

GREATER TACOMA COMMUNITY FOUNDATION

Consolidated Financial Statements

For the Years Ended December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 the Community Foundation adopted new accounting guidance for leases under Topic 842. Our opinion is not modified with respect to this matter.

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.



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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.

Clark Nuber P.C.

Certified Public Accountants
July 19, 2023

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidated Statements of Financial Position
December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 28,784,098	\$ 8,968,937
Contributions and grants receivable (Note 3)	1,108,541	2,179,386
Trusts receivable (Note 4)	4,789,767	5,068,887
Bequest receivable (Note 5)	521,700	
Other assets	606,679	294,388
Investments (Note 6)	125,343,596	149,400,784
Mission-related investments (Notes 1 and 6)	846,782	1,224,934
Property and equipment, net (Note 7)	2,088,028	2,019,724
Land use (Note 8)	860,501	1,002,074
Right-of-use asset, operating (Notes 1 and 12)	1,559,033	
Collections (Note 1)	555,025	555,025
	<u>\$ 167,063,750</u>	<u>\$ 170,714,139</u>
Total Assets		
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other liabilities	\$ 468,412	\$ 430,604
Grants payable	175,250	152,028
Deferred revenue (Note 1)	123,497	543,192
Lease liability, operating (Notes 1 and 12)	1,582,714	
Split-interest agreements payable (Note 16)	822,263	971,415
Funds held for the benefit of other organizations (Note 1)	17,961,872	16,367,750
Line of credit (Note 9)	24,439	
Note payable (Note 17)	149,900	149,900
	<u>21,308,347</u>	<u>18,614,889</u>
Total Liabilities	21,308,347	18,614,889
Net Assets:		
Without donor restrictions (Note 13)	133,910,174	138,241,559
With donor restrictions (Note 13)	11,845,229	13,857,691
	<u>145,755,403</u>	<u>152,099,250</u>
Total Net Assets	145,755,403	152,099,250
Total Liabilities and Net Assets	\$ 167,063,750	\$ 170,714,139

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2022 and 2021**

	Without Donor Restrictions	With Donor Restrictions	2022 Total	Without Donor Restrictions	With Donor Restrictions	2021 Total
Revenue and Support:						
Contributions and agency funds-						
Advised	\$ 21,666,555	\$ 521,700	\$ 22,188,255	\$ 5,069,252	\$ -	\$ 5,069,252
Designated	421,644	2,500	424,144	1,641,654	83,973	1,725,627
Field of interest	350		350	186,015		186,015
Scholarships	201,263		201,263	223,822		223,822
Community grantmaking	100,192		100,192	69,875		69,875
CRUTs and annuities				25,000		25,000
Initiatives	3,900		3,900	309,960		309,960
Administrative fund	3,055		3,055	21,609		21,609
Supporting organizations	1,253,057	265,977	1,519,034	1,395,796	15,146	1,410,942
Agency funds	4,940,703		4,940,703	1,950,346		1,950,346
	28,590,719	790,177	29,380,896	10,893,329	99,119	10,992,448
Less agency funds	(4,940,703)		(4,940,703)	(1,950,346)		(1,950,346)
Total contributions	23,650,016	790,177	24,440,193	8,942,983	99,119	9,042,102
Net investment return	(19,247,656)	(695,671)	(19,943,327)	17,018,470	729,093	17,747,563
Grant revenue	1,074,563	600,000	1,674,563	1,185,707	600,000	1,785,707
Program income	83,236		83,236			
Other income	263,219	22,125	285,344	303,402		303,402
Change in value of split-interest agreements	(39,259)	(212,093)	(251,352)	(41,115)	309,073	267,958
Net asset restriction reclassifications (Note 8)				(1,002,074)	1,002,074	
Net assets released from restrictions	2,517,000	(2,517,000)		2,856,956	(2,856,956)	
Total Revenue and Support	8,301,119	(2,012,462)	6,288,657	29,264,329	(117,597)	29,146,732
Expenses:						
Program services-						
Grants:						
Advised	3,049,198		3,049,198	3,112,610		3,112,610
Designated	2,324,018		2,324,018	2,208,697		2,208,697
Field of interest	156,683		156,683	3,146,053		3,146,053
Scholarships	501,645		501,645	568,800		568,800
Community grantmaking	769,813		769,813	89,300		89,300
Agency funds	886,881		886,881	688,681		688,681
	7,688,238		7,688,238	9,814,141		9,814,141
Less agency funds	(886,881)		(886,881)	(688,681)		(688,681)
Total grants	6,801,357		6,801,357	9,125,460		9,125,460
Other program service expenses	2,771,632		2,771,632	2,830,956		2,830,956
Total program services	9,572,989		9,572,989	11,956,416		11,956,416
Management and general	2,235,382		2,235,382	2,134,898		2,134,898
Fundraising	824,133		824,133	755,012		755,012
Total supporting services	3,059,515		3,059,515	2,889,910		2,889,910
Total Expenses	12,632,504		12,632,504	14,846,326		14,846,326
Total Change in Net Assets	(4,331,385)	(2,012,462)	(6,343,847)	14,418,003	(117,597)	14,300,406
Net assets, beginning of year	138,241,559	13,857,691	152,099,250	123,823,556	13,975,288	137,798,844
Net Assets, End of Year	\$ 133,910,174	\$ 11,845,229	\$ 145,755,403	\$ 138,241,559	\$ 13,857,691	\$ 152,099,250

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2022 and 2021**

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,292,221	\$ 1,224,937	\$ 403,717	\$ 2,920,875	\$ 1,062,418	\$ 1,322,713	\$ 395,361	\$ 2,780,492
Employee benefits	219,381	207,680	77,034	504,095	193,098	220,554	73,729	487,381
Payroll taxes	121,248	110,499	33,568	265,315	96,468	111,388	31,585	239,441
Total salary expense	1,632,850	1,543,116	514,319	3,690,285	1,351,984	1,654,655	500,675	3,507,314
Grants	6,801,356			6,801,356	9,125,460			9,125,460
Professional fees	130,863	296,765	22,590	450,218	471,322	138,283	16,055	625,660
Occupancy	114,248	113,942	41,985	270,175	159,274	96,210	33,742	289,226
Conferences and conventions	222,465	38,872	49,817	311,154	120,561	23,630	36,944	181,135
Supplies	35,225	49,865	26,356	111,446	79,519	27,939	19,166	126,624
Equipment and maintenance	105,552	8,843	2,332	116,727	63,329	5,229	2,399	70,957
Computer and website	32,328	70,499	49,780	152,607	30,533	40,177	33,462	104,172
Miscellaneous	61,132	47,115	28,429	136,676	79,878	56,702	32,322	168,902
Publicity and promotion	141,137	6,092	27,707	174,936	91,438	6,131	3,924	101,493
Telephone and postage	3,860	6,610	2,813	13,283	6,377	6,862	2,920	16,159
Total expenses before depreciation, amortization and land lease	9,281,016	2,181,719	766,128	12,228,863	11,579,675	2,055,818	681,609	14,317,102
Depreciation and amortization	64,945	11,827	7,407	84,179	74,514	15,780	8,520	98,814
Land lease	227,028	41,836	50,598	319,462	302,227	63,300	64,883	430,410
Total Expenses	\$ 9,572,989	\$ 2,235,382	\$ 824,133	\$ 12,632,504	\$ 11,956,416	\$ 2,134,898	\$ 755,012	\$ 14,846,326

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Cash received from revenue and support	\$ 22,766,867	\$ 8,124,747
Cash paid to grantees, employees and suppliers	(12,179,784)	(14,216,192)
Interest and dividends received, net of fees	4,069,133	4,679,171
Proceeds from sales of donated investments	3,570,327	4,053,864
Net receipts (payments) of agency funds	<u>1,594,122</u>	<u>3,383,446</u>
Net Cash Provided by Operating Activities	19,820,665	6,025,036
Cash Flows From Investing Activities:		
Purchase of investments	(2,182,522)	(16,971,582)
Proceeds from sale of investments	2,310,896	10,714,318
Purchases of property and equipment	(157,878)	(93,138)
Net deaccessions from collections		<u>9,225</u>
Net Cash Used in Investing Activities	(29,504)	(6,341,177)
Cash Flows From Financing Activities:		
Proceeds from line of credit	76,000	
Payments on line of credit	<u>(52,000)</u>	
Net Cash Provided by Financing Activities	24,000	
Net Change in Cash and Cash Equivalents	19,815,161	(316,141)
Cash and cash equivalents, beginning of year	<u>8,968,937</u>	<u>9,285,078</u>
Cash and Cash Equivalents, End of Year	<u>\$ 28,784,098</u>	<u>\$ 8,968,937</u>

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2022 and 2021

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 500 individual, family, and agency funds.

As a nationally accredited nonprofit community foundation with more than \$150 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).

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, 2022 and 2021

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, 2022 and 2021. Mission-related investments are reported at fair value (Note 6).

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, 2022 and 2021

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, 2022 and 2021 was \$84,179 and \$98,814, 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 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, 2022 and 2021

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, 2022 and 2021, total revenue from contracts with customers was \$711,322 and \$1,305,781, respectively, and included revenue from exchange-type grants and administrative fees on agency funds. Deferred revenue associated with contracts with customers was \$118,629, \$543,192, and \$932,791 at December 31, 2022, 2021, and 2020, 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.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2022 and 2021

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 \$9,378 and \$32,424 were recorded as contribution revenue and appropriate expense for the years ended December 31, 2022 and 2021, 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, 2022 and 2021.

The Community Foundation also receives the use of donated property (Note 8).

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, 2022 and 2021. The Community Foundation believes it has no uncertain tax positions. Accordingly, the consolidated financial statements do not include a provision for federal income taxes.

Recently Adopted Accounting Pronouncements - Effective January 1, 2022, the Community Foundation adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (ASC Topic 842) using the modified retrospective approach with comparative accounting periods continuing to be presented under previous lease guidance (ASC Topic 840). The Community Foundation has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Community Foundation accounted for its existing leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Additionally, the Community Foundation did not elect the practical expedient to use hindsight in determining the lease term (that is, when considering lessee options to extend or terminate the lease and to purchase the underlying asset) and in assessing impairment of the entity's right-of-use (ROU) assets. As a result of the adoption of the new lease accounting guidance, the Community Foundation recognized on January 1, 2022 (a) a lease liability of \$1,695,943, and (b) a right-of-use asset of \$1,695,943.

Subsequent Events - The Community Foundation has evaluated subsequent events through July 19, 2023, 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, 2022 and 2021**

Note 2 - Liquidity and Availability

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 28,784,098	\$ 8,968,937
Contributions and grants receivable	1,108,541	2,179,386
Trusts receivable	4,789,767	5,068,887
Bequest receivable	521,700	
Accounts receivable included in other assets	311,171	187,017
Investments	125,343,596	149,400,784
Mission-related investments	<u>846,782</u>	<u>1,224,934</u>
 Total financial assets	 161,705,655	 167,029,945
 Less financial assets unavailable for general expenditures due to designations and restrictions-		
Donor-restricted endowment funds	(3,833,748)	(4,908,422)
Board-designated reserve funds	(628,305)	(695,079)
Mission-related investments	(846,782)	(1,224,934)
Alternative investments	(10,785,744)	(13,717,946)
Funds held for benefit of other organizations	(17,961,872)	(16,367,750)
Contributions and grants receivable due in more than one year	(322,875)	(486,814)
Trusts receivable due in more than one year	(4,691,728)	(4,876,750)
Charitable Remainder Unitrust assets	(950,557)	(1,224,614)
Annuity reserve assets	<u>(979,774)</u>	<u>(1,172,085)</u>
 Total Available Financial Assets, Net	 <u>\$ 120,704,270</u>	 <u>\$ 122,355,551</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, 2022 and 2021

Note 3 - Contributions and Grants Receivable

The Community Foundation has contributions receivable totaling \$308,541 and \$1,779,386 as of December 31, 2022 and 2021, respectively. The Community Foundation has grants receivable totaling \$800,000 and \$400,000 as of December 31, 2022 and 2021, respectively.

	2022	2021
Receivable in less than one year	\$ 785,666	\$ 1,692,572
Receivable in one to five years	322,875	486,814
Total Contributions and Grants Receivable	\$ 1,108,541	\$ 2,179,386

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, 2022 and 2021 were \$4,789,767 and \$5,068,887, respectively, and no allowance for collectability was recorded.

Note 5 - Bequest Receivable

Bequest receivable consists of proceeds from an estate after the will is settled. The Community Foundation expects to receive the proceeds in 2023. Bequest receivable as of December 31, 2022 was \$521,700. There were no bequests receivable at December 31, 2021.

Note 6 - 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, 2022 and 2021.

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.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021**

Note 6 - 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.

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, 2022 and 2021:

	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			846,782	846,782
Total Assets at Fair Value	\$ 114,557,852	\$ -	\$ 5,636,549	120,194,401
Nonmarketable securities at net asset value (NAV)-				
Private equity				10,785,744
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

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Note 6 - Continued

	Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
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				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

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, 2022 and 2021**

Note 6 - Continued

For the years ended December 31, 2022 and 2021, the changes in assets and liabilities classified as Level 3 are as follows:

	<u>Assets</u>	<u>Liabilities</u>
Balance, January 1, 2021	\$ 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	6,293,821	16,367,750
Investment return, net	(157,803)	(2,681,325)
Purchases and receipts		4,950,713
Sales and distributions	<u>(499,469)</u>	<u>(675,266)</u>
Balance, December 31, 2022	<u>\$ 5,636,549</u>	<u>\$ 17,961,872</u>

The following sets forth additional disclosures for the alternative investments valued at NAV as of December 31, 2022 and 2021:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>
Private Equity - Fund of Funds	\$ 10,785,744	\$ 565,844	\$ 13,717,946	\$ 579,000

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, 2022 and 2021

Note 7 - Property and Equipment, Net

Property and equipment consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,145,000	\$ 1,145,000
Buildings and improvements	1,999,658	1,858,696
Equipment	44,424	44,424
Furniture and fixtures	<u>456,090</u>	<u>444,569</u>
	3,645,172	3,492,689
Less accumulated depreciation	<u>(1,557,144)</u>	<u>(1,472,965)</u>
Total Property and Equipment, Net	<u>\$ 2,088,028</u>	<u>\$ 2,019,724</u>

Note 8 - 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 \$177,889 and \$296,563 for the years ended December 31, 2022 and 2021, respectively. The balance of the land use asset was \$860,501 and \$1,002,074 at December 31, 2022 and 2021, 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 9 - Line of Credit

The Friends of Lakewold had a revolving line-of-credit agreement with a bank in the amount of \$150,000 with a maturity date in April 2023. The interest rate was based on the Wall Street Journal Prime Rate plus 1%. The line was unsecured. The rates at December 31, 2022 and 2021 were 8.50% and 4.25%, respectively. At December 31, 2022, the line of credit had a balance of \$24,439. There was no outstanding balance on the line of credit at December 31, 2021. The line expired in April 2023 and was not renewed.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021**

Note 10 - 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, 2022 and 2021, 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, 2022, 74% of the Community Foundation’s contribution revenue came from one donor. For the year ended December 31, 2021, 33% of the Community Foundation’s contribution revenue came from three donors.

Note 11 - 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, 2022 and 2021, contributions by GTCF totaled \$166,835 and \$176,163, 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, 2022 and 2021, contributions by the Museum totaled \$13,558 and \$12,340, respectively.

Note 12 - 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:

Weighted-average remaining lease term - operating lease	10 years
Weighted-average discount rate - operating lease	1.6%

Leasing costs under the agreements for the year ended December 31, 2022 are as follows:

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

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021**

Note 12 - Continued

Future minimum lease payments under noncancellable agreements are as follows:

For the Years Ending December 31,

2023	\$ 143,754
2024	148,067
2025	152,509
2026	157,084
2027	161,796
Thereafter	<u>963,882</u>
Total undiscounted cash flows	1,727,092
Less present value discount	<u>(144,378)</u>
Total Lease Liability	<u><u>\$ 1,582,714</u></u>

Note 13 - Net Assets Without and With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Community grant making	\$ 12,261,499	\$ 15,252,242
Designated	30,376,098	38,135,755
Advised	13,873,935	15,684,284
Field of interest	15,619,272	18,132,630
Scholarships	7,580,685	9,197,076
Supporting organizations	<u>318,438</u>	<u>406,730</u>
Total endowment funds	80,029,927	96,808,717
Operating funds - nonendowed	53,251,942	40,737,763
Board-designated reserve funds	<u>628,305</u>	<u>695,079</u>
Total Net Assets Without Donor Restrictions	<u><u>\$ 133,910,174</u></u>	<u><u>\$ 138,241,559</u></u>

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021**

Note 13 - Continued

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

	<u>2022</u>	<u>2021</u>
Net assets with time restrictions-		
Contributions and grants receivable	\$ 1,108,541	\$ 2,179,386
Land use receivable	860,501	1,002,074
Trusts receivable and charitable remainder trusts	5,350,654	5,769,729
Bequest receivable	521,700	
Other	170,085	(1,920)
Accumulated (losses) earnings on funds held in perpetuity	(89,467)	985,207
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>\$ 11,845,229</u>	<u>\$ 13,857,691</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, 2022 and 2021. The other endowment fund was established with donor-restricted contributions. Its corpus totaled \$2,043,688 at both December 31, 2022 and 2021.

Note 14 - Release of Net Assets

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

	<u>2022</u>	<u>2021</u>
Purpose or time restrictions accomplished-		
Expiration of time restriction	\$ 2,353,520	\$ 2,827,846
Purpose restrictions met	<u>163,480</u>	<u>29,110</u>
Net Assets Released From Restrictions	<u>\$ 2,517,000</u>	<u>\$ 2,856,956</u>

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2022 and 2021

Note 15 - 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, 2022, endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
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	\$ 80,029,927	\$ 3,833,748	\$ 83,863,675

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021**

Note 15 - Continued

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	9,197,076		9,197,076
Total Endowment Funds	<u>\$ 96,808,717</u>	<u>\$ 4,908,422</u>	<u>\$ 101,717,139</u>

Changes in endowment net assets for the years ended December 31, 2022 and 2021 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Endowment Net Assets, January 1, 2021	\$ 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	96,808,717	4,908,422	101,717,139
Net investment losses	(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	<u>\$ 80,029,927</u>	<u>\$ 3,833,748</u>	<u>\$ 83,863,675</u>

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2022 and 2021

Note 15 - 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 of this nature at December 31, 2021.

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 16 - 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 \$6,720,098 and \$7,465,586 at December 31, 2022 and 2021, 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 \$430,930 and \$447,645 at December 31, 2022 and 2021, 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, 2022 and 2021

Note 17 - 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 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 determined that the barriers to entitlement for its PPP loans outstanding in 2021 were 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. In March 2022, the SBA extended payment deferral for all EIDL loans taken in 2020, 2021, and 2022 to 30 months after the date of the loan. 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 May 2, 2023 through maturity on November 2, 2050, with the outstanding principle balance being \$149,900 at both December 31, 2022 and 2021. Payments must first be applied to accrued interest on the loan. 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.

SUPPLEMENTARY INFORMATION

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
Bequest 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	\$ 349,817	\$ -	\$ 68,410	\$ 50,185	\$ 468,412	\$ -	\$ 468,412
Grants payable	175,250				175,250		175,250
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 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 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			Total	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

**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			Total	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									835,630		835,630	1,214,791	15,146	1,229,937	2,065,567	
Agency funds	1,950,346		1,950,346										1,950,346	(654,625)	1,410,942	
	9,497,533	83,973	9,581,506						835,630		835,630	1,214,791	15,146	1,229,937	11,647,073	
Less agency funds	(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	
Net investment income	16,958,747	379,407	17,338,154					59,723	349,686	409,409					17,747,563	
Grant revenue	1,185,707	600,000	1,785,707												1,785,707	
Other income	117,979		117,979					179,214		179,214	16,723		16,723	313,916	(10,514)	
Change in value of split-interest agreements	(41,115)	309,073	267,958												267,958	
Net asset restriction reclassifications											(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	
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	

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