

GREATER TACOMA COMMUNITY FOUNDATION

Consolidated Financial Statements

For the Years Ended December 31, 2020 and 2019

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Independent Auditor's Report

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

Report on the Consolidated Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

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

Other Matter

The financial statements of the Community Foundation for the year ended December 31, 2019 were audited by other auditors, who expressed an unmodified opinion on those financial statements on July 2, 2020.

Clark Nuber P.C.

Certified Public Accountants
June 28, 2021

GREATER TACOMA COMMUNITY FOUNDATION

Consolidated Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 9,285,078	\$ 7,579,683
Contributions and grants receivable (Note 3)	4,010,964	6,418,140
Trusts receivable (Note 4)	4,821,285	1,919,858
Other assets	285,857	102,485
Investments (Note 5)	130,045,914	114,868,308
Mission-related investments (Note 1)	1,254,148	1,535,402
Property and equipment, net (Note 6)	2,006,028	2,057,299
Land use (Note 7)	1,135,921	1,281,699
Collections (Note 1)	570,575	525,075
Total Assets	\$ 153,415,770	\$ 136,287,949
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other liabilities	\$ 354,794	\$ 308,904
Grants payable	105,350	147,727
Deferred revenue (Note 1)	932,791	1,368,662
Split-interest agreements payable (Note 15)	973,987	979,328
Funds held for the benefit of other organizations	12,984,304	12,393,486
Forgivable loans payable (Note 16)	115,800	
Note payable (Note 16)	149,900	
Total Liabilities	15,616,926	15,198,107
Net Assets:		
Without donor restrictions (Note 12)	123,823,556	109,675,696
With donor restrictions (Note 12)	13,975,288	11,414,146
Total Net Assets	137,798,844	121,089,842
Total Liabilities and Net Assets	\$ 153,415,770	\$ 136,287,949

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2020 and 2019**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	Without Donor Restrictions	With Donor Restrictions	2019 Total
Revenue and Support:						
Contributions and agency funds-						
Advised	\$ 5,830,919	\$ -	\$ 5,830,919	\$ 3,775,154	\$ 27,155	\$ 3,802,309
Designated	1,486,797	2,928,923	4,415,720	1,450,055	4,137,920	5,587,975
Field of interest				480		480
Scholarships	261,677		261,677	245,679		245,679
Community grantmaking	36,000		36,000	20,681	28,075	48,756
Initiatives	5,643,147		5,643,147	2,570		2,570
Administrative fund	56,743		56,743	74,953		74,953
Supporting organizations	775,562	117,109	892,671	616,194	257,514	873,708
Agency funds	301,741		301,741	661,293		661,293
	14,392,586	3,046,032	17,438,618	6,847,059	4,450,664	11,297,723
Less agency funds	(301,741)		(301,741)	(661,293)		(661,293)
Total contributions	14,090,845	3,046,032	17,136,877	6,185,766	4,450,664	10,636,430
Net investment income	13,011,943	493,644	13,505,587	15,730,805		15,730,805
Grant revenue	4,962,469	750,000	5,712,469	3,486,924		3,486,924
Other income	199,790	16,063	215,853	557,768		557,768
Change in value of split-interest agreements	(37,056)	345,397	308,341	18,647	82,277	100,924
Net assets released from restrictions	2,089,994	(2,089,994)		2,306,496	(2,306,496)	
Total Revenue and Support	34,317,985	2,561,142	36,879,127	28,286,406	2,226,445	30,512,851
Expenses:						
Program services-						
Grants:						
Advised	2,323,792		2,323,792	1,892,108		1,892,108
Designated	2,226,174		2,226,174	1,112,955		1,112,955
Field of interest	9,633,288		9,633,288	3,273,433		3,273,433
Scholarships	207,151		207,151	349,719		349,719
Community grantmaking	281,899		281,899	108,150		108,150
Agency funds	445,504		445,504	544,494		544,494
	15,117,808		15,117,808	7,280,859		7,280,859
Less agency funds	(445,504)		(445,504)	(544,494)		(544,494)
Total grants	14,672,304		14,672,304	6,736,365		6,736,365
Other program service expenses	3,004,592		3,004,592	2,691,726		2,691,726
Total program services	17,676,896		17,676,896	9,428,091		9,428,091
Management and general	1,793,219		1,793,219	1,792,424		1,792,424
Fundraising	700,010		700,010	603,883		603,883
Total supporting services	2,493,229		2,493,229	2,396,307		2,396,307
Total Expenses	20,170,125		20,170,125	11,824,398		11,824,398
Total Change in Net Assets	14,147,860	2,561,142	16,709,002	16,462,008	2,226,445	18,688,453
Net assets, beginning of year	109,675,696	11,414,146	121,089,842	93,213,688	9,187,701	102,401,389
Net Assets, End of Year	\$ 123,823,556	\$ 13,975,288	\$ 137,798,844	\$ 109,675,696	\$ 11,414,146	\$ 121,089,842

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2020 and 2019**

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,250,636	\$ 1,108,485	\$ 336,159	\$ 2,695,280	\$ 1,061,064	\$ 1,040,257	\$ 300,751	\$ 2,402,072
Employee benefits	193,803	179,084	55,426	428,313	189,743	157,566	53,262	400,571
Payroll taxes	107,309	91,490	26,678	225,477	105,998	69,573	24,255	199,826
Total salary expense	1,551,748	1,379,059	418,263	3,349,070	1,356,805	1,267,396	378,268	3,002,469
Grants	14,672,304			14,672,304	6,736,365			6,736,365
Professional fees	519,250	94,322	35,496	649,068	470,104	169,882	42,156	682,142
Occupancy	135,842	92,768	29,856	258,466	97,050	120,683	30,011	247,744
Conferences and conventions	105,186	13,016	14,335	132,537	153,754	31,765	32,647	218,166
Supplies	61,713	39,060	17,824	118,597	61,657	36,550	16,069	114,276
Equipment and maintenance	57,912	8,285	82,677	148,874	63,689	9,912	3,165	76,766
Local transportation and travel	277	639	14	930	7,436	3,790	1,514	12,740
Computer and website	35,974	35,452	24,538	95,964	29,948	31,040	24,181	85,169
Miscellaneous	79,784	60,055	17,757	157,596	39,282	22,484	15,924	77,690
Publicity and promotion	159,512	614		160,126	116,029	2,906	1,076	120,011
Telephone and postage	7,132	7,656	3,258	18,046	38,639	12,890	6,787	58,316
Interest expense		590		590		1,804		1,804
Total expenses before depreciation, amortization and land lease	17,386,634	1,731,516	644,018	19,762,168	9,170,758	1,711,102	551,798	11,433,658
Depreciation and amortization	79,332	20,335	10,542	110,209	71,525	18,796	8,509	98,830
Land lease	210,930	41,368	45,450	297,748	185,808	62,526	43,576	291,910
Total Expenses	\$ 17,676,896	\$ 1,793,219	\$ 700,010	\$ 20,170,125	\$ 9,428,091	\$ 1,792,424	\$ 603,883	\$ 11,824,398

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Cash received from revenue and support	\$ 16,651,506	\$ 11,218,902
Cash paid to grantees, employees and suppliers	(19,351,209)	(10,658,503)
Interest and dividends received	2,994,358	2,156,712
Proceeds from sales of donated investments	<u>5,750,401</u>	<u>1,240,676</u>
Net Cash Provided by Operating Activities	6,045,056	3,957,787
Cash Flows From Investing Activities:		
Purchase of investments	(14,139,562)	(13,199,492)
Proceeds from sale of investments	9,754,439	6,212,050
Purchases of property and equipment	(58,938)	(254,120)
Net additions to collections	(45,500)	(21,000)
Proceeds from land held for sale		<u>1,520,000</u>
Net Cash Used in Investing Activities	(4,489,561)	(5,742,562)
Cash Flows From Financing Activities:		
Proceeds from note payable	149,900	
Net decrease in line of credit		<u>(68,231)</u>
Net Cash Provided by (Used in) Financing Activities	149,900	(68,231)
Net Increase (Decrease) in Cash and Cash Equivalents	1,705,395	(1,853,006)
Cash and cash equivalents, beginning of year	<u>7,579,683</u>	<u>9,432,689</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,285,078</u>	<u>\$ 7,579,683</u>

See accompanying notes.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

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

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

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

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.

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).

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019**

Note 1 - Continued

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. One loan matured and a new loan was made in 2020. Interest of 3% is recognized over the term of the loan through 2027 and is paid quarterly. The Community Foundation’s equity investments are used to create community investment pools to make small business loans and to develop business and affordable housing in Pierce County. Management has reviewed the collectibility of the note receivable and equity investments and has determined an allowance for impairment is not needed as of December 31, 2020 and 2019. Mission-related investments are reported at fair value (Note 5).

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. Contributed buildings, equipment and land are recorded at fair value on the date received.

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

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

Depreciation expense for the years ended December 31, 2020 and 2019 was \$110,209 and \$98,830, respectively.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 1 - Continued

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

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

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

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

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

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

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

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

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 1 - Continued

For the years ended December 31, 2020 and 2019, total revenue from contracts with customers was \$3,150,512 and \$2,656,873, respectively, and included revenue from exchange-type grants and administrative fees on agency funds. Receivables associated with revenue from contracts with customers were \$0 and \$1,603,720 at December 31, 2020 and 2019, respectively. Deferred revenue associated with contracts with customers was \$932,791 and \$1,268,662 at December 31, 2020 and 2019, respectively. The deferred revenue balances related to the Wallace Foundation grant which will be recognized over time as stipulated in the agreement. The Wallace Foundation selected Tacoma as one of six cities nationwide to participate in its Partnerships for Social and Emotional Learning Initiative (PSELI). This initiative, co-designed locally by Tacoma Public Schools, Greater Tacoma Community Foundation, and expanded learning communities, is testing how to provide aligned, equitable, high-quality social, emotional, and academic development to students in and out of school.

Donated Goods and Services - Many dedicated and talented individuals serve our community by collectively donating thousands of hours to 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 as defined by U.S. GAAP.

The value of donated goods and services such as professional services, advertising, and other services are recorded at fair value as the goods and services are rendered. Goods and services of \$84,428 and \$43,301 were recorded as contribution revenue and appropriate expense for the years ended December 31, 2020 and 2019, respectively.

Functional Allocation of Expenses - Salaries and related cost are allocated to supporting and program service functions based on time incurred by Community Foundation staff. All other program costs not specifically identified are allocated based on estimates made by management.

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 a 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, 2020 and 2019. The Community Foundation believes it has no uncertain tax positions.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 1 - Continued

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

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

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

Reclassifications - Certain balances in the 2019 consolidated financial statements have been reclassified to conform to the 2020 presentation. These reclassifications had no effect on total assets, liabilities, net assets, or change in net assets as previously reported.

Subsequent Events - The Community Foundation has evaluated subsequent events through June 28, 2021, the date on which the consolidated financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying consolidated financial statements, nor have any events occurred, the nature of which would require disclosure.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019**

Note 2 - Liquidity and Availability

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 9,285,078	\$ 7,579,683
Contributions and grants receivable	4,010,964	6,418,140
Trusts receivable	4,821,285	1,919,858
Other assets	285,857	102,485
Investments	<u>130,045,914</u>	<u>114,868,308</u>
Total financial assets	148,449,098	130,888,474
Less financial assets unavailable for general expenditures due to designations-		
Donor-restricted endowment funds	(4,408,819)	(3,923,215)
Board-designated reserve funds	(654,170)	(590,213)
Alternative investments	(11,035,069)	(9,609,797)
Funds held for benefit of other organizations	(12,984,304)	(12,393,486)
Prepaid expenses and inventory included in other assets	(243,402)	(38,787)
Contributions and grants receivable due in more than one year	(1,695,030)	(3,542,851)
Trusts receivable due in more than one year	(4,721,285)	(1,754,858)
Charitable Remainder Unitrust assets	(1,173,468)	(1,099,239)
Annuity reserve assets	<u>(1,060,708)</u>	<u>(998,436)</u>
Total Available Financial Assets, Net	<u>\$ 110,472,843</u>	<u>\$ 96,937,592</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.

Note 3 - Contributions and Grants Receivable

The Community Foundation has contributions receivable totaling \$3,260,964 and \$4,814,420 as of December 31, 2020 and 2019, respectively. The Community Foundation has grants receivable totaling \$750,000 and \$1,603,720 as of December 31, 2020 and 2019, respectively.

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 2,315,934	\$ 2,875,289
Receivable in one to five years	<u>1,695,030</u>	<u>3,542,851</u>
Total Contributions and Grants Receivable	<u>\$ 4,010,964</u>	<u>\$ 6,418,140</u>

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 4 - Trusts Receivable

Trusts receivable consist of a charitable lead annuity trust receivable over 20 years from the date of gift, and beneficial interests in several charitable remainder trusts. The charitable lead annuity trust has been discounted to present value. The charitable remainder trusts are held outside the Community Foundation and are recorded at net present value of the estimated future amount to be received. Trusts receivable as of December 31, 2020 and 2019 were \$4,821,285 and \$1,919,858, respectively, and no allowance for collectibility was recorded.

Note 5 - Fair Value Measurements

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

Following is a description of the valuation techniques used for assets and liabilities measured at fair value on a recurring basis. There have been no changes in the techniques used at December 31, 2020 and 2019.

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

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

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

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

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

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 5 - Continued

The following tables set forth by level, within the fair value hierarchy, the Community Foundation's assets and liabilities at fair value as of December 31, 2020 and 2019:

	Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds-				
Domestic equity	\$ 50,310,870	\$ -	\$ -	\$ 50,310,870
International equity	32,109,186			32,109,186
Global fixed assets	30,236,083			30,236,083
Real assets	6,220,106			6,220,106
Diversifying strategies	134,600			134,600
Total investments at fair value	119,010,845			119,010,845
Trusts receivable			4,821,285	4,821,285
Mission-related investments			1,254,148	1,254,148
Total Assets at Fair Value	\$ 119,010,845	\$ -	\$ 6,075,433	\$ 125,086,278
Funds held for the benefit of other organizations	\$ -	\$ -	\$ 12,984,304	\$ 12,984,304
Total Liabilities at Fair Value	\$ -	\$ -	\$ 12,984,304	\$ 12,984,304
	Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds-				
Domestic equity	\$ 43,092,306	\$ -	\$ -	\$ 43,092,306
International equity	26,132,250			26,132,250
Global fixed assets	20,957,054			20,957,054
Real assets	6,092,058			6,092,058
Diversifying strategies	8,984,843			8,984,843
Total investments at fair value	105,258,511			105,258,511
Trusts receivable			1,919,858	1,919,858
Mission-related investments			1,535,402	1,535,402
Total Assets at Fair Value	\$ 105,258,511	\$ -	\$ 3,455,260	\$ 108,713,771
Funds held for the benefit of other organizations	\$ -	\$ -	\$ 12,393,486	\$ 12,393,486
Total Liabilities at Fair Value	\$ -	\$ -	\$ 12,393,486	\$ 12,393,486

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019**

Note 5 - Continued

For the years ended December 31, 2020 and 2019, the changes in assets and liabilities classified as Level 3 are as follows:

	<u>Assets</u>	<u>Liabilities</u>
Balance, January 1, 2019	\$ 2,525,464	\$ 10,450,322
Investment return, net	56,168	1,735,165
Purchases and receipts	986,601	661,293
Sales and distributions	<u>(112,973)</u>	<u>(453,294)</u>
Balance, December 31, 2019	3,455,260	12,393,486
Investment return, net	311,936	1,358,243
Purchases and receipts	3,281,930	301,740
Sales and distributions	<u>(973,693)</u>	<u>(1,069,165)</u>
Balance, December 31, 2020	<u>\$ 6,075,433</u>	<u>\$ 12,984,304</u>

The following sets forth additional disclosures for the alternative investments valued at NAV as of December 31, 2020 and 2019:

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>
Private Equity - Fund of Funds	\$ 11,035,069	\$ 579,000	\$ 9,609,797	\$ 699,000

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

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 6 - Property and Equipment, Net

Property and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,145,000	\$ 1,145,000
Buildings and improvements	1,589,863	1,542,925
Equipment	44,425	44,425
Furniture and fixtures	<u>600,891</u>	<u>589,654</u>
	3,380,179	3,322,004
Less accumulated depreciation	<u>(1,374,151)</u>	<u>(1,264,705)</u>
Total Property and Equipment, Net	<u>\$ 2,006,028</u>	<u>\$ 2,057,299</u>

Note 7 - Land Use

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

In 2014, the Community Foundation recorded a contribution at the fair value of the contributed use of the land for 20 years, which was estimated at \$2,430,440. The Community Foundation amortizes the value of the contribution over its remaining term. Amortization of the discount was \$151,970 and \$134,698 for the years ended December 31, 2020 and 2019, respectively. The balance of the land use was \$1,135,921 and \$1,281,699 at December 31, 2020 and 2019, respectively.

Note 8 - Line of Credit

The Friends of Lakewold has a revolving line-of-credit agreement with a bank in the amount of \$150,000 with a maturity date in January 2021. The interest rate was based on the Wall Street Journal Prime Rate plus 1.5%. The line was unsecured. The rate at December 31, 2020 was 6.25%. There was no outstanding balance on the line of credit at December 31, 2020. Subsequent to year end, the agreement was extended to April 2022, with an interest rate of the Wall Street Journal Prime Rate plus 1%.

Note 9 - Concentration of Credit Risk

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

At December 31, 2020 and 2019, 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, 2020, 34% of the Community Foundation's contribution revenue came from two donors. There were no such concentrations in contribution revenue for the year ended December 31, 2019.

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 10 - 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 the years ended December 31, 2020 and 2019, contributions by the Community Foundation totaled \$144,311 and \$116,694, 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. No contributions were made by the Friends of Lakewold for the years ended December 31, 2020 or 2019.

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 3.00 percent of compensation. For the years ended December 31, 2020 and 2019, contributions by the Museum totaled \$11,235 and \$10,808, respectively.

Note 11 - Leases

The Community Foundation leases office facilities from Commerce Building Partners, LLC. In June 2018, the Community Foundation executed a lease amendment, extending the lease term from May 2021 to May 2022. Monthly lease payments vary from \$7,468 per month to \$11,486 per month. The Community Foundation is also responsible for taxes, assessments, normal maintenance and insurance.

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

Future minimum lease payments under noncancellable agreements are as follows:

For the Years Ending December 31,

2021	\$	143,042
2022		63,557
2023		2,392
2024		2,392
2025		1,794
		<hr/>
	\$	213,177

Rent expense for the years ended December 31, 2020 and 2019 was \$146,066 and \$142,613, respectively.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019**

Note 12 - Net Assets Without and With Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Community grant making	\$ 13,827,221	\$ 13,030,569
Designated	34,263,592	31,708,596
Advised	12,987,407	11,695,927
Field of interest	15,944,515	15,237,192
Scholarships	7,912,791	7,401,206
Supporting organizations	<u>364,610</u>	<u>420,890</u>
 Total endowment funds	 85,300,136	 79,494,380
 Operating funds - nonendowed	 37,869,250	 29,591,103
Board-designated reserve funds	<u>654,170</u>	<u>590,213</u>
 Total Net Assets Without Donor Restrictions	 <u>\$ 123,823,556</u>	 <u>\$ 109,675,696</u>

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

	<u>2020</u>	<u>2019</u>
Net assets with time restrictions-		
Contributions and grants receivable	\$ 4,010,964	\$ 4,745,292
Bequest receivable		65,000
Trusts receivable and charitable remainder trusts	5,482,874	2,473,865
Other	72,631	206,774
Accumulated earnings on funds held in perpetuity	485,604	
 Net assets maintained in perpetuity-		
Funds held in perpetuity	<u>3,923,215</u>	<u>3,923,215</u>
 Total Net Assets With Donor Restrictions	 <u>\$ 13,975,288</u>	 <u>\$ 11,414,146</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 the Greater Tacoma Community Foundation. Its corpus totaled \$1,879,527 at December 31, 2020 and 2019. The other endowment fund was established with donor-restricted contributions. Its corpus totaled \$2,043,688 at December 31, 2020 and 2019.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019**

Note 13 - Release of Net Assets

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

	<u>2020</u>	<u>2019</u>
Purpose or time restrictions accomplished-		
Expiration of time restriction	\$ 1,991,354	\$ 2,104,693
Purpose restrictions met	<u>98,640</u>	<u>201,803</u>
Net Assets Released From Restrictions	<u>\$ 2,089,994</u>	<u>\$ 2,306,496</u>

Note 14 - Endowments

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

Interpretation of Relevant Law - The Washington State Prudent Management of Institutional Funds Act (UPMIFA) was enacted 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, 2020, endowment net assets consisted of the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Supporting organization endowment funds	\$ 364,610	\$ 2,112,284	\$ 2,476,894
Other endowment funds-			
Community grant making	13,827,221		13,827,221
Designated	34,263,592	2,296,535	36,560,127
Advised	12,987,407		12,987,407
Field of interest	15,944,515		15,944,515
Scholarships	<u>7,912,791</u>		<u>7,912,791</u>
Total Endowment Funds	<u>\$ 85,300,136</u>	<u>\$ 4,408,819</u>	<u>\$ 89,708,955</u>

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019**

Note 14 - Continued

As of December 31, 2019, 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	\$ 420,890	\$ 3,923,215	\$ 4,344,105
Other endowment funds-			
Community grant making	13,030,569		13,030,569
Designated	31,708,596		31,708,596
Advised	11,695,927		11,695,927
Field of interest	15,237,192		15,237,192
Scholarships	7,401,206		7,401,206
Total Endowment Funds	<u>\$ 79,494,380</u>	<u>\$ 3,923,215</u>	<u>\$ 83,417,595</u>

Changes in endowment net assets for the years ended December 31, 2020 and 2019 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
Endowment Net Assets, January 1, 2019	\$ 67,863,989	\$ 3,923,215	\$ 71,787,204
Net investment return	13,115,377		13,115,377
Contributions	1,729,977		1,729,977
Amounts appropriated for expenditure	(2,617,087)		(2,617,087)
Net transfers	(597,876)		(597,876)
Change in endowment net assets	<u>11,630,391</u>		<u>11,630,391</u>
Endowment Net Assets, December 31, 2019	79,494,380	3,923,215	83,417,595
Net investment return	9,702,494	493,643	10,196,137
Contributions	713,252	180,756	894,008
Amounts appropriated for expenditure	(4,596,594)	(188,795)	(4,785,389)
Net transfers	(13,396)		(13,396)
Change in endowment net assets	<u>5,805,756</u>	<u>485,604</u>	<u>6,291,360</u>
Endowment Net Assets, December 31, 2020	<u>\$ 85,300,136</u>	<u>\$ 4,408,819</u>	<u>\$ 89,708,955</u>

GREATER TACOMA COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements For the Years Ended December 31, 2020 and 2019

Note 14 - Continued

Funds With Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Community Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, there were no deficiencies of this nature at December 31, 2020 and 2019.

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

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

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

Note 15 - Split-Interest Agreements

Some donors enter into trusts or other arrangements under which the Community Foundation receives benefits that are shared with other beneficiaries. The Community Foundation either receives distributions during the agreement's term, or it receives all or a portion of the assets remaining at the end of the term. Assets received under these split-interest agreements are recorded at fair value in the investments and receivable accounts and totaled \$7,055,461 and \$4,036,245 at December 31, 2020 and 2019, 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 \$461,984 and \$480,383 at December 31, 2020 and 2019, 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, 2020 and 2019

Note 16 - Risk and Uncertainties

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

COVID-19 Pandemic - In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. In March 2020, the World Health Organization declared the coronavirus outbreak a Public Health Emergency of International Concern. The COVID-19 outbreak has caused business disruption through mandated and voluntary closings of multiple businesses. The Community Foundation is considered an essential business and remains operational.

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

On April 20, 2020, the Community Foundation obtained a loan under the PPP with a principal balance of \$384,127 and an annual interest rate of 1%. Principal and interest are payable in monthly installments beginning November 20, 2020 through maturity on April 20, 2022. On November 2, 2020, the full amount of the PPP loan balance was forgiven.

On April 13, 2020, the Friends of Lakewold obtained a loan under the PPP with a principal balance of \$82,850 and an annual interest rate of 1%. Principal and interest were payable in monthly installments beginning November 13, 2020 through maturity on April 13, 2022. On November 24, 2020, the full amount of the PPP loan balance was forgiven.

On May 6, 2020, the Museum obtained a loan under the PPP with a principal balance of \$105,800 and an annual interest rate of 1%. Principal and interest are payable in monthly installments beginning December 6, 2020 through maturity on May 6, 2022.

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 has also determined that those barriers to entitlement were met for two of its PPP loans prior to December 31, 2020, and so revenue in the amount of \$466,977 has been recognized in the 2020 consolidated statements of activities and changes in net assets. A liability for the remaining PPP loan is presented on the consolidated statements of financial position as of December 31, 2020. To complete the loan forgiveness process, management must submit a loan forgiveness application to the lender and then the lender and the Small Business Administration (SBA) must review and approve the application.

The U.S. Congress passed the Consolidated Appropriations Act, 2021, in December 2020. Included in this act was the Second Draw Program for PPP loans. 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%. Principal and interest are payable in monthly installments beginning December 18, 2021 through maturity on February 18, 2026. All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met.

GREATER TACOMA COMMUNITY FOUNDATION

**Notes to Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019**

Note 16 - Continued

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

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

SUPPLEMENTARY INFORMATION

GREATER TACOMA COMMUNITY FOUNDATION

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

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

See independent auditor's report.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidating Statement of Financial Position
December 31, 2019**

	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	\$ 7,275,805	\$ 385	\$ 215,758	\$ 87,735	\$ 7,579,683	\$ -	\$ 7,579,683
Contributions and grants receivable	6,349,012		56,136	12,992	6,418,140		6,418,140
Trusts receivable	1,919,858				1,919,858		1,919,858
Other assets	52,615		40,323	9,547	102,485		102,485
Investments	114,868,308				114,868,308		114,868,308
Mission related investments	1,535,402				1,535,402		1,535,402
Property and equipment, net	60,505		1,756,869	239,925	2,057,299		2,057,299
Land use				1,281,699	1,281,699		1,281,699
Collections				525,075	525,075		525,075
Funds held by others for organization's benefit			2,300,418		2,300,418	(2,300,418)	
Total Assets	\$ 132,061,505	\$ 385	\$ 4,369,504	\$ 2,156,973	\$ 138,588,367	\$ (2,300,418)	\$ 136,287,949
Liabilities and Net Assets							
Liabilities:							
Accounts payable and other liabilities	\$ 186,188	\$ -	\$ 57,437	\$ 65,279	\$ 308,904	\$ -	\$ 308,904
Grants payable	147,727				147,727		147,727
Deferred revenue	1,368,662				1,368,662		1,368,662
Split-interest agreements payable	979,328				979,328		979,328
Funds held for the benefit of other organizations	14,693,904				14,693,904	(2,300,418)	12,393,486
Total Liabilities	17,375,809		57,437	65,279	17,498,525	(2,300,418)	15,198,107
Net Assets:							
Without donor restrictions	105,344,023	385	2,283,922	2,047,366	109,675,696		109,675,696
With donor restrictions	9,341,673		2,028,145	44,328	11,414,146		11,414,146
Total Net Assets	114,685,696	385	4,312,067	2,091,694	121,089,842		121,089,842
Total Liabilities and Net Assets	\$ 132,061,505	\$ 385	\$ 4,369,504	\$ 2,156,973	\$ 138,588,367	\$ (2,300,418)	\$ 136,287,949

See independent auditor's report.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidating Statement of Activities
For the Year Ended December 31, 2020**

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

See independent auditor's report.

GREATER TACOMA COMMUNITY FOUNDATION

**Consolidating Statement of Activities
For the Year Ended December 31, 2019**

	Greater Tacoma Community Foundation			The Asset Stewardship Foundation			The Friends of Lakewold			Pacific Bonsai Museum			Eliminating Entries	Consolidated Total	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total			
Revenues and Support:															
Contributions and agency funds-															
Advised	\$ 5,123,002	\$ 27,155	\$ 5,150,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,150,157	\$ (1,347,848)	\$ 3,802,309
Designated	1,450,055	4,137,920	5,587,975										5,587,975		5,587,975
Field of interest	480		480										480		480
Scholarships	245,679		245,679										245,679		245,679
Community grantmaking	137,885	28,075	165,960										165,960	(117,204)	48,756
Initiatives	2,570		2,570										2,570		2,570
Administrative fund	74,953		74,953										74,953		74,953
Supporting organizations							421,546	224,186	645,732	878,943	33,328	912,271	1,558,003	(684,295)	873,708
Agency funds	661,293		661,293										661,293		661,293
	7,695,917	4,193,150	11,889,067				421,546	224,186	645,732	878,943	33,328	912,271	13,447,070	(2,149,347)	11,297,723
Less agency funds	(661,293)		(661,293)										(661,293)		(661,293)
Total contributions and agency funds	7,034,624	4,193,150	11,227,774				421,546	224,186	645,732	878,943	33,328	912,271	12,785,777	(2,149,347)	10,636,430
Net investment income	15,385,266		15,385,266				345,539		345,539				15,730,805		15,730,805
Grant revenue	3,486,924		3,486,924										3,486,924		3,486,924
Other income	132,357		132,357	289,659		289,659	126,869		126,869	8,883		8,883	557,768		557,768
Change in value of split-interest agreements	18,647	82,277	100,924										100,924		100,924
Net assets released from restrictions	833,693	(833,693)		1,258,000	(1,258,000)		201,803	(201,803)		13,000	(13,000)				
Total Revenues and Support	26,891,511	3,441,734	30,333,245	1,547,659	(1,258,000)	289,659	1,095,757	22,383	1,118,140	900,826	20,328	921,154	32,662,198	(2,149,347)	30,512,851
Expenses:															
Program services-															
Grants:															
Advised	1,892,108		1,892,108	1,347,848		1,347,848							3,239,956	(1,347,848)	1,892,108
Designated	1,672,650		1,672,650										1,672,650	(559,695)	1,112,955
Field of interest	3,398,033		3,398,033										3,398,033	(124,600)	3,273,433
Scholarships	349,719		349,719										349,719		349,719
Community grantmaking	108,150		108,150	117,204		117,204							225,354	(117,204)	108,150
Agency funds	544,494		544,494										544,494		544,494
	7,965,154		7,965,154	1,465,052		1,465,052							9,430,206	(2,149,347)	7,280,859
Less agency funds	(544,494)		(544,494)										(544,494)		(544,494)
Total grants	7,420,660		7,420,660	1,465,052		1,465,052							8,885,712	(2,149,347)	6,736,365
Other program service expenses	1,590,007		1,590,007				450,379		450,379	651,340		651,340	2,691,726		2,691,726
Total program services	9,010,667		9,010,667	1,465,052		1,465,052	450,379		450,379	651,340		651,340	11,577,438	(2,149,347)	9,428,091
Management and general	1,257,720		1,257,720	107,125		107,125	208,396		208,396	219,183		219,183	1,792,424		1,792,424
Fundraising	440,920		440,920				10,209		10,209	152,754		152,754	603,883		603,883
Total Expenses	10,709,307		10,709,307	1,572,177		1,572,177	668,984		668,984	1,023,277		1,023,277	13,973,745	(2,149,347)	11,824,398
Change in Net Assets	16,182,204	3,441,734	19,623,938	(24,518)	(1,258,000)	(1,282,518)	426,773	22,383	449,156	(122,451)	20,328	(102,123)	18,688,453		18,688,453
Net assets, beginning of year	89,161,819	5,899,939	95,061,758	24,903	1,258,000	1,282,903	1,857,149	2,005,762	3,862,911	2,169,817	24,000	2,193,817	102,401,389		102,401,389
Net Assets, End of Year	\$ 105,344,023	\$ 9,341,673	\$ 114,685,696	\$ 385	\$ -	\$ 385	\$ 2,283,922	\$ 2,028,145	\$ 4,312,067	\$ 2,047,366	\$ 44,328	\$ 2,091,694	\$ 121,089,842	\$ -	\$ 121,089,842

See independent auditor's report.