note 7).

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, 2023 and 2022. The Community Foundation believes it has no uncertain tax positions. Accordingly, the consolidated financial statements do not include a provision for federal income taxes.

Subsequent Events - The Community Foundation has evaluated subsequent events through **REPORT DATE**, the date on which the consolidated financial statements were available to be issued, and it 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.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022**

Note 2 - Liquidity and Availability

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 16,256,968	\$ 28,784,098
Contributions and grants receivable	54,114	1,108,541
Trusts receivable	5,081,845	4,789,767
Bequest receivable	562,500	521,700
Accounts receivable included in other assets	52,584	311,171
Investments	153,913,946	125,343,596
Mission-related investments	<u>785,565</u>	<u>846,782</u>
Total financial assets	176,707,522	161,705,655
Less financial assets unavailable for general expenditures due to designations and restrictions-		
Donor-restricted endowment funds	(4,304,442)	(3,833,748)
Board-designated reserve funds	(712,641)	(628,305)
Mission-related investments	(785,565)	(846,782)
Alternative investments	(9,854,016)	(10,785,744)
Funds held for benefit of other organizations	(20,718,879)	(17,961,872)
Contributions and grants receivable due in more than one year		(322,875)
Trusts receivable due in more than one year	(4,983,806)	(4,691,728)
Charitable Remainder Unitrust assets	(838,433)	(950,557)
Annuity reserve assets	<u>(1,044,088)</u>	<u>(979,774)</u>
Total Available Financial Assets, Net	<u>\$ 133,465,652</u>	<u>\$ 120,704,270</u>

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.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022**

Note 3 - Contributions, Grants and Bequests Receivable

The Community Foundation has contributions receivable totaling \$54,114 and \$308,541 as of December 31, 2023 and 2022, respectively. The Community Foundation has grants receivable totaling \$0 and \$800,000 as of December 31, 2023 and 2022, respectively. Bequests receivable consists of proceeds from an estate after the will is settled. Bequests receivable as of December 31, 2023 and 2022 were \$562,500 and \$521,700, respectively.

	2023	2022
Receivable in less than one year	\$ 54,114	\$ 785,666
Receivable in one to five years		322,875
Total Contributions and Grants Receivable	\$ 54,114	\$ 1,108,541

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 held outside the Community Foundation are recorded at net present value of the estimated future amount to be received. Trusts receivable as of December 31, 2023 and 2022 were \$5,081,845 and \$4,789,767, 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, 2023 and 2022.

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 - 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.

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.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022**

Note 5 - Continued

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, 2023 and 2022:

	Fair Value as of December 31, 2023			Total
	Level 1	Level 2	Level 3	
Mutual funds-				
Domestic equity	\$ 59,997,178	\$ -	\$ -	\$ 59,997,178
International equity	31,962,102			31,962,102
Global fixed assets	29,532,109			29,532,109
Real assets	7,424,685			7,424,685
Bonds		15,143,856		15,143,856
Total investments at fair value	128,916,074	15,143,856		144,059,930
Trusts receivable			5,081,845	5,081,845
Mission-related investments			285,565	285,565
Total Assets at Fair Value	\$ 128,916,074	\$ 15,143,856	\$ 5,367,410	149,427,340
Nonmarketable securities at net asset value (NAV)-				
Private equity				9,854,016
Mission-related note receivable				500,000
Total Investments, Mission-Related Investments and Trusts Receivable				\$ 159,781,356
Funds held for the benefit of other organizations	\$ -	\$ -	\$ 20,718,879	\$ 20,718,879
Total Liabilities at Fair Value	\$ -	\$ -	\$ 20,718,879	\$ 20,718,879

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022**

Note 5 - Continued

	Fair Value as of December 31, 2022			Total
	Level 1	Level 2	Level 3	
Mutual funds-				
Domestic equity	\$ 50,698,226	\$ -	\$ -	\$ 50,698,226
International equity	27,743,689			27,743,689
Global fixed assets	29,585,562			29,585,562
Real assets	6,530,375			6,530,375
Total investments at fair value	114,557,852			114,557,852
Trusts receivable			4,789,767	4,789,767
Mission-related investments			346,782	346,782
Total Assets at Fair Value	\$114,557,852	\$ -	\$ 5,136,549	119,694,401
Nonmarketable securities at net asset value (NAV)-				
Private equity				10,785,744
Mission-related note receivable				500,000
Total Investments, Mission-Related Investments and Trusts Receivable				\$130,980,145
Funds held for the benefit of other organizations	\$ -	\$ -	\$ 17,961,872	\$ 17,961,872
Total Liabilities at Fair Value	\$ -	\$ -	\$17,961,872	\$ 17,961,872

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, 2023 and 2022**

Note 5 - Continued

For the years ended December 31, 2023 and 2022, the changes in assets and liabilities classified as Level 3 are as follows:

	<u>Assets</u>	<u>Liabilities</u>
Balance, January 1, 2022	\$ 6,293,821	\$ 16,367,750
Investment return, net	(157,803)	(2,681,325)
Purchases and receipts		4,950,713
Sales and distributions	(499,469)	(675,266)
Balance, December 31, 2022	5,636,549	17,961,872
Investment return, net	345,861	2,533,371
Purchases and receipts		2,130,612
Sales and distributions	(115,000)	(1,906,976)
Balance, December 31, 2023	<u>\$ 5,867,410</u>	<u>\$ 20,718,879</u>

The following sets forth additional disclosures for the alternative investments valued at NAV as of December 31, 2023 and 2022:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>
Private Equity - Fund of Funds	\$ 9,854,016	\$ 565,844	\$ 10,785,744	\$ 565,844

Private Equity Fund of Funds - Includes investments in partnerships that make 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 partnerships.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 6 - Property and Equipment, Net

Property and equipment consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,145,000	\$ 1,145,000
Buildings and improvements	2,082,269	1,999,658
Equipment	44,424	44,424
Furniture and fixtures	<u>489,468</u>	<u>456,090</u>
	3,761,161	3,645,172
Less accumulated depreciation	<u>(1,642,928)</u>	<u>(1,557,144)</u>
Total Property and Equipment, Net	<u>\$ 2,118,233</u>	<u>\$ 2,088,028</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 \$186,783 and \$177,889 for the years ended December 31, 2023 and 2022, respectively. The balance of the land use asset was \$727,821 and \$860,501 at December 31, 2023 and 2022, respectively.

Note 8 - Line of Credit and Note Payable

The Friends of Lakewold has a revolving line-of-credit agreement with a bank in the amount of \$150,000 with a maturity date that was renewed subsequent to year end through April 2025. The interest rate is based on the Wall Street Journal Prime Rate plus 1%. The line is unsecured. The rate at December 31, 2023 was 8.50%.

In November 2020, the Friends of Lakewold obtained a loan under the COVID-19 Economic Injury Disaster Loan (EIDL) program. The principal balance is \$150,000 and carries an annual interest rate of 2.75%. Principal and interest are payable in monthly installments beginning May 2023 through maturity in November 2050. 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.

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.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 9 - Continued

At December 31, 2023 and 2022, 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.

For the year ended December 31, 2023, no individual donor contributed more than 10% of the Community Foundation's contribution revenue. For the year ended December 31, 2022, 74% of the Community Foundation's contribution revenue came from one donor.

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, 2023 and 2022, contributions by GTCF totaled \$155,466 and \$166,835, 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.

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, 2023 and 2022, contributions by the Museum totaled \$13,080 and \$13,558, respectively.

Note 11 - Leases

The Community Foundation leases office space under a long-term, noncancelable operating lease agreement which expires in 2033. Additional information regarding the Community Foundation's operating lease is as follows:

	<u>2023</u>	<u>2022</u>
Weighted-average remaining lease term - operating lease	9 years	10 years
Weighted-average discount rate - operating lease	1.6%	1.6%

Leasing costs under the agreements for the years ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Operating lease costs	\$ 163,527	\$ 163,527
Short term lease cost	<u>13,225</u>	<u>13,240</u>
Total Leasing Costs	<u>\$ 176,752</u>	<u>\$ 176,767</u>

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022**

Note 11 - Continued

Future minimum lease payments under noncancellable agreements are as follows:

For the Years Ending December 31,

2024	\$ 148,067
2025	152,509
2026	157,084
2027	161,796
2028	166,650
Thereafter	<u>797,232</u>
Total undiscounted cash flows	1,583,338
Less present value discount	<u>(119,653)</u>
Total Lease Liability	<u><u>\$ 1,463,685</u></u>

Note 12 - Net Assets Without and With Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Community grant making	\$ 13,254,669	\$ 12,261,499
Designated	33,242,489	30,376,098
Advised	16,138,994	13,873,935
Field of interest	17,727,544	15,619,272
Scholarships	8,513,748	7,580,685
Supporting organizations	<u>352,046</u>	<u>318,438</u>
Total endowment funds	89,229,490	80,029,927
Operating funds - nonendowed	56,579,043	53,251,942
Board-designated reserve funds	<u>712,641</u>	<u>628,305</u>
Total Net Assets Without Donor Restrictions	<u><u>\$ 146,521,174</u></u>	<u><u>\$ 133,910,174</u></u>

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022**

Note 12 - Continued

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

	<u>2023</u>	<u>2022</u>
Net assets with time restrictions-		
Contributions and grants receivable	\$ 54,114	\$ 1,108,541
Land use receivable	727,821	860,501
Trusts receivable and charitable remainder trusts	5,594,993	5,350,654
Bequest receivable	562,500	521,700
Other	255,140	170,085
Accumulated earnings (losses) on funds held in perpetuity	381,227	(89,467)
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>\$ 11,499,010</u>	<u>\$ 11,845,229</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, 2023 and 2022. The other endowment fund was established with donor-restricted contributions. Its corpus totaled \$2,043,688 at both December 31, 2023 and 2022.

Note 13 - Release of Net Assets

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

	<u>2023</u>	<u>2022</u>
Purpose or time restrictions accomplished-		
Expiration of time restriction	\$ 2,364,869	\$ 2,353,520
Purpose restrictions met	<u>358,488</u>	<u>163,480</u>
Net Assets Released From Restrictions	<u>\$ 2,723,357</u>	<u>\$ 2,517,000</u>

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

Note 14 - Endowments

The Community Foundation's endowments consist of approximately 350 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, 2023, endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Supporting organization endowment funds	\$ 352,046	\$ 2,039,496	\$ 2,391,542
Other endowment funds-			
Community grant making	13,254,669		13,254,669
Designated	33,242,489	2,264,946	35,507,435
Advised	16,138,994		16,138,994
Field of interest	17,727,544		17,727,544
Scholarships	8,513,748		8,513,748
Total Endowment Funds	\$ 89,229,490	\$ 4,304,442	\$ 93,533,932

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022**

Note 14 - Continued

As of December 31, 2022, 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	\$ 318,438	\$ 1,844,803	\$ 2,163,241
Other endowment funds-			
Community grant making	12,261,499		12,261,499
Designated	30,376,098	1,988,945	32,365,043
Advised	13,873,935		13,873,935
Field of interest	15,619,272		15,619,272
Scholarships	7,580,685		7,580,685
Total Endowment Funds	<u>\$ 80,029,927</u>	<u>\$ 3,833,748</u>	<u>\$ 83,863,675</u>

Changes in endowment net assets for the years ended December 31, 2023 and 2022 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Endowment Net Assets, January 1, 2022	\$ 96,808,717	\$ 4,908,422	\$ 101,717,139
Net investment loss	(13,916,394)	(695,671)	(14,612,065)
Contributions	607,697		607,697
Amounts appropriated for expenditure	(4,319,201)	(379,003)	(4,698,204)
Net transfers	849,108		849,108
Change in endowment net assets	<u>(16,778,790)</u>	<u>(1,074,674)</u>	<u>(17,853,464)</u>
Endowment Net Assets, December 31, 2022	80,029,927	3,833,748	83,863,675
Net investment earnings	11,482,549	565,364	12,047,913
Contributions	1,825,633		1,825,633
Amounts appropriated for expenditure	(4,258,214)	(94,670)	(4,352,884)
Net transfers	149,595		149,595
Change in endowment net assets	<u>9,199,563</u>	<u>470,694</u>	<u>9,670,257</u>
Endowment Net Assets, December 31, 2023	<u>\$ 89,229,490</u>	<u>\$ 4,304,442</u>	<u>\$ 93,533,932</u>

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2023 and 2022

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. At December 31, 2022, funds with original gift values of \$3,923,215, fair values of \$3,833,748, and deficiencies of \$89,467 were reported in net assets with donor restrictions. There were no such deficiencies at December 31, 2023.

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. 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 \$6,964,366 and \$6,720,098 at December 31, 2023 and 2022, 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 \$446,127 and \$430,930 at December 31, 2023 and 2022, 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, 2023 and 2022**

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.

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SUPPLEMENTARY INFORMATION

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GREATER TACOMA COMMUNITY FOUNDATION

**Consolidating Statement of Financial Position
December 31, 2023**

	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	\$ 15,658,055	\$ 395	\$ 395,657	\$ 202,861	\$ 16,256,968	\$ -	\$ 16,256,968
Contributions and grants receivable	36,000			18,114	54,114		54,114
Trusts receivable	5,081,845				5,081,845		5,081,845
Bequest receivable	562,500				562,500		562,500
Other assets	138,359		79,408	15,378	233,145		233,145
Investments	153,913,946				153,913,946		153,913,946
Mission-related investments	785,565				785,565		785,565
Property and equipment, net	21,626		1,913,047	183,560	2,118,233		2,118,233
Land use				727,821	727,821		727,821
Right-of-use asset, operating	1,420,230				1,420,230		1,420,230
Collections				565,025	565,025		565,025
Funds held by others for organization's benefit			2,391,542		2,391,542	(2,391,542)	
Total Assets	\$ 177,618,126	\$ 395	\$ 4,779,654	\$ 1,712,759	\$ 184,110,934	\$ (2,391,542)	\$ 181,719,392
Liabilities and Net Assets							
Liabilities:							
Accounts payable and other liabilities	\$ 396,461	\$ -	\$ 58,050	\$ 56,586	\$ 511,097	\$ -	\$ 511,097
Deferred revenue			5,875		5,875		5,875
Lease liability, operating	1,463,685				1,463,685		1,463,685
Split-interest agreements payable	771,413				771,413		771,413
Funds held for the benefit of other organizations	23,110,421				23,110,421	(2,391,542)	20,718,879
Line of credit			84,283		84,283		84,283
Note payable			143,976		143,976		143,976
Total Liabilities	25,741,980		292,184	56,586	26,090,750	(2,391,542)	23,699,208
Net Assets:							
Without donor restrictions	143,417,706	395	2,188,584	914,489	146,521,174		146,521,174
With donor restrictions	8,458,440		2,298,886	741,684	11,499,010		11,499,010
Total Net Assets	151,876,146	395	4,487,470	1,656,173	158,020,184		158,020,184
Total Liabilities and Net Assets	\$ 177,618,126	\$ 395	\$ 4,779,654	\$ 1,712,759	\$ 184,110,934	\$ (2,391,542)	\$ 181,719,392

See independent auditor's report.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidating Statement of Financial Position
December 31, 2022**

	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	\$ 28,099,536	\$ 385	\$ 504,670	\$ 179,507	\$ 28,784,098	\$ -	\$ 28,784,098
Contributions and grants receivable	1,103,521		1,000	4,020	1,108,541		1,108,541
Trusts receivable	4,789,767				4,789,767		4,789,767
Bequests receivable	521,700				521,700		521,700
Other assets	537,470		62,114	7,095	606,679		606,679
Investments	125,343,596				125,343,596		125,343,596
Mission-related investments	846,782				846,782		846,782
Property and equipment, net	16,814		1,882,131	189,083	2,088,028		2,088,028
Land use				860,501	860,501		860,501
Right-of-use asset, operating	1,559,033				1,559,033		1,559,033
Collections				555,025	555,025		555,025
Funds held by others for organization's benefit			2,163,243		2,163,243	(2,163,243)	
Total Assets	\$ 162,818,219	\$ 385	\$ 4,613,158	\$ 1,795,231	\$ 169,226,993	\$ (2,163,243)	\$ 167,063,750
Liabilities and Net Assets							
Liabilities:							
Accounts payable and other liabilities	\$ 525,067	\$ -	\$ 68,410	\$ 50,185	\$ 643,662	\$ -	\$ 643,662
Deferred revenue	118,629		4,868		123,497		123,497
Lease liability, operating	1,582,714				1,582,714		1,582,714
Split-interest agreements payable	822,263				822,263		822,263
Funds held for the benefit of other organizations	20,125,115				20,125,115	(2,163,243)	17,961,872
Line of credit			24,439		24,439		24,439
Note payable			149,900		149,900		149,900
Total Liabilities	23,173,788		247,617	50,185	23,471,590	(2,163,243)	21,308,347
Net Assets:							
Without donor restrictions	130,679,632	385	2,367,827	862,330	133,910,174		133,910,174
With donor restrictions	8,964,799		1,997,714	882,716	11,845,229		11,845,229
Total Net Assets	139,644,431	385	4,365,541	1,745,046	145,755,403		145,755,403
Total Liabilities and Net Assets	\$ 162,818,219	\$ 385	\$ 4,613,158	\$ 1,795,231	\$ 169,226,993	\$ (2,163,243)	\$ 167,063,750

See independent auditor's report.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023**

	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	\$ 5,427,597	\$ 562,500	\$ 5,990,097	\$ -	\$ 521,700	\$ 521,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,511,797	\$ (1,014,086)	\$ 5,497,711
Designated	1,113,803	65,000	1,178,803										1,178,803		1,178,803
Field of interest	902,410		902,410										902,410		902,410
Scholarships	98,589		98,589										98,589		98,589
Community grantmaking	154,725		154,725										154,725		154,725
Administrative fund	50,000		50,000										50,000		50,000
Supporting organizations							596,086	442,842	1,038,928	827,952	200,647	1,028,599	2,067,527	(463,235)	1,604,292
Agency funds	2,130,612		2,130,612										2,130,612		2,130,612
	9,877,736	627,500	10,505,236		521,700	521,700	596,086	442,842	1,038,928	827,952	200,647	1,028,599	13,094,463	(1,477,321)	11,617,142
Less agency funds	(2,130,612)		(2,130,612)										(2,130,612)		(2,130,612)
Total contributions and agency funds	7,747,124	627,500	8,374,624		521,700	521,700	596,086	442,842	1,038,928	827,952	200,647	1,028,599	10,963,851	(1,477,321)	9,486,530
Net investment return	16,002,546	414,937	16,417,483	41,057		41,057	52,277	267,871	320,148	11,457		11,457	16,790,145		16,790,145
Grant revenue	133,629		133,629										133,629		133,629
Program income							91,302		91,302				91,302	(630)	90,672
Other income	152,063		152,063				91,351		91,351	19,035		19,035	262,449	(10,810)	251,639
Change in value of split-interest agreements	4,393	423,341	427,734										427,734		427,734
Net assets released from restrictions	1,972,137	(1,972,137)		521,700	(521,700)		409,541	(409,541)		341,679	(341,679)				
Total Revenues and Support	26,011,892	(506,359)	25,505,533	562,757	(562,757)	562,757	1,240,557	301,172	1,541,729	1,200,123	(141,032)	1,059,091	28,669,110	(1,488,761)	27,180,349
Expenses:															
Program services-															
Grants:															
Advised	4,879,104		4,879,104	492,386		492,386							5,371,490	(1,030,071)	4,341,419
Designated	3,815,907		3,815,907										3,815,907	(263,400)	3,552,507
Field of interest	555,820		555,820										555,820	(183,850)	371,970
Scholarships	321,728		321,728										321,728		321,728
Community grantmaking	311,331		311,331										311,331		311,331
Agency funds	1,800,091		1,800,091										1,800,091		1,800,091
	11,683,981		11,683,981	492,386		492,386							12,176,367	(1,477,321)	10,699,046
Less agency funds	(1,800,091)		(1,800,091)										(1,800,091)		(1,800,091)
Total grants	9,883,890		9,883,890	492,386		492,386							10,376,276	(1,477,321)	8,898,955
Other program service expenses	1,492,300		1,492,300				1,000,995		1,000,995	776,852		776,852	3,270,147	(11,440)	3,258,707
Total program services	11,376,190		11,376,190	492,386		492,386	1,000,995		1,000,995	776,852		776,852	13,646,423	(1,488,761)	12,157,662
Management and general	1,368,309		1,368,309	70,361		70,361	192,242		192,242	227,627		227,627	1,858,539		1,858,539
Fundraising	529,319		529,319				226,563		226,563	143,485		143,485	899,367		899,367
Total Expenses	13,273,818		13,273,818	562,747		562,747	1,419,800		1,419,800	1,147,964		1,147,964	16,404,329	(1,488,761)	14,915,568
Change in Net Assets	12,738,074	(506,359)	12,231,715	10		10	(179,243)	301,172	121,929	52,159	(141,032)	(88,873)	12,264,781		12,264,781
Net assets, beginning of year	130,679,632	8,964,799	139,644,431	385		385	2,367,827	1,997,714	4,365,541	862,330	882,716	1,745,046	145,755,403		145,755,403
Net Assets, End of Year	\$ 143,417,706	\$ 8,458,440	\$ 151,876,146	\$ 395	\$ -	\$ 395	\$ 2,188,584	\$ 2,298,886	\$ 4,487,470	\$ 914,489	\$ 741,684	\$ 1,656,173	\$ 158,020,184	\$ -	\$ 158,020,184

See independent auditor's report.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidating Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022**

	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	\$ 21,666,555	\$ 521,700	\$ 22,188,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,188,255	\$ -	\$ 22,188,255
Designated	421,644	2,500	424,144										424,144		424,144
Field of interest		350	350										350		350
Scholarships	201,263		201,263										201,263		201,263
Community grantmaking	100,192		100,192										100,192		100,192
Initiatives	3,900		3,900										3,900		3,900
Administrative fund	3,055		3,055										3,055		3,055
Supporting organizations							966,329	265,886	1,232,215	1,050,568	91	1,050,659	2,282,874	(763,840)	1,519,034
Agency funds	4,940,703		4,940,703										4,940,703		4,940,703
	27,337,662	524,200	27,861,862				966,329	265,886	1,232,215	1,050,568	91	1,050,659	30,144,736	(763,840)	29,380,896
Less agency funds	(4,940,703)		(4,940,703)										(4,940,703)		(4,940,703)
Total contributions and agency funds	22,396,959	524,200	22,921,159				966,329	265,886	1,232,215	1,050,568	91	1,050,659	25,204,033	(763,840)	24,440,193
Net investment return	(19,189,991)	(360,233)	(19,550,224)				(57,878)	(335,438)	(393,316)	213		213	(19,943,327)		(19,943,327)
Grant revenue	1,074,563	600,000	1,674,563										1,674,563		1,674,563
Program income							83,236		83,236				83,236		83,236
Other income	142,900		142,900				109,137		109,137	21,927	22,125	44,052	296,089	(10,745)	285,344
Change in value of split-interest agreements	(39,259)	(212,093)	(251,352)										(251,352)		(251,352)
Net assets released from restrictions	2,018,460	(2,018,460)					339,535	(339,535)		159,005	(159,005)				
Total Revenues and Support	6,403,632	(1,466,586)	4,937,046				1,440,359	(409,087)	1,031,272	1,231,713	(136,789)	1,094,924	7,063,242	(774,585)	6,288,657
Expenses:															
Program services-															
Grants:															
Advised	3,059,538		3,059,538										3,059,538	(10,340)	3,049,198
Designated	2,897,318		2,897,318										2,897,318	(573,300)	2,324,018
Field of interest	336,883		336,883										336,883	(180,200)	156,683
Scholarships	501,645		501,645										501,645		501,645
Community grantmaking	769,813		769,813										769,813		769,813
Agency funds	886,881		886,881										886,881		886,881
	8,452,078		8,452,078										8,452,078	(763,840)	7,688,238
Less agency funds	(886,881)		(886,881)										(886,881)		(886,881)
Total grants	7,565,197		7,565,197										7,565,197	(763,840)	6,801,357
Other program service expenses	1,257,928		1,257,928				744,910		744,910	779,539		779,539	2,782,377	(10,745)	2,771,632
Total program services	8,823,125		8,823,125				744,910		744,910	779,539		779,539	10,347,574	(774,585)	9,572,989
Management and general	1,476,157		1,476,157				569,688		569,688	189,537		189,537	2,235,382		2,235,382
Fundraising	566,255		566,255				67,192		67,192	190,686		190,686	824,133		824,133
Total Expenses	10,865,537		10,865,537				1,381,790		1,381,790	1,159,762		1,159,762	13,407,089	(774,585)	12,632,504
Change in Net Assets	(4,461,905)	(1,466,586)	(5,928,491)				58,569	(409,087)	(350,518)	71,951	(136,789)	(64,838)	(6,343,847)		(6,343,847)
Net assets, beginning 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
Net Assets, End of Year	\$ 130,679,632	\$ 8,964,799	\$ 139,644,431	\$ 385	\$ -	\$ 385	\$ 2,367,827	\$ 1,997,714	\$ 4,365,541	\$ 862,330	\$ 882,716	\$ 1,745,046	\$ 145,755,403	\$ -	\$ 145,755,403

See independent auditor's report.

**GREATER TACOMA COMMUNITY FOUNDATION
ADMINISTRATION AND ALL COMPONENT FUNDS
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2024 AND DECEMBER 31, 2023**

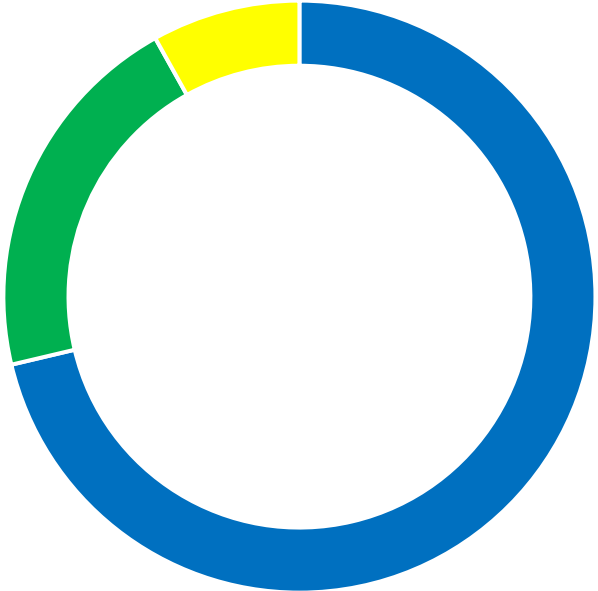
	3/31/2024	12/31/2023
ASSETS:		
Cash	\$ 544,128	\$ 1,086,961
Non-Cash Gift Transfers in Progress	9,294	751
Gifts and Grants Receivable	35,000	35,000
Trust Receivable	5,544,345	5,644,345
Investments:		
Endowment Pool	122,570,263	119,238,191
SRI Pool	9,870,088	9,462,692
Annuity Pool	1,090,096	1,044,088
Low Risk Pool	24,971,917	26,113,153
Short Term Pool	5,682,019	5,552,400
Individually Managed Funds	7,511,032	7,264,059
Charitable Remainder Unitrusts	867,501	838,433
Right of Use Asset	1,420,230	1,420,230
Property and Equipment, Net of Deprec.	18,592	21,626
Other Assets	80,340	138,360
TOTAL ASSETS	<u>\$ 180,214,845</u>	<u>\$ 177,860,288</u>
LIABILITIES:		
Accounts Payable	\$ 7,553	\$ 45,527
Payroll Related Liabilities	19,320	35,965
Accrued Retirement Benefits	41,856	129,469
Grants Payable	108,812	214,137
Unearned Revenue	-	-
CRUT Payments Payable	316,640	325,286
Annuity Payments Payable	373,491	446,127
Short Term Lease Payable	125,335	125,335
Long Term Lease Payable	1,338,350	1,338,350
TOTAL LIABILITIES	<u>2,331,356</u>	<u>2,660,197</u>
NET ASSETS	<u>177,883,489</u>	<u>175,200,092</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 180,214,845</u>	<u>\$ 177,860,289</u>

GREATER TACOMA COMMUNITY FOUNDATION
ADMINISTRATION AND ALL COMPONENT FUNDS
STATEMENTS OF ACTIVITIES
January 1 to March 31, 2024 and 2023

	2024 YTD (3 months)	2023 YTD (3 months)
REVENUES:		
Gifts	\$ 1,230,919	\$ 1,082,223
Grant Revenue	-	118,629
Realized Gains/(Losses)	66,242	(78,841)
Unrealized Gains/(Losses)	5,680,103	6,085,506
Interest and Dividends	797,657	650,535
Change in Value of Split interest	61,892	-
Other Revenue	24,084	200
TOTAL REVENUES	7,860,897	7,858,253
 Expenses		
Accounting & Legal Fees	12,253	4,250
Advertising	-	12,126
Community Events	4,199	19,800
Compensation	628,994	551,908
Conference Expense	8,052	740
Copying and Printing	1,902	662
Depreciation Expense	3,034	2,381
Dues & Subscriptions	5,211	1,172
Equipment and Furniture Purchase	598	693
Events	16,990	-
Facilities	39,686	51,502
Grants Expense	4,267,786	3,814,248
Information & Communications	79,945	82,366
Insurance	3,926	3,815
Interest, Bank Fees, Taxes & Licenses	1,810	782
Investment Management Fees	38,620	29,351
Meetings	15,622	3,711
Office & Other Expenses	12,576	8,498
Professional Fees	29,584	102,824
Staff Development	4,060	-
Travel	205	74
Web site Costs	2,446	2,191
TOTAL EXPENSES	5,177,500	4,693,094
NET OPERATING ACTIVITY	\$ 2,683,397	\$ 3,165,158

Greater Tacoma Community Foundation – Long-Term Pool Portfolio

• Portfolio composition



Public Equity	71.3%
Fixed Income	20.6%
Private Capital	8.1%

Long Term Pool Performance

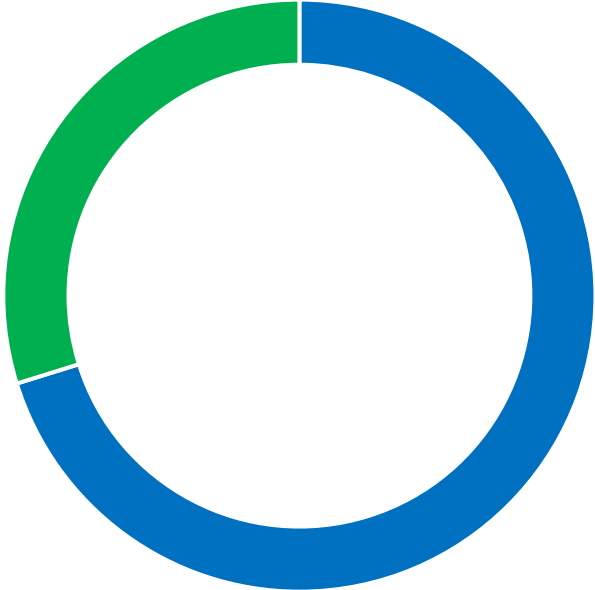


	1st Qtr	1 Yr	3 Yr	5 Yr	10 Yr	Inception (12/31/1999)
Portfolio*	4.7%	14.7%	4.4%	7.8%	5.9%	6.2%
Benchmark**	5.2%	16.9%	4.2%	7.9%	6.4%	5.9%

Notes:
 Data as-of March 31, 2024.
 *Returns are net of investment management fee
 **Time weighted benchmark. Benchmark history available upon request.
 Percentages may not equal 100% due to rounding
 Sources: Mercer

Greater Tacoma Community Foundation – Annuity Pool Portfolio

- Portfolio composition



- Equity 70.2%
- Fixed Income 29.8%

Annuity Pool Performance

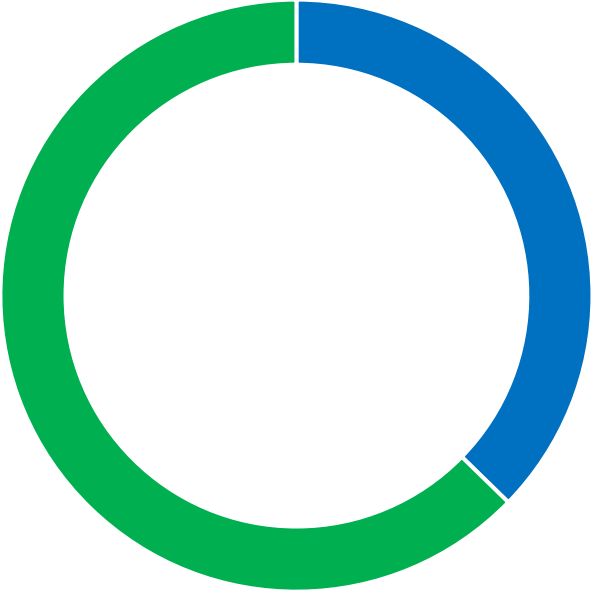


	1st Qtr	1 Yr	3 Yr	5 Yr	10 Yr	Inception (6/30/2002)
Portfolio*	4.4%	14.4%	3.4%	7.6%	6.3%	6.7%
Benchmark**	4.5%	15.2%	3.7%	7.3%	6.6%	7.0%

Notes:
 Data as-of March 31, 2024.
 *Returns are net of investment management fee
 **Time weighted benchmark. Benchmark history available upon request.
 Percentages may not equal 100% due to rounding
 Sources: Mercer

Greater Tacoma Community Foundation – Short-Term Pool Portfolio

- Portfolio composition



■ Equity	37.3%
■ Fixed Income	62.7%

Short-Term Pool Performance



	1st Qtr	1 Yr	3 Yr	5 Yr	Inception (12/31/2010)
Portfolio*	2.3%	9.0%	0.3%	3.3%	3.3%
Benchmark**	2.2%	8.8%	0.6%	3.5%	3.8%

Notes:
 Data as-of March 31, 2024.
 *Returns are net of investment management fee
 **Time weighted benchmark. Benchmark history available upon request.
 Percentages may not equal 100% due to rounding
 Sources: Mercer