



CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Greater Tacoma Community Foundation (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greater Tacoma Community Foundation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules on pages 20 through 23 are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink, consisting of the letters 'DP&C' in a stylized, cursive font.

Tacoma, Washington
April 25, 2018

GREATER TACOMA COMMUNITY FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 6,541,935	\$ 14,424,914
Contributions receivable (Note 3)	793,825	1,811,316
Trusts receivable (Note 4)	2,687,187	2,904,703
Other	363,454	321,027
Investments (Note 5)	102,274,629	81,382,734
Mission related investments (Note 1 and 5)	1,500,000	1,500,000
Property and equipment, net (Note 6)	1,846,952	1,806,194
Land use (Note 7)	1,608,453	1,791,293
Collections	493,975	491,300
TOTAL ASSETS	\$118,110,410	\$106,433,481
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other liabilities	\$ 703,874	\$ 255,905
Grants payable	395,469	259,020
Deferred revenue (Note 8)	1,019,743	383,989
Line of credit (Note 9)	68,907	11,745
Split-interest agreements payable (Note 16)	1,015,509	1,069,052
Funds held for the benefit of other organizations	9,932,168	7,938,342
TOTAL LIABILITIES	13,135,670	9,918,053
 Net Assets:		
Unrestricted	95,068,193	85,255,956
Temporarily restricted (Note 13)	5,983,332	7,336,257
Permanently restricted (Note 13)	3,923,215	3,923,215
TOTAL NET ASSETS	104,974,740	96,515,428
TOTAL LIABILITIES AND NET ASSETS	\$118,110,410	\$106,433,481

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended December 31, 2017 and 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT								
Contributions and Agency Funds:								
Advised	\$ 1,731,504	\$ ---	\$ ---	\$ 1,731,504	\$ 2,997,122	\$ ---	\$ ---	\$ 2,997,122
Designated	167,761	---	---	167,761	965,405	85,101	---	1,050,506
Field of interest	1,244,443	---	---	1,244,443	2,673,154	5,846	---	2,679,000
Scholarships	243,783	---	---	243,783	705,359	---	---	705,359
Community grantmaking	36,089	---	---	36,089	131,914	---	---	131,914
Charitable annuities and remainder trusts	---	---	---	---	64,511	---	---	64,511
Administrative fund	125,624	750,000	---	875,624	209,483	157,500	---	366,983
Supporting organizations	212,777	128,234	---	341,011	250,182	1,335,893	6,500	1,592,575
Agency funds	1,430,280	---	---	1,430,280	606,467	---	---	606,467
	5,192,261	878,234	---	6,070,495	8,603,597	1,584,340	6,500	10,194,437
Less agency funds	1,430,280	---	---	1,430,280	606,467	---	---	606,467
TOTAL CONTRIBUTIONS	3,761,981	878,234	---	4,640,215	7,997,130	1,584,340	6,500	9,587,970
Income received on investments	1,778,413	8,171	---	1,786,584	1,497,624	---	---	1,497,624
Gain on investments	10,381,479	---	---	10,381,479	3,812,373	---	---	3,812,373
Grant revenue	854,530	---	---	854,530	125,000	---	---	125,000
Other income	250,323	---	---	250,323	216,955	---	---	216,955
Change in value of split-interest agreements	10,903	87,611	---	98,514	---	112,709	---	112,709
Net assets released from restrictions	2,326,941	(2,326,941)	---	---	1,282,660	(1,282,660)	---	---
TOTAL REVENUE AND SUPPORT	19,364,570	(1,352,925)	---	18,011,645	14,931,742	414,389	6,500	15,352,631
EXPENSES								
Program Services:								
Grants:								
Advised	1,596,947	---	---	1,596,947	1,427,520	---	---	1,427,520
Designated	748,897	---	---	748,897	1,059,591	---	---	1,059,591
Field of interest	1,840,491	---	---	1,840,491	3,376,730	---	---	3,376,730
Scholarships	393,058	---	---	393,058	321,419	---	---	321,419
Community grantmaking	663,785	---	---	663,785	600,949	---	---	600,949
Administrative fund	6,500	---	---	6,500	---	---	---	---
Agency funds	551,313	---	---	551,313	561,911	---	---	561,911
	5,800,991	---	---	5,800,991	7,348,120	---	---	7,348,120
Less agency funds	551,313	---	---	551,313	561,911	---	---	561,911
TOTAL GRANTS	5,249,678	---	---	5,249,678	6,786,209	---	---	6,786,209
Other program service expenses	2,049,545	---	---	2,049,545	2,399,305	---	---	2,399,305
TOTAL PROGRAM SERVICES	7,299,223	---	---	7,299,223	9,185,514	---	---	9,185,514
Fund management expenses	230,831	---	---	230,831	339,161	---	---	339,161
Supporting service expenses	1,268,711	---	---	1,268,711	1,359,041	---	---	1,359,041
Fundraising expenses	753,568	---	---	753,568	710,919	---	---	710,919
TOTAL EXPENSES	9,552,333	---	---	9,552,333	11,594,635	---	---	11,594,635
CHANGE IN NET ASSETS	9,812,237	(1,352,925)	---	8,459,312	3,337,107	414,389	6,500	3,757,996
NET ASSETS, Beginning	85,255,956	7,336,257	3,923,215	96,515,428	81,918,849	6,921,868	3,916,715	92,757,432
NET ASSETS, Ending	\$ 95,068,193	\$ 5,983,332	\$ 3,923,215	\$104,974,740	\$ 85,255,956	\$ 7,336,257	\$ 3,923,215	\$ 96,515,428

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from revenue and support	\$ 6,015,914	\$ 6,610,915
Cash paid to grantees, employees, and suppliers	(6,671,947)	(10,218,904)
Interest and dividends received	1,786,584	1,497,624
Proceeds from sales of donated investments	1,557,488	2,625,967
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,688,039</u>	<u>515,602</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(18,090,182)	(79,796,373)
Proceeds from sales of investments	7,579,766	88,323,803
Purchases of property and equipment	(115,089)	(65,326)
Net additions to collections	(2,675)	(35,250)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(10,628,180)</u>	<u>8,426,854</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in line of credit	57,162	250
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>57,162</u>	<u>250</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (7,882,979)	 8,942,706
CASH AND CASH EQUIVALENTS, Beginning	<u>14,424,914</u>	<u>5,482,208</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 6,541,935</u>	<u>\$ 14,424,914</u>
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 8,459,312	\$ 3,757,996
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	74,331	66,059
Land use expense	280,574	275,074
Amortization of discount	(97,734)	(77,893)
Unrealized and realized gain on investments	(10,381,479)	(3,812,373)
(Increase) decrease in assets:		
Contributions receivable	1,017,491	763,706
Trusts receivable	217,516	(1,336,857)
Other	(42,427)	(119,892)
Increase (decrease) in liabilities:		
Accounts payable and other liabilities	447,969	2,688
Grants payable	136,449	50,943
Deferred revenue	635,754	383,989
Split-interest agreements payable	(53,543)	(23,236)
Funds held for the benefit of other organizations	1,993,826	585,398
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,688,039</u>	<u>\$ 515,602</u>

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2017 and 2016

NOTE 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities:

Greater Tacoma Community Foundation (Community Foundation) helps build a thriving and vibrant Pierce County by providing resources that support donors, businesses, nonprofit organizations, and members of the community in working together to meet the community's needs, now and into the future. Through strategic investments in the community, the Community Foundation aims to support the region in realizing its full potential.

The Community Foundation believes in the power of community to collectively solve problems. With funding, networks and knowledge to make this possible, along with connections to diverse community stakeholders, the Community Foundation is uniquely positioned to pull together the best thinking and resources to catalyze positive social change.

Donors to the Community Foundation receive exceptional insights into the Pierce County region and discover opportunities to make a significant difference. Members of the Pierce County community receive support for their efforts, talent, and resources through the work of the Community Foundation and its donors.

Learn more at: www.gtcf.org.

Principles of Consolidation:

The Community Foundation has an economic interest in and control over three supporting organizations. The consolidated financial statements include the accounts of the Community Foundation 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 the Community Foundation 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).

Basis of Accounting:

The Community Foundation's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America 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.

NOTE 1. (Continued)

Basis of Presentation:

The Community Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Funds established by an unrelated not-for-profit organization using its own fund for its own benefit, are classified by the Community Foundation as a liability, funds held for the benefit of other organizations, rather than as a net asset.

Estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Estimates significant to the consolidated financial statements include life expectancies of trust beneficiaries and annuitants and the estimated fair value of assets and land use donated to the Pacific Bonsai Museum.

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 which are not subject to withdrawal restrictions or penalties and are not pledged as collateral.

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.

Contributions that are restricted by the donor are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets 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 unrestricted if they are available to the Community Foundation without a stipulated time restriction.

NOTE 1. (Continued)

Investments:

The Community Foundation reports investments at quoted market value. 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 the Community Foundation's goal of advancing positive social change in Pierce County, the Community Foundation launched an impact investment program intended to generate positive social and financial returns. As of December 31, 2017, the Community Foundation has invested \$1.5 million with two nonprofit Community Development Financial Institutions (CDFIs) to implement this program.

Note receivable - The Community Foundation loaned \$750,000 to a CDFI that offers loans to businesses for community development and conservation, creating and/or retaining jobs and assisting low-income families. The Community Foundation's loan will be used to fuel further lending activities in Pierce County entrepreneurs and nonprofits.

Interest is recognized over the term of the loan and is calculated at the three-month LIBOR Rate plus 1.75 percent and paid quarterly. The loan matures in June 2020. Management has reviewed the collectability of the note receivable and determined that an allowance for impairment is not needed as of December 31, 2017.

Equity investment - The Community Foundation made a \$750,000 equity investment in a CDFI that makes small business loans in underserved communities. The Community Foundation's investment is used to create a community investment pool to attract additional very low-cost financing for the purpose of making SBA guaranteed loans to healthy, growing small businesses in Pierce County, thereby creating permanent jobs.

The Community Foundation receives a return of 1 percent per annum on its investment. After ten years, the Community Foundation can opt for return of the investment, net of any loan losses incurred.

Derivatives:

In the normal course of business the Community Foundation is subject to risk from adverse fluctuations from various foreign and domestic investment securities held for long-term investment purposes. The Community Foundation manages these risks through the use of derivative financial instruments included in Note 5. Counterparties to these contracts are major financial institutions. The Community Foundation is exposed to credit loss in the event of nonperformance by these counterparties. The Community Foundation does not use derivative instruments for trading or speculative purposes. The Community Foundation's objective in managing exposure to market risk is to limit the impact on earnings and cash flow.

All of the Community Foundation's outstanding derivative financial instruments are recognized in the balance sheet at their fair values. The effect on earnings from recognizing the fair values of these derivative financial instruments depends on their intended use and their effectiveness in offsetting changes in the fair values of the exposures they are hedging. Changes in the fair values of instruments designated to reduce or eliminate adverse fluctuations in the fair values of recognized assets and liabilities and unrecognized firm commitments are reported currently in earnings.

NOTE 1. (Continued)

Fixed Assets:

The Community Foundation capitalizes assets with an individual cost of \$1,000 or more and an estimated useful life of more than one year. Purchased fixed assets include land, building and equipment recorded at cost.

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, 2017 and 2016 was \$74,331 and \$66,059, respectively. No depreciation is provided for the bonsai collections.

Contributed buildings, equipment and land are recorded at fair value on the date received. If donors stipulate how long the assets must be used, the contributions are recorded as restricted revenue. In the absence of such stipulations, contributions of equipment are recorded as temporarily restricted, and assets are reclassified to unrestricted over the estimated useful lives of the assets.

Donated Goods and Services:

Many dedicated and talented individuals serve our community by collectively donating thousands of hours to Greater Tacoma Community Foundation 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.

The value of donated goods and services such as professional services, advertising, and other services are recorded at fair value as the goods and services are rendered. Goods and services of \$10,010 and \$18,845 were recorded as contribution revenue and appropriate expense for the years ended December 31, 2017 and 2016, respectively.

Federal Income Taxes:

The Community Foundation is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, the consolidated financial statements do not include a provision for federal income taxes. However, net income from certain activities not directly related to tax exempt purpose is subject to taxation as unrelated business income. Taxes related to these activities were not significant for the years ended December 31, 2017 and 2016. The Community Foundation believes it has no uncertain tax positions.

Reclassifications:

Certain amounts presented in the preceding year have been reclassified to conform with the consolidated financial statement presentation in the current year. The reclassifications had no effect on net assets or changes in net assets as previously stated.

Recently Issued Accounting Pronouncements:

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The Community Foundation elected to early adopt the amendment that no longer requires disclosure of the fair value of financial instruments that are not measured at fair value and as such, these disclosures are not included herein.

NOTE 1. (Continued)

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions". ASU 2016-05 is effective for annual periods beginning after December 15, 2017. The Community Foundation is currently evaluating the impact the adoption of this new standard will have on its consolidated financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard does not apply to contributions and will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The FASB has issued ASU's subsequent to ASU 2014-09, making it effective for annual reporting periods beginning after December 15, 2018. The Community Foundation has not yet selected a transition method and is currently evaluating the effect that the standard will have on the consolidated financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. The Community Foundation is currently evaluating the impact the adoption of this new standard will have on its consolidated financial statements.

Date Through Which Subsequent Events Evaluated:

The date to which events occurring after December 31, 2017, the date of the most recent consolidated statement of financial position, have been evaluated for possible adjustment to the consolidated financial statements or disclosure is April 25, 2018, which is the date on which the consolidated financial statements were available to be issued.

NOTE 2. Risks and Uncertainties

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 statement of financial position.

NOTE 3. Contributions Receivable

The Community Foundation has a contribution receivable balance of \$793,825 and \$1,811,316 as of December 31, 2017 and 2016, respectively. The receivable is considered collectible within one year and no discount or allowance was booked at year-end.

NOTE 4. Trusts Receivable

The trusts receivable consist of a charitable lead annuity trust receivable over seventeen and eighteen years, and bequests that are receivable within one year. The charitable lead annuity trust has been discounted to present value. Trusts receivable as of December 31, 2017 and 2016 was \$2,687,187 and \$2,904,703, 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 were 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, 2017 and 2016.

Certificates of Deposit: Valued at cost, which approximates fair value.

Mutual Funds and Government Bonds: Level 1 investment accounts are recorded at fair value based on current quoted market prices from actively traded markets. Level 2 and Level 3 investments in hedge funds and equity securities, for which quoted market prices are not available, are determined by management with the assistance of third-party investment managers using methods it considers appropriate.

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 to Asset Stewardship Foundation, reduced by management's estimate of the present value of future payments to other beneficiaries.

Equity Investment: Investment is stated at cost, which approximates fair value as determined by management.

Funds Held for the Benefit of Other Organizations: The liability is recorded at management's estimate of the present value of future payments to beneficiaries.

NOTE 5. (Continued)

The following table sets forth by level, within the fair value hierarchy, the Community Foundation's assets and liabilities at fair value as of December 31, 2017 and 2016:

	<u>2017</u>			
	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>	<i>Total</i>
ASSETS				
Mutual Funds:				
Domestic Equity	\$ 36,138,713	\$ ---	\$ ---	\$ 36,138,713
International Equity	23,076,427	---	1,937,208	25,013,635
Global Fixed Assets	14,758,504	---	---	14,758,504
Real Assets	8,759,380	---	---	8,759,380
Diversifying Strategies	8,810,780	---	---	8,810,780
Private Equity	---	---	8,769,029	8,769,029
Other Mutual Funds	<u>24,588</u>	---	---	<u>24,588</u>
TOTAL INVESTMENTS	<u>91,568,392</u>	---	<u>10,706,237</u>	<u>102,274,629</u>
Trusts Receivable	---	---	2,687,187	2,687,187
Equity Investment	---	---	<u>750,000</u>	<u>750,000</u>
TOTAL ASSETS	<u>\$ 91,568,392</u>	<u>\$ ---</u>	<u>\$ 14,143,424</u>	<u>\$ 105,711,816</u>
LIABILITIES				
Funds held for the benefit of other organizations	\$ ---	\$ ---	\$ 9,932,168	\$ 9,932,168
TOTAL LIABILITIES	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 9,932,168</u>	<u>\$ 9,932,168</u>

NOTE 5. (Continued)

	2016			
	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Significant Other Observable Inputs (Level 2)</i>	<i>Significant Unobservable Inputs (Level 3)</i>	<i>Total</i>
ASSETS				
Certificates of Deposit	\$ 100,451	\$ ---	\$ ---	\$ 100,451
Mutual Funds:				
Domestic Equity	26,747,518	---	---	26,747,518
International Equity	16,388,926	---	4,924,881	21,313,807
Global Fixed Assets	12,278,551	---	---	12,278,551
Real Assets	6,742,922	---	---	6,742,922
Diversifying Strategies	6,569,129	---	---	6,569,129
Private Equity	---	---	7,549,725	7,549,725
TOTAL MUTUAL FUNDS	<u>68,727,046</u>	<u>---</u>	<u>12,474,606</u>	<u>81,201,652</u>
Government Bonds	49,844	---	---	49,844
Other	30,787	---	---	30,787
TOTAL INVESTMENTS	<u>68,908,128</u>	<u>---</u>	<u>12,474,606</u>	<u>81,382,734</u>
Trusts Receivable	---	---	2,904,703	2,904,703
Equity Investment	---	---	750,000	750,000
TOTAL ASSETS	<u>\$ 68,908,128</u>	<u>\$ ---</u>	<u>\$ 16,129,309</u>	<u>\$ 85,037,437</u>
LIABILITIES				
Funds held for the benefit of other organizations	\$ ---	\$ ---	\$ 7,938,342	\$ 7,938,342
TOTAL LIABILITIES	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 7,938,342</u>	<u>\$ 7,938,342</u>

For the years ended December 31, 2017 and 2016, the changes in assets and liabilities classified as Level 3 are as follows:

	<u>Assets</u>	<u>Liabilities</u>
Balance, January 1, 2016	\$ 23,056,011	\$ 7,423,017
Unrealized gain on investments	282,573	231,485
Realized gain on investments	---	132,121
Purchases of investments	7,114,504	599,967
Sales of investments	(14,450,540)	---
Interest and dividends	126,761	152,952
Investment expenses	---	(112,330)
Grant expenses	---	(488,870)
Balance, December 31, 2016	16,129,309	7,938,342
Unrealized gain on investments	298,525	858,099
Realized gain on investments	---	151,381
Purchases of investments	2,340,750	1,423,350
Sales of investments	(4,632,660)	---
Interest and dividends	7,500	176,859
Investment expenses	---	(107,577)
Grant expenses	---	(508,286)
Balance, December 31, 2017	<u>\$ 14,143,424</u>	<u>\$ 9,932,168</u>

NOTE 5. (Continued)

The following sets forth additional disclosures for the investments valued at Level 3 as of December 31, 2017 and 2016:

<u>Asset Class</u>	<u>At December 31, 2017</u>		<u>At December 31, 2016</u>		<u>Notes</u>
	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>	
Alternative Investment Funds:					
Strategy - Focused Hedge Fund of Funds	\$ 1,937,208	\$ ---	\$ 4,924,881	\$ ---	a.
Private Equity - Fund of Funds	8,769,029	2,409,000	7,549,725	3,849,000	b.

Notes:

- a. Strategy - Focused Hedge Fund of Funds - Strategy is to generate returns in excess of traditional, long-term only indices while realizing one-half of their volatility. Redemptions are annual, subsequent to satisfying a 3 year lockup and 95 days written notice.
- b. Private Equity Fund of Funds – Includes investments in a partnership that makes indirect investments in three key segments: global private equity, special situations, and real assets. The objective is to invest in a diversified pool of underlying investment funds among the key segments from established investment organizations to exploit the opportunities available from investing in their requisite market segments. No withdrawals may be made prior to the dissolution and winding up of the partnership.

NOTE 6. Property and Equipment, Net

Property and equipment consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,145,000	\$ 1,145,000
Buildings and improvements	1,312,013	1,181,747
Equipment	44,411	44,411
Furniture and fixtures	495,823	504,783
Work-in-progress	---	48,017
TOTAL COST	<u>2,997,247</u>	<u>2,923,958</u>
Less accumulated depreciation	<u>(1,150,295)</u>	<u>(1,117,764)</u>
TOTAL PROPERTY AND EQUIPMENT, NET	<u>\$ 1,846,952</u>	<u>\$ 1,806,194</u>

NOTE 7. Land Use

In January 2014, Weyerhaeuser NR Company and the Pacific Bonsai Museum entered into a lease agreement for the use of land where the Pacific Bonsai 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. During 2016, the campus and land were bought by an outside investor, CPIF Lending, LLC. They adopted the existing lease with the Pacific Bonsai Museum and there were no changes to the lease.

In accordance with FASB ASC 958, *Not-for-Profit Entities*, the lease meets the criteria for being treated as a temporarily restricted contribution. In 2014 the Community Foundation recorded a temporarily restricted 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 \$97,734 and \$77,893 at December 31, 2017 and 2016, respectively. The balance of the land use was \$1,608,453 and \$1,791,293 at December 31, 2017 and 2016, respectively.

NOTE 8. Deferred Revenue

Included in deferred revenue at December 31, 2017 is \$770,600 relating to the Wallace Foundation grant which will be recognized over the next eight months. The Wallace Foundation selected Tacoma as one of six cities nationwide to participate in their 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. As part of this grant, the Community Foundation has been designated as providing sub-grants to other entities. Included in accounts payable at December 31, 2017 is \$395,710 in sub-grants for PSELI. Deferred revenue as of December 31, 2017 and 2016 was \$1,019,743 and \$383,989, respectively.

NOTE 9. Line of Credit

The Friends of Lakewold has a revolving line-of-credit agreement with a bank in the amount of \$150,000 maturing September 2018. The interest rate is based on the Columbia Bank Base Rate plus 3.50 percent that is no lower than 4.5 percent, and is unsecured. The Columbia Bank Base Rate at December 31, 2017 and 2016 were 4.5 and 3.75 percent, respectively. The outstanding balance on the line of credit at December 31, 2017 and 2016, was \$68,907 and \$11,745, respectively.

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, 2017 and 2016, 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.

NOTE 11. Employee Benefits

The Community Foundation sponsors a 401(k) profit sharing plan covering all eligible employees. The Community Foundation, at the discretion of the Board of Directors, may contribute matching, profit sharing and/or qualified nonelective contributions. For 2017 and 2016, contributions by the Community Foundation totaled \$111,101 and \$92,578, 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 Organization. No contributions were made by the Organization for the years ended December 31, 2017 and 2016.

The Pacific Bonsai Museum sponsors a Savings Incentive Match Plan for Employee (Simple IRA) covering all eligible employees. The Organization, at the discretion of the Board of Directors, may contribute matching up to 3 percent of compensation. For 2017 and 2016, contributions by the Organization totaled \$8,409 and \$8,019, respectively.

NOTE 12. Leases

The Community Foundation leases office facilities from Rust Building - Tacoma L.L.C. In April 2018 the Community Foundation executed a lease amendment, extending the lease term from May 2018 to May 2021. Monthly lease payments over the extended term vary from \$6,870 per month at the beginning of the initial lease term to \$11,206 per month when the extended lease expires. The Community Foundation is also responsible for taxes, assessments, normal maintenance and insurance.

NOTE 12. (Continued)

Future minimum lease payments under operating leases are as follows:

2018	\$	109,161
2019		128,975
2020		132,842
2021		<u>56,030</u>
TOTAL	\$	<u>427,008</u>

Rent expense for the years ended December 31, 2017 and 2016, was \$91,007 and \$93,561, respectively.

NOTE 13. Restrictions on Net Assets

Temporarily restricted net assets consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Contributions receivable	\$ 177,274	\$ 1,976,446
Trusts receivable	1,258,000	1,258,000
Bequest receivable	---	147,500
Split interest agreements	2,046,794	2,077,918
Use of land	1,608,453	1,791,293
Other	<u>892,811</u>	<u>85,100</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 5,983,332</u>	<u>\$ 7,336,257</u>

Permanently restricted net assets totaling \$3,923,215 at December 31, 2017 and 2016 are comprised of two endowment funds related to the Friends of Lakewold. The agency endowment fund corpus of \$1,879,527 was established by the Friends of Lakewold using its own fund for its own benefit and included as net assets of the Friends of Lakewold. The other endowment fund corpus of \$2,043,688 is included in net assets of the Community Foundation.

NOTE 14. Release of Net Assets

Net assets were released from donor restrictions as follows by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors:

	<u>2017</u>	<u>2016</u>
Purpose or time restrictions accomplished:		
Time restriction expired	\$ 2,314,638	\$ 1,174,116
Other	<u>12,303</u>	<u>108,544</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 2,326,941</u>	<u>\$ 1,282,660</u>

NOTE 15. Endowments

The Community Foundation's endowments consist of approximately 300 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 permanently restricted. The remaining net endowment assets are unrestricted subject to the Community Foundation's variance power as discussed below.

NOTE 15. (Continued)

Interpretation of Relevant Law:

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted by Washington State as of July 2009. UPMIFA eliminates the historic dollar value threshold, an amount below which an organization cannot spend from the fund, and establishes a set of prudent management and investment standards for boards to follow when managing endowment funds. Under UPMIFA, the Community Foundation may spend as much of an endowment fund as it considers prudent, regardless of whether the fund is below its historic dollar value. The donor's intent that the fund be perpetual in nature must still be considered and the fund managed accordingly. Under the terms of the *Articles of Incorporation* and *Bylaws*, the Board of Directors has variance power which is the ability to distribute the property held by the organization, other than property held by the organization as a trustee, in the manner that best serves the charitable, social, civic, educational and scientific needs of the people of the greater Tacoma area. The Board of Directors has the authority in carrying out such duty to override specific bequests, conditions and directives of donors if, but only if, circumstances have changed in such a way as is determined to render execution of any bequest, condition or directive obsolete, inappropriate or impracticable.

As of December 31, 2017, endowment net assets consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Assets</u>
Supporting organization endowment funds	\$ 361,723	\$ ---	\$ 3,923,215	\$ 4,284,938
Other endowment funds:				
Community grant making	12,886,202	---	---	12,886,202
Designated	30,224,482	---	---	30,224,482
Advised	9,062,404	---	---	9,062,404
Field of interest	15,171,244	---	---	15,171,244
Scholarships	<u>7,173,334</u>	<u>---</u>	<u>---</u>	<u>7,173,334</u>
TOTAL ENDOWMENT FUNDS	<u>\$ 74,879,389</u>	<u>\$ ---</u>	<u>\$ 3,923,215</u>	<u>\$ 78,802,604</u>

As of December 31, 2016, endowment net assets consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Assets</u>
Supporting organization endowment funds	\$ 169,300	\$ ---	\$ 3,923,215	\$ 4,092,515
Other endowment funds:				
Community grant making	11,894,575	---	---	11,894,575
Designated	26,024,817	---	---	26,024,817
Advised	7,677,091	---	---	7,677,091
Field of interest	13,936,988	---	---	13,936,988
Scholarships	<u>6,391,244</u>	<u>---</u>	<u>---</u>	<u>6,391,244</u>
TOTAL ENDOWMENT FUNDS	<u>\$ 66,094,015</u>	<u>\$ ---</u>	<u>\$ 3,923,215</u>	<u>\$ 70,017,230</u>

NOTE 15. (Continued)

Changes in Endowment Net Assets for the years ended December 31, 2017 and 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Assets</u>
Endowment net assets as of January 1, 2016	\$ 62,714,567	\$ ---	\$ 3,916,715	\$66,631,282
Income received on investments	1,320,365	---	---	1,320,365
Gain on investments	3,305,738	---	---	3,305,738
Contributions	1,943,223	---	6,500	1,949,723
Amounts appropriated for expenditure	(2,039,598)	---	---	(2,039,598)
Net transfers	(1,150,280)	---	---	(1,150,280)
Change in endowment net assets	<u>3,379,448</u>	<u>---</u>	<u>6,500</u>	<u>3,385,948</u>
Endowment net assets as of December 31, 2016	<u>66,094,015</u>	<u>---</u>	<u>3,923,215</u>	<u>70,017,230</u>
Income received on investments	1,477,253	---	---	1,477,253
Gain on investments	8,860,658	---	---	8,860,658
Contributions	931,748	---	---	931,748
Amounts appropriated for expenditure	(2,542,322)	---	---	(2,542,322)
Net transfers	58,037	---	---	58,037
Change in endowment net assets	<u>8,785,374</u>	<u>---</u>	<u>---</u>	<u>8,785,374</u>
Endowment net assets as of December 31, 2017	<u>\$ 74,879,389</u>	<u>\$ ---</u>	<u>\$ 3,923,215</u>	<u>\$78,802,604</u>

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 objective 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 of fund holders. 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 grantmaking from the Community Foundation's various endowed funds. The current spending policy is to distribute an amount equal to 4.3 percent of the sixteen-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 percent of the sixteen-quarter rolling average market value.

NOTE 15. (Continued)

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 percent 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 return.

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 \$3,542,376 and \$3,597,842 at December 31, 2017 and 2016, 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 \$483,670 and \$554,746 at December 31, 2017 and 2016, 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

SUPPLEMENTAL SCHEDULE
December 31, 2017

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

	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	\$ 6,333,826	\$ 1,135	\$ 100,125	\$ 106,849	\$ 6,541,935	\$ ---	\$ 6,541,935
Contributions receivable	750,000	---	14,825	29,000	793,825	---	793,825
Trusts receivable	1,429,187	1,258,000	---	---	2,687,187	---	2,687,187
Other	310,037	---	44,767	8,650	363,454	---	363,454
Investments	102,274,629	---	---	---	102,274,629	---	102,274,629
Mission related investments	1,500,000	---	---	---	1,500,000	---	1,500,000
Property and equipment, net	38,052	---	1,585,403	223,497	1,846,952	---	1,846,952
Land use	---	---	---	1,608,453	1,608,453	---	1,608,453
Collections	---	---	---	493,975	493,975	---	493,975
Funds held by others for organization's benefit	---	---	2,241,251	---	2,241,251	(2,241,251)	---
TOTAL ASSETS	\$ 112,635,731	\$ 1,259,135	\$ 3,986,371	\$ 2,470,424	\$ 120,351,661	\$ (2,241,251)	\$ 118,110,410
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable and other liabilities	\$ 601,538	\$ ---	\$ 52,737	\$ 49,599	\$ 703,874	\$ ---	\$ 703,874
Grants payable	395,469	---	---	---	395,469	---	395,469
Deferred revenue	1,019,743	---	---	---	1,019,743	---	1,019,743
Line of credit	---	---	68,907	---	68,907	---	68,907
Split-interest agreements payable	1,015,509	---	---	---	1,015,509	---	1,015,509
Funds held for the benefit of other organizations	12,173,419	---	---	---	12,173,419	(2,241,251)	9,932,168
TOTAL LIABILITIES	15,205,678	---	121,644	49,599	15,376,921	(2,241,251)	13,135,670
Net Assets:							
Unrestricted	92,476,259	1,135	1,807,926	782,873	95,068,193	---	95,068,193
Temporarily restricted	2,910,106	1,258,000	177,274	1,637,952	5,983,332	---	5,983,332
Permanently restricted	2,043,688	---	1,879,527	---	3,923,215	---	3,923,215
TOTAL NET ASSETS	97,430,053	1,259,135	3,864,727	2,420,825	104,974,740	---	104,974,740
TOTAL LIABILITIES AND NET ASSETS	\$ 112,635,731	\$ 1,259,135	\$ 3,986,371	\$ 2,470,424	\$ 120,351,661	\$ (2,241,251)	\$ 118,110,410

See Independent Auditor's Report.

GREATER TACOMA COMMUNITY FOUNDATION

SUPPLEMENTAL SCHEDULE
December 31, 2016

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

	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	\$ 14,169,480	\$ 1,199	\$ 184,076	\$ 70,159	\$ 14,424,914	\$ ---	\$ 14,424,914
Contributions receivable	1,786,869	---	24,447	---	1,811,316	---	1,811,316
Trusts receivable	1,646,703	1,258,000	---	---	2,904,703	---	2,904,703
Other	270,885	---	43,053	7,089	321,027	---	321,027
Investments	81,370,244	---	12,490	---	81,382,734	---	81,382,734
Mission related investment	1,500,000	---	---	---	1,500,000	---	1,500,000
Property and equipment, net	38,671	---	1,539,444	228,079	1,806,194	---	1,806,194
Land	---	---	---	1,791,293	1,791,293	---	1,791,293
Collections	---	---	---	491,300	491,300	---	491,300
Funds held by others for organization's benefit	---	---	2,048,827	---	2,048,827	(2,048,827)	---
TOTAL ASSETS	\$ 100,782,852	\$ 1,259,199	\$ 3,852,337	\$ 2,587,920	\$ 108,482,308	\$ (2,048,827)	\$ 106,433,481
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable and other liabilities	\$ 139,782	\$ ---	\$ 73,857	\$ 42,266	\$ 255,905	\$ ---	\$ 255,905
Grants payable	259,020	---	---	---	259,020	---	259,020
Deferred revenue	383,989	---	---	---	383,989	---	383,989
Line of credit	---	---	11,745	---	11,745	---	11,745
Split-interest agreements payable	1,069,052	---	---	---	1,069,052	---	1,069,052
Funds held for the benefit of other organizations	9,987,169	---	---	---	9,987,169	(2,048,827)	7,938,342
TOTAL LIABILITIES	11,839,012	---	85,602	42,266	11,966,880	(2,048,827)	9,918,053
Net Assets:							
Unrestricted	82,802,764	1,199	1,697,631	754,362	85,255,956	---	85,255,956
Temporarily restricted	4,097,388	1,258,000	189,577	1,791,292	7,336,257	---	7,336,257
Permanently restricted	2,043,688	---	1,879,527	---	3,923,215	---	3,923,215
TOTAL NET ASSETS	88,943,840	1,259,199	3,766,735	2,545,654	96,515,428	---	96,515,428
TOTAL LIABILITIES AND NET ASSETS	\$ 100,782,852	\$ 1,259,199	\$ 3,852,337	\$ 2,587,920	\$ 108,482,308	\$ (2,048,827)	\$ 106,433,481

See Independent Auditor's Report.

GREATER TACOMA COMMUNITY FOUNDATION

SUPPLEMENTAL SCHEDULE
For the year ended December 31, 2017

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS

	Greater Tacoma Community Foundation				The Asset Stewardship Foundation			The Friends of Lakewold				Pacific Bonsai Museum				Eliminating Entries	Consolidated Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total	Total			
REVENUE AND SUPPORT																		
Contributions and Agency Funds:																		
Advised	\$ 1,731,504	\$ ---	\$ ---	\$ 1,731,504	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 1,731,504	\$ ---	\$ 1,731,504	
Designated	167,761	---	---	167,761	---	---	---	---	---	---	---	---	---	---	167,761	---	167,761	
Field of interest	1,244,443	---	---	1,244,443	---	---	---	---	---	---	---	---	---	---	1,244,443	---	1,244,443	
Scholarships	243,783	---	---	243,783	---	---	---	---	---	---	---	---	---	---	243,783	---	243,783	
Community grantmaking	36,089	---	---	36,089	---	---	---	---	---	---	---	---	---	---	36,089	---	36,089	
Administrative fund	125,624	750,000	---	875,624	---	---	---	---	---	---	---	---	---	---	875,624	---	875,624	
Supporting organizations	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	
Agency funds	1,430,280	---	---	1,430,280	---	---	---	282,399	---	---	---	282,399	688,978	128,234	1,099,611	(758,600)	341,011	
	4,979,484	750,000	---	5,729,484	---	---	---	282,399	---	---	---	282,399	688,978	128,234	6,629,095	(758,600)	6,070,495	
Less agency funds	1,430,280	---	---	1,430,280	---	---	---	---	---	---	---	---	---	---	1,430,280	---	1,430,280	
TOTAL CONTRIBUTIONS	3,549,204	750,000	---	4,299,204	---	---	---	282,399	---	---	---	282,399	688,978	128,234	5,398,815	(758,600)	4,640,215	
Income received on investments	1,735,862	8,171	---	1,744,033	---	---	---	42,551	---	---	---	42,551	---	---	1,786,584	---	1,786,584	
Gain on investments	10,125,752	---	---	10,125,752	---	---	---	255,727	---	---	---	255,727	---	---	10,381,479	---	10,381,479	
Grant revenue	854,530	---	---	854,530	---	---	---	---	---	---	---	---	---	---	854,530	---	854,530	
Other income	128,582	---	---	128,582	---	---	---	113,952	---	---	---	113,952	7,789	---	250,323	---	250,323	
Change in value of split-interest agreements	10,903	87,611	---	98,514	---	---	---	---	---	---	---	---	---	---	98,514	---	98,514	
Net assets released from restrictions	2,033,064	(2,033,064)	---	---	---	---	---	12,303	(12,303)	---	---	---	---	---	---	---	---	
TOTAL REVENUE AND SUPP	18,437,897	(1,187,282)	---	17,250,615	---	---	---	706,932	(12,303)	---	---	694,629	978,341	(153,340)	18,770,245	(758,600)	18,011,645	
EXPENSES																		
Program Services:																		
Grants:																		
Advised	1,596,947	---	---	1,596,947	---	---	---	---	---	---	---	---	---	---	1,596,947	---	1,596,947	
Designated	1,383,297	---	---	1,383,297	---	---	---	---	---	---	---	---	---	---	1,383,297	(634,400)	748,897	
Field of interest	1,964,691	---	---	1,964,691	---	---	---	---	---	---	---	---	---	---	1,964,691	(124,200)	1,840,491	
Scholarships	393,058	---	---	393,058	---	---	---	---	---	---	---	---	---	---	393,058	---	393,058	
Community grantmaking	663,785	---	---	663,785	---	---	---	---	---	---	---	---	---	---	663,785	---	663,785	
Administrative fund	6,500	---	---	6,500	---	---	---	---	---	---	---	---	---	---	6,500	---	6,500	
Agency funds	551,313	---	---	551,313	---	---	---	---	---	---	---	---	---	---	551,313	---	551,313	
	6,559,591	---	---	6,559,591	---	---	---	---	---	---	---	---	---	---	6,559,591	(758,600)	5,800,991	
Less agency funds	551,313	---	---	551,313	---	---	---	---	---	---	---	---	---	---	551,313	---	551,313	
TOTAL GRANTS	6,008,278	---	---	6,008,278	---	---	---	---	---	---	---	---	---	---	6,008,278	(758,600)	5,249,678	
Other program service expenses	902,752	---	---	902,752	---	---	---	414,815	---	---	---	414,815	731,978	---	731,978	2,049,545	2,049,545	
TOTAL PROGRAM SERVICES	6,911,030	---	---	6,911,030	---	---	---	414,815	---	---	---	414,815	731,978	---	731,978	8,057,823	(758,600)	7,299,223
Fund management expenses	230,831	---	---	230,831	---	---	---	---	---	---	---	---	---	---	230,831	---	230,831	
Supporting service expenses	1,010,914	---	---	1,010,914	64	---	64	146,566	---	---	---	146,566	111,167	---	1,117,167	---	1,268,711	
Fundraising expenses	611,627	---	---	611,627	---	---	---	35,256	---	---	---	35,256	106,685	---	106,685	---	753,568	
TOTAL EXPENSES	8,764,402	---	---	8,764,402	64	---	64	596,637	---	---	---	596,637	949,830	---	949,830	10,310,933	(758,600)	9,552,333
CHANGE IN NET ASSETS	9,673,495	(1,187,282)	---	8,486,213	(64)	---	(64)	110,295	(12,303)	---	---	97,992	28,511	(153,340)	(124,829)	8,459,312	---	8,459,312
NET ASSETS, Beginning	82,802,764	4,097,388	2,043,688	88,943,840	1,199	1,258,000	1,259,199	1,697,631	189,577	1,879,527	3,766,735	754,362	1,791,292	2,545,654	96,515,428	---	96,515,428	
NET ASSETS, Ending	\$ 92,476,259	\$ 2,910,106	\$ 2,043,688	\$ 97,430,053	\$ 1,135	\$ 1,258,000	\$ 1,259,135	\$ 1,807,926	\$ 177,274	\$ 1,879,527	\$ 3,864,727	\$ 782,873	\$ 1,637,952	\$ 2,420,825	\$ 104,974,740	\$ ---	\$ 104,974,740	

GREATER TACOMA COMMUNITY FOUNDATION

SUPPLEMENTAL SCHEDULE
For the year ended December 31, 2016

CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS

	Greater Tacoma Community Foundation				The Asset Stewardship Foundation			The Friends of Lakewood				Pacific Bonsai Museum			Eliminating Entries	Consolidated Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Total			
REVENUE AND SUPPORT																	
Contributions and Agency Funds:																	
Advised	\$ 2,997,122	\$ ---	\$ ---	\$ 2,997,122	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 2,997,122	\$ ---	\$ 2,997,122
Designated	965,405	85,101	---	1,050,506	---	---	---	---	---	---	---	---	---	---	1,050,506	---	1,050,506
Field of interest	2,673,154	5,846	---	2,679,000	---	---	---	---	---	---	---	---	---	---	2,679,000	---	2,679,000
Scholarships	705,359	---	---	705,359	---	---	---	---	---	---	---	---	---	---	705,359	---	705,359
Community grantmaking	131,914	---	---	131,914	---	---	---	---	---	---	---	---	---	---	131,914	---	131,914
Charitable annuities and remainder trusts	64,511	---	---	64,511	---	---	---	---	---	---	---	---	---	---	64,511	---	64,511
Administrative fund	209,483	157,500	---	366,983	---	---	---	---	---	---	---	---	---	---	366,983	---	366,983
Supporting organizations	606,467	---	---	606,467	---	1,258,000	1,258,000	281,006	---	6,500	287,506	678,876	77,893	756,769	2,302,275	(709,700)	1,592,575
Agency funds	8,353,415	248,447	---	8,601,862	---	1,258,000	1,258,000	281,006	---	6,500	287,506	678,876	77,893	756,769	10,904,137	(709,700)	10,194,437
Less agency funds	606,467	---	---	606,467	---	---	---	---	---	---	---	---	---	---	606,467	---	606,467
TOTAL CONTRIBUTIONS	7,746,948	248,447	---	7,995,395	---	1,258,000	1,258,000	281,006	---	6,500	287,506	678,876	77,893	756,769	10,297,670	(709,700)	9,587,970
Income received on investments	1,458,316	---	---	1,458,316	---	---	---	39,308	---	---	39,308	---	---	---	1,497,624	---	1,497,624
Gain on investments	3,715,683	---	---	3,715,683	---	---	---	96,690	---	---	96,690	---	---	---	3,812,373	---	3,812,373
Grant revenue	125,000	---	---	125,000	---	---	---	---	---	---	---	---	---	---	125,000	---	125,000
Other income	56,256	---	---	56,256	---	---	---	152,398	---	---	152,398	8,301	---	8,301	216,955	---	216,955
Change in value of split-interest agreements	---	112,709	---	112,709	---	---	---	---	---	---	---	---	---	---	112,709	---	112,709
Net assets released from restrictions	899,042	(899,042)	---	---	---	---	---	108,544	(108,544)	---	---	275,074	(275,074)	---	---	---	---
TOTAL REVENUE AND SUPPOI	14,001,245	(537,886)	---	13,463,359	---	1,258,000	1,258,000	677,946	(108,544)	6,500	575,902	962,251	(197,181)	765,070	16,062,331	(709,700)	15,352,631
EXPENSES																	
Program Services:																	
Grants:																	
Advised	1,427,520	---	---	1,427,520	---	---	---	---	---	---	---	---	---	---	1,427,520	---	1,427,520
Designated	1,589,291	---	---	1,589,291	---	---	---	---	---	---	---	---	---	---	1,589,291	(529,700)	1,059,591
Field of interest	3,556,730	---	---	3,556,730	---	---	---	---	---	---	---	---	---	---	3,556,730	(180,000)	3,376,730
Scholarships	321,419	---	---	321,419	---	---	---	---	---	---	---	---	---	---	321,419	---	321,419
Community grantmaking	600,949	---	---	600,949	---	---	---	---	---	---	---	---	---	---	600,949	---	600,949
Agency funds	561,911	---	---	561,911	---	---	---	---	---	---	---	---	---	---	561,911	---	561,911
Less agency funds	8,057,820	---	---	8,057,820	---	---	---	---	---	---	---	---	---	---	8,057,820	(709,700)	7,348,120
TOTAL GRANTS	561,911	---	---	561,911	---	---	---	---	---	---	---	---	---	---	561,911	---	561,911
Other program service expenses	7,495,909	---	---	7,495,909	---	---	---	---	---	---	---	---	---	---	7,495,909	(709,700)	6,786,209
TOTAL PROGRAM SERVICES	1,404,688	---	---	1,404,688	---	---	---	383,060	---	---	383,060	611,557	---	611,557	2,399,305	---	2,399,305
Fund management expenses	8,900,597	---	---	8,900,597	---	---	---	383,060	---	---	383,060	611,557	---	611,557	9,895,214	(709,700)	9,185,514
Supporting service expenses	339,161	---	---	339,161	---	---	---	---	---	---	---	---	---	---	339,161	---	339,161
Fundraising expenses	1,023,290	---	---	1,023,290	10	---	10	137,464	---	---	137,464	198,277	---	198,277	1,359,041	---	1,359,041
TOTAL EXPENSES	556,221	---	---	556,221	---	---	---	36,720	---	---	36,720	117,978	---	117,978	710,919	---	710,919
CHANGE IN NET ASSETS	10,819,269	---	---	10,819,269	10	---	10	557,244	---	---	557,244	927,812	---	927,812	12,304,335	(709,700)	11,594,635
NET ASSETS, Beginning	3,181,976	(537,886)	---	2,644,090	(10)	1,258,000	1,257,990	120,702	(108,544)	6,500	18,658	34,439	(197,181)	(162,742)	3,757,996	---	3,757,996
NET ASSETS, Ending	79,620,788	4,635,274	2,043,688	86,299,750	1,209	---	1,209	1,576,929	298,121	1,873,027	3,748,077	719,923	1,988,473	2,708,396	92,757,432	---	92,757,432
NET ASSETS, Ending	\$ 82,802,764	\$ 4,097,388	\$ 2,043,688	\$ 88,943,840	\$ 1,199	\$ 1,258,000	\$ 1,259,199	\$ 1,697,631	\$ 189,577	\$ 1,879,527	\$ 3,766,735	\$ 754,362	\$ 1,791,292	\$ 2,545,654	\$ 96,515,428	\$ ---	\$ 96,515,428