



*Report of Independent Auditors and  
Consolidated Financial Statements with  
Supplementary Information*

**Tides Organizations**

*December 31, 2017 and 2016*

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## **Report of Independent Auditors**

The Board of Directors  
Tides Organizations

### **Report on Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Tides Network, Tides Center, Tides Foundation, Tides, Inc., and Tides Two Rivers Fund (collectively, "Tides Organizations"), 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 Tides Organizations as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position, consolidating statement of activities and changes in net assets, and the consolidating statement of cash flows as of and for the year ended December 31, 2017, are presented for purposes of additional analysis and are not a required part of the consolidated 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 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.

*Moss Adams LLP*

San Francisco, California  
June 29, 2018

**Consolidated Financial Statements**

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**Tides Organizations**  
**Consolidated Statements of Financial Position**  
**December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 74,219,284	\$ 108,025,615
Receivables		
Grants and contributions, net	33,561,205	21,640,257
Other	2,125,820	1,480,848
Investments	306,998,483	199,409,226
Mission related		
Investments, net	5,840,679	3,880,429
Notes receivable, net	201,773	427,165
Property and equipment, net	20,634,482	20,846,882
Prepaid expenses and other assets	1,726,693	1,926,892
Total assets	<u>\$ 445,308,419</u>	<u>\$ 357,637,314</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 14,928,473	\$ 11,563,532
Grants payable, net	55,028,928	66,171,089
Grant advances	1,108,469	596,358
Bonds payable, net	15,066,576	16,152,182
Other liabilities	1,325,682	1,714,052
Total liabilities	<u>87,458,128</u>	<u>96,197,213</u>
<b>NET ASSETS</b>		
Unrestricted		
Designated for projects	61,357,231	39,041,359
Designated for donor advised funds	237,887,088	174,021,202
Undesignated	20,374,381	16,179,951
Total unrestricted	319,618,700	229,242,512
Temporarily restricted	38,231,591	32,197,589
Total net assets	<u>357,850,291</u>	<u>261,440,101</u>
Total liabilities and net assets	<u>\$ 445,308,419</u>	<u>\$ 357,637,314</u>

**Tides Organizations**  
**Consolidated Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2017 and 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>						
Grants and contributions	\$ 346,250,341	\$ 68,767,765	\$ 415,018,106	\$ 303,596,706	\$ 54,119,307	\$ 357,716,013
Program revenues	20,615,608	-	20,615,608	25,983,638	-	25,983,638
Interest and dividend income	5,211,789	-	5,211,789	3,736,727	-	3,736,727
Net gain on investments	23,970,945	-	23,970,945	6,367,460	-	6,367,460
Other revenue	344,523	-	344,523	174,002	-	174,002
Net assets released from restrictions	62,733,763	(62,733,763)	-	59,984,959	(59,984,959)	-
<b>Total revenue and support</b>	<b>459,126,969</b>	<b>6,034,002</b>	<b>465,160,971</b>	<b>399,843,492</b>	<b>(5,865,652)</b>	<b>393,977,840</b>
<b>EXPENSES</b>						
Program						
Services	92,405,516	-	92,405,516	79,674,997	-	79,674,997
Grants and awards	233,528,568	-	233,528,568	225,793,738	-	225,793,738
Grantmaking program expense	17,967,589	-	17,967,589	19,588,187	-	19,588,187
General and administrative	14,826,501	-	14,826,501	17,492,936	-	17,492,936
Fundraising	10,022,607	-	10,022,607	9,646,397	-	9,646,397
<b>Total expenses</b>	<b>368,750,781</b>	<b>-</b>	<b>368,750,781</b>	<b>352,196,255</b>	<b>-</b>	<b>352,196,255</b>
<b>CHANGE IN NET ASSETS</b>	<b>90,376,188</b>	<b>6,034,002</b>	<b>96,410,190</b>	<b>47,647,237</b>	<b>(5,865,652)</b>	<b>41,781,585</b>
<b>NET ASSETS, beginning of year</b>	<b>229,242,512</b>	<b>32,197,589</b>	<b>261,440,101</b>	<b>181,595,275</b>	<b>38,063,241</b>	<b>219,658,516</b>
<b>NET ASSETS, end of year</b>	<b>\$ 319,618,700</b>	<b>\$ 38,231,591</b>	<b>\$ 357,850,291</b>	<b>\$ 229,242,512</b>	<b>\$ 32,197,589</b>	<b>\$ 261,440,101</b>

**Tides Organizations**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 96,410,190	\$ 41,781,585
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	1,506,566	858,201
Discount on grants and contributions receivable	91,807	58,859
Discount on grants payable	(3,349)	167,002
Reserve for mission related investments	-	4,477,797
Net gain on investments	(23,970,945)	(6,367,460)
Property and equipment granted out	(91,801)	94,717
Changes in operating assets and liabilities		
Grants, contributions, and other receivable	(15,598,203)	8,168,093
Prepaid expenses and other assets	718,771	44,124
Accounts payable and accrued expenses	6,255,770	2,354,993
Grants payable	(11,138,811)	31,230,091
Grant advances	512,110	(697,826)
Other liabilities	(389,377)	305,143
Net cash from operating activities	<u>54,302,728</u>	<u>82,475,319</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchases of investments	(228,852,599)	(66,166,692)
Proceeds from sales of investments	143,305,596	54,830,345
Purchases of property and equipment	<u>(1,202,364)</u>	<u>(1,024,132)</u>
Net cash used in investing activities	<u>(86,749,367)</u>	<u>(12,360,479)</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Proceeds from bond issuance and lines of credit	(143,183)	162,792
Payments on notes and bonds payable	<u>(1,216,509)</u>	<u>(1,621,691)</u>
Net cash used in financing activities	<u>(1,359,692)</u>	<u>(1,458,899)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(33,806,331)	68,655,941
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>108,025,615</u>	<u>39,369,674</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 74,219,284</u>	<u>\$ 108,025,615</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest	<u>\$ 544,276</u>	<u>\$ 580,845</u>

**NOTE 1 – DESCRIPTION OF ORGANIZATION**

Tides Network, Tides Center, Tides Foundation, Tides, Inc., and Tides Two Rivers Fund are aligned 501(c)(3) public benefit corporations (collectively, “Tides Organizations”) that are consolidated for primary financial reporting purposes. All significant intercompany accounts and transactions have been eliminated.

**Tides Network**

Effective on January 1, 2012, Tides Network (the “Network”) began operations as a shared service provider to Tides Center, Tides Foundation, Tides, Inc., and Tides Two Rivers Fund. The Network supports the operating organizations and appoints board members for Tides Center, Tides Foundation, Tides, Inc., and Tides Two Rivers Fund. The Network sets the direction and policy orientation for and has economic interest in all of Tides Organizations. All direct and indirect costs including management salaries and supporting services of Tides Organizations’ central office are incurred within the Network.

The activities of the Network include executive leadership and administrative services for related Tides Organizations and other nonprofit organizations. These activities include setting mission and strategy, financial leadership, risk management, communications, administration of human resources, office administration, telephone and telecommunication, and administration of information technology systems and services.

**Tides Center**

Tides Center (the “Center”) is organized and operated to support emerging charitable and educational activities. The Center provides fiscal sponsorship and essential backbone services, including financial and personnel services to projects promoting shared prosperity and social justice. The Center operates hundreds of projects and activities, all of which seek funding from the grant making community and donors throughout the world.

**Tides Foundation**

Tides Foundation (the “Foundation”) is committed to building a world of shared prosperity and social justice. The Foundation accelerates the pace of social change, working with innovative partners to solve the world’s toughest problems.

The Foundation receives funds through grants and donations from individuals, foundations, and corporations. Distribution of funds for philanthropic purposes is made primarily through the direct operation of a grant making program. Grants are made in the areas of shared prosperity and social justice, domestically and internationally, including equality and human rights, sustainable environment, and health and education. The Foundation also provides grant making support and related assistance to other mission-aligned foundations.

***Grant making program***

Grants are awarded to eligible domestic nonprofit and qualified foreign charitable organizations through advised funds and direct grant making initiatives. All grants are taken under consideration by the staff of the Foundation and approved by the Board of Directors. Grant making activities are tracked within discrete funds administered by the Foundation.

# Tides Organizations

## Notes to Consolidated Financial Statements

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### ***Supporting organizations***

The Foundation also works with supporting organizations operated in connection with the Foundation to increase their ability to provide financial and programmatic support in areas consistent with the Foundation's vision, mission, and approach. The Foundation has positions on the Board of Directors of the supporting organizations to assist in decision-making activities and to act as advisors. With the exception of Harding Rock Fund, the supporting organizations are not considered to be part of the Foundation's reporting entity because the Foundation does not have both control and an economic interest in them. Control is construed to mean majority control of the Board of Directors. Economic interest is generally indicated by either residual interest in the supporting organization or some type of material financial support. The supporting organizations as of December 31, 2017 are listed below:

Beauchamp Charities	One Pacific Coast Foundation
Rouhana Family Foundation	Underdog Foundation
Harding Rock Fund	Weithorn and Ehrmann Families Foundation

### **Tides, Inc.**

Tides, Inc. ("TINC") operates and manages the Tides' Thoreau Center for Sustainability (the "Facility") in San Francisco providing supportive office space to other charitable and/or mission aligned organizations.

### **Tides Two Rivers Fund**

Tides Two Rivers Fund ("TTRF") operates and manages the Facility in New York City, providing office space to other charitable and/or mission aligned organizations.

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation** – The consolidated financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations. Accordingly, Tides Organizations present information regarding net assets and activities according to three classes of net assets:

***Unrestricted net assets*** – Unrestricted net assets represent resources that are not subject to donor-imposed restrictions and are available to support all activities of Tides Organizations.

The Foundation has unrestricted net assets that represent total donor advised and other client funds held by the Foundation with variance power. The Foundation board has designated approximately \$363,000 and \$733,000 of unrestricted net assets as reserves for specific programmatic or operational purposes as of December 31, 2017 and 2016, respectively.

The Center accounts for unrestricted funds as designated for projects when funds raised by projects are for general support funding for furtherance of the Center's mission in programming areas within projects' normal operations.

## Tides Organizations Notes to Consolidated Financial Statements

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**Temporarily restricted net assets** – Temporarily restricted net assets are resources whose use by Tides Organizations is limited by donor-imposed stipulations that either expire by passage of time or fulfillment of programmatic purpose.

For the Center, temporarily restricted net assets primarily relate to the various projects of the Center and are restricted for specific programs of the projects. If the net asset restriction will be fulfilled during the fiscal year (usually by passage of time), the grant is treated as unrestricted-designated for projects upon receipt.

**Permanently restricted net assets** – Permanently restricted net assets are resources that are restricted by the donor to endowment purposes and only the income generated by these assets may be used. There were no permanently restricted net assets as of December 31, 2017 or 2016.

**Cash and cash equivalents** – Include cash and all highly liquid investments with maturities of three months or less at date of acquisition, except those that are held for investment purposes.

**Grants and contributions receivables** – Receivables represent grants and contributions unconditionally promised or for which constructive delivery of service has been made, but which have not been received prior to year-end. Management determines the allowance for doubtful accounts by evaluating individual balances and assessing the likelihood of collections. No allowance for doubtful accounts is considered necessary at December 31, 2017 or 2016. Grants and contributions are subject to discounting based on Tides Organizations' internal discount rate of 0.83% for grants and contributions receivable in two years, and 1.00% for grants and contributions receivable in three to five years.

**Investments** – Investments are stated at estimated fair value, using quoted market prices. Net realized and unrealized gains and losses are included in the accompanying consolidated statements of activities and changes in net assets. Investments received by donation are recorded at estimated fair value at date of donation. Interest and dividend income are recorded when earned, and reinvested in the investment pool.

Valuation of investments which are held in pooled funds are based on net asset value per share of the pooled fund.

Non-publicly traded investments are in the form of shares in limited partnerships or limited liability corporations. These represent investments in private companies and investment trust funds. Because no readily ascertainable market value exists for these investments, the values are based on the net asset value per share as a practical expedient. Due to the uncertainty of valuations, however, these amounts may differ materially from values that would be determined if the investments were publicly traded.

**Fair value measurements** – Tides Organizations carry certain assets and liabilities at fair value. Fair value is defined as 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. Tides Organizations classify their financial assets and liabilities according to three levels, and maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

**Level 1** – Quoted prices in active markets for identical assets or liabilities. The fair value of the marketable equity securities is determined using quoted market.

**Level 2** – Observable inputs other than quoted prices included within Level 1 such as quoted prices for similar securities or quoted prices in inactive markets.

## Tides Organizations

### Notes to Consolidated Financial Statements

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**Level 3** – Unobservable inputs for the asset or liability that are not directly corroborated by market data.

**Fair value of financial instruments** – As of December 31, 2017 and 2016, the estimated fair value of Tides Organizations' financial instruments not measured at fair value on a recurring basis (including accounts receivables, notes receivable, accounts payable, grants payable, and advances) approximates their carrying values due to their short duration to maturity.

**Mission related investments and notes receivable** – Mission related investments are investments that would not be made were it not for the relationship of the investment to the Foundation's programmatic mission. Although the underlying investments may or may not have a profit motive, that is not the primary focus of the investment by the Foundation. Mission related investments must be consistent with the Foundation's mission. These investments usually are recommended by donor advisors or fund managers from the funds with which they are associated. Sometimes they may also be a result of a gift by a donor.

Mission related notes receivable consist of loans to organizations which support the Foundation's mission. The organizations may be commercial companies or nonprofit organizations. Management determines the allowance for doubtful accounts by evaluating individual balances and assessing the likelihood of collections. An allowance for doubtful accounts for the mission related note receivable in the amount of \$0 and 120,676 has been recorded at December 31, 2017 and 2016 respectively.

The Foundation records mission related investments at cost. These investments are evaluated for impairment annually and written down when appropriate. For the years ended December 31, 2017 and 2016, mission related investments of \$24,147,722 and \$22,187,472, respectively, were recorded. For the years ended December 31, 2017 and 2016, total impairment recorded for mission related investments was \$18,307,043 and \$18,307,043, respectively.

**Property and equipment** – Property and equipment is stated at cost, or if donated, at estimated fair value at the date of donation. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows: furniture and equipment, three to five years; leasehold improvements are depreciated over the shorter of the term of the lease or the estimated useful life.

**Interest rate swap agreement** – The fair value of the interest rate swap is accrued as market rates change. The change in fair value of the derivative during the year, if material, is recognized within other expense or income in the consolidated statements of activities and changes in net assets.

**Grant advances** – Grants received in advance of effective date from various government agencies are recorded as a liability.

**Revenue recognition** – Contributions and grants are recognized at fair value, as revenue, when received or unconditionally promised and collection is deemed to be reasonably certain.

## Tides Organizations Notes to Consolidated Financial Statements

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Tides Organizations report contributions and grants as temporarily restricted support if such gifts are received with donor stipulations that limit the use of the donated assets, unless there are written agreements which supersede those stipulations. For the Foundation, most written agreements with donors (donor advised funds and other client funds) stipulate that contributions are within the exclusive control of the Foundation, and the Foundation is not bound by recommendations by the donors, thus creating variance power. When a donor restriction exists with no variance power, the Foundation accounts for the grants as temporarily restricted net assets. When the restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. Temporarily restricted contributions whose restrictions are met in the same year they are received are reported as unrestricted contributions.

Tides Organizations do not recognize conditional contributions until the conditions are met. As of December 31, 2017 and 2016, the Foundation and Center are the recipients of conditional contributions totaling approximately \$600,000 and \$20,460,000, and \$326,000 and \$27,891,000, respectively. These conditional contributions are contingent on donors' continued discretionary approval.

Program revenues, which include both fees earned and rental income, are recognized as earned. Rental revenue is recorded on a straight line basis over the lease terms.

**Grants** – Grants expense and payable represent amounts committed by the Foundation and approved by the Board of Directors to be distributed to various nonprofit organizations for their charitable activities. Grant refunds, rejections, and cancellations are recorded as a reduction of grants and awards expense at the time the grant is refunded or cancelled. Grants with payment terms in excess of one year are subject to discounting based on the Foundation's internal discount rate of 0.83% for grants payable in two years, and 1.00% for grants payable in three years.

**Income taxes** – Tides Organizations are tax exempt under the provisions of the Internal Revenue Service Code, Section 501(c)(3). Accordingly, no provision for income taxes has been reflected in these consolidated financial statements. The Foundation, the Center, the Network, TTRF, and TINC are not considered private foundations under the Internal Revenue Service Code and could be subject to tax on unrelated business activities, if any, generated by certain investments and activities.

Management evaluated Tides Organizations' tax positions and concluded that they had maintained their tax exempt status and had taken no uncertain tax positions that require adjustment to the consolidated financial statements. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

**Functional expense allocations** – Expenses are allocated among program services, general and administrative and fundraising based on management's estimate. For the Center, direct expenses of the various projects are allocated to program.

**Recent accounting pronouncements** – In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements in the financial statements of lessees. This update is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The adoption is effective for Tides Organizations for calendar year ending December 31, 2020. Management is currently evaluating the impact of the provisions of ASU 2016-02 on the consolidated financial statements.

## Tides Organizations

### Notes to Consolidated Financial Statements

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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 improves the current net asset classification requirements and the information presented in financial statements and notes about an entity's liquidity, financial performance, and cash flows. The update replaces the requirement to present three classes of net assets with two classes, net assets with donor restrictions and net assets without donor restrictions. The update also removes the requirement to present or disclose the indirect method (reconciliation) if using the direct method for the statement of cash flows as well as added several additional enhanced disclosures to the notes. The amendments in this update are effective for fiscal years beginning after December 15, 2017, and interim periods beginning after December 15, 2018, with application to interim financial statements permitted but not required in the initial year of application. The adoption is effective for the Tides Organizations for the calendar year ending December 31, 2018. Management is currently evaluating the impact of the provisions of ASU 2016-14 on the consolidated financial statements.

**Use of estimates** – The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent events** – Subsequent events are events or transactions that occur after the financial statement date but before the consolidated financial statements are issued. Tides Organizations recognize in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of activities and changes in net assets, including the estimates inherent in the process of preparing the consolidated financial statements.

Tides Organizations have evaluated subsequent events through June 29, 2018, which is the date the consolidated financial statements were available to be issued.

#### NOTE 3 – GRANTS AND CONTRIBUTIONS

Grants receivable as of December 31, 2017 and 2016 are due as follows:

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 29,133,605	\$ 14,843,247
One to five years, net of discount	<u>4,427,600</u>	<u>6,797,010</u>
	<u>\$ 33,561,205</u>	<u>\$ 21,640,257</u>

Discounts applied to grants receivable as of December 31, 2017 and 2016 were \$91,807 and \$58,859, respectively.

## Tides Organizations

### Notes to Consolidated Financial Statements

#### NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The tables below present the balances of investments measured at fair value on a recurring basis at December 31, 2017 and 2016:

	2017				
	Total	Level 1	Level 2	Level 3	NAV
Cash and cash equivalents:	\$ 38,306,999	\$ 37,793,447	\$ 513,552	\$ -	\$ -
Equities:					
Domestic	61,875,802	57,672,839	4,202,963	-	-
International	8,197,058	8,197,058	-	-	-
Mutual funds - domestic	7,470,945	-	7,470,945	-	-
Fixed income:					
U.S. Government agency, state, and municipal	83,533,025	14,677,450	68,855,575	-	-
Corporate debt	60,040,217	-	60,040,217	-	-
Foreign debt (sovereign and corporate)	24,037,927	-	24,037,927	-	-
Alternative investments:					
Telecommunications	524,699	-	-	524,699	-
Real estate	22,232,590	-	-	22,232,590	-
Fund of funds	779,221	-	-	-	779,221
Total assets measured at fair value	<u>\$ 306,998,483</u>	<u>\$ 118,340,794</u>	<u>\$ 165,121,179</u>	<u>\$ 22,757,289</u>	<u>\$ 779,221</u>
	2016				
	Total	Level 1	Level 2	Level 3	NAV
Cash and cash equivalents:	\$ 29,061,002	\$ 28,043,758	\$ 1,017,244	\$ -	\$ -
Equities:					
Domestic	48,209,664	48,209,664	-	-	-
Mutual funds - domestic	6,607,211	6,607,211	-	-	-
Fixed income:					
U.S. Government agency, state, and municipal	56,929,518	-	56,929,518	-	-
Corporate debt	47,990,939	-	47,990,939	-	-
Foreign debt (sovereign and corporate)	872,462	-	872,462	-	-
Alternative investments:					
Telecommunications	617,903	-	-	617,903	-
Real estate	8,630,527	-	-	8,630,527	-
Fund of funds	490,000	-	-	-	490,000
Total assets measured at fair value	<u>\$ 199,409,226</u>	<u>\$ 82,860,633</u>	<u>\$ 106,810,163</u>	<u>\$ 9,248,430</u>	<u>\$ 490,000</u>

The Foundation has two investment pools available to donors for investment of gifted assets. Donor funds with a longer time horizon are typically pooled in an actively managed balanced fund of equity and fixed income securities with an emphasis on growth and preservation of capital. Donor funds with a shorter time horizon typically are invested in fixed income securities that provide liquidity for cash flow needs. The Foundation's separate investments approximate \$256 million, the substantial portion of which is allocated to grantmaking funds. Social goals and screens are applied to the management of the investments when practical.

Net realized and unrealized gains for 2017 and 2016 were \$2,454,464 and \$2,606,328, and \$21,516,481 and \$3,761,132, respectively.

A description of the valuation techniques and inputs applied to Tides Organizations' classes of investments, which are not listed or quoted on a securities exchange or other regulated markets measured at fair value is described in Note 2 above and below for the Level 3 investments.

## Tides Organizations

### Notes to Consolidated Financial Statements

The changes in non-publicly traded investments classified as Level 3 are as follows for the years ended December 31, 2017 and 2016:

	Telecom	Real Estate	Total
Balance, January 1, 2017	\$ 617,903	\$ 8,630,527	\$ 9,248,430
Contributions	-	22,248,070	22,248,070
Realized loss	-	-	-
Unrealized loss	(93,204)	-	(93,204)
Balance, December 31, 2017	<u>\$ 524,699</u>	<u>\$ 30,878,597</u>	<u>\$ 31,403,296</u>
	Telecom	Real Estate	Total
Balance, January 1, 2016	\$ 1,223,400	\$ 8,630,527	\$ 9,853,927
Contributions	-	-	-
Realized loss	(13,514)	-	(13,514)
Unrealized loss	(591,983)	-	(591,983)
Balance, December 31, 2016	<u>\$ 617,903</u>	<u>\$ 8,630,527</u>	<u>\$ 9,248,430</u>

The following table presents the unfunded commitments, redemption frequency, and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent:

Fund Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fund of funds	\$ 779,221	\$ 270,000	N/A	N/A

**Real estate** – Direct investment in real estate is reviewed no less than annually using a variety of qualitative factors to subjectively determine the most appropriate valuation methodologies consistent with the market, income, and cost approaches. Valuation inputs may include, but are not limited to, the initial investment amount, market comparable real estate, qualified appraisals, discounted cash flow, and Tides Organizations' assessment of value and applicable discounts. Independent appraisals of significant real estate held for investment are conducted as needed, depending on the nature of the investment.

**Telecom** – Investment in telecom is considered to be a closely-held private or restricted stock. Closely-held private or restricted stock is reviewed no less than annually using a variety of qualitative factors to subjectively determine the most appropriate valuation methodologies. Valuation inputs may include, but are not limited to, initial investment amount, observed transaction price used in subsequent valuations, liquidation value, qualified opinion or appraisal, company financial statements, and the Tides Organizations' own assessment of value and applicable discounts.

**Fund of funds** – The Foundation invests in a fund of funds consisting of a diversified group of select, primarily domestic, private equity limited partnerships. The investment is not generally eligible for redemption. Proceeds are distributed upon the disposition of portfolio securities and/or dissolution of the fund. This includes an unfunded commitment of \$270,000, which is excluded from the net asset value reported. Future call requests against this unfunded commitment are expected to be made until the unfunded commitment is fully paid. Fund of funds are valued based on the net asset value reported by the fund manager as a practical expedient.

## Tides Organizations

### Notes to Consolidated Financial Statements

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While Tides Organizations believe their valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such investments existed, or had such investments been liquidated, and these differences could be material to the consolidated financial statements.

#### NOTE 5 – MISSION RELATED INVESTMENTS

Mission related investments are made primarily for desirable social outcomes consistent with the Foundation's mission, with less emphasis on economic returns. Mission related investments are comprised of the following at December 31:

	2017	2016
Land and nonprofit community real estate	\$ 553,171	\$ 553,171
Community development investments	1,865,000	1,915,000
Global environmental investments	831,460	478,950
Other	2,591,048	933,308
	\$ 5,840,679	\$ 3,880,429

Mission related investments are valued at original cost unless impaired. Overall, the value of these investments increased by / (decreased by) \$1,960,250 and (\$57,773) in 2017 and 2016, respectively.

**Notes receivable – mission related** – Notes receivable of \$201,773 is comprised of loans to companies and organizations ranging from \$25,825 to \$100,000 at interest rates ranging from zero to the current prime interest rate of 4.50% at December 31, 2017. The notes are due at various dates in 2018.

#### NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2017 and 2016:

	2017	2016
Land	\$ 1,710,828	\$ 1,710,828
National AIDS Memorial Grove	1,580,162	1,237,217
Structures	22,011,773	22,106,159
Leasehold improvements	3,620,936	3,247,963
Furniture and equipment	1,197,205	937,288
Other	1,601,851	1,293,419
	31,722,755	30,532,874
Accumulated depreciation and amortization	(11,088,273)	(9,685,992)
	\$ 20,634,482	\$ 20,846,882

Depreciation and amortization expense for the years ended December 31, 2017 and 2016 were \$1,506,566 and \$858,201, respectively.

The National AIDS Memorial Grove is not depreciated because it is to be maintained in perpetuity.

## Tides Organizations

### Notes to Consolidated Financial Statements

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Land and structures include the fourth floor and lower floor of an office condominium that is collateral for certain bonds (see Note 9).

#### NOTE 7 – GRANTS PAYABLE

Multi-year grants as of December 31, 2017 are scheduled to be paid as follows:

<u>Years Ending December 31,</u>	
2018	\$ 300
2019	38,693,156
2020	10,413,497
2021	5,921,975
	<u>\$ 55,028,928</u>

Conditional grants are not recognized until the conditions are met. As of December 31, 2017, conditional grants totaling approximately \$157,500 have been approved. Payment of these grants is contingent on the grantees fulfilling specific requirements.

Discounts applied to grants payable as of December 31, 2017 and 2016 were \$239,247 and \$235,898, respectively.

#### NOTE 8 – REVOLVING CREDIT AGREEMENTS

The Foundation has a \$4,000,000, unsecured, revolving bank line of credit with Wells Fargo Bank (“WFB”) that expires on October 31, 2018. Advances under the line of credit bear interest at the bank’s prime rate or LIBOR plus 2.5%. There were no borrowings under the WFB line of credit at December 31, 2017 or 2016.

The Foundation has a \$1,500,000, unsecured line of credit with Annie E. Casey Foundation, Inc. (“AECF”) that expired in August 2017. Advances under the line of credit bore interest at a fixed rate of 2% per annum. There was \$0 and \$750,000 drawn on the AECF line of credit at December 31, 2017 and 2016, respectively.

#### NOTE 9 – BONDS PAYABLE

In December 2003, the Association of Bay Area Governments Finance Authority for Nonprofit Corporations (“ABAG”) issued “Series 2003A – Insured Mortgage Revenue Bonds (Tides, Inc.) and Series 2003B – Taxable Insured Mortgage Revenue Bonds (Tides, Inc.)” with a discount of \$207,088 which had been accreted to their redemption value over the bond term. TINC used the proceeds to purchase the leasehold improvements related to the Facility. The bonds bore interest at fixed rates ranging from 2.25% to 6.4% per annum.

In June 2007, the New York City Industrial Development Agency (“NYIDA”) issued “Civic Facility Revenue Bonds (2007 Tides Two Rivers Fund Project)” totaling \$9,950,000. TTRF used the proceeds to refinance debt incurred from the purchase of the Facility. The interest rate on the bonds was 5.65%. The bonds were secured by the fourth floor of the office condominium.

## Tides Organizations

### Notes to Consolidated Financial Statements

The ABAG bonds were retired through a loan refunding transaction in December, 2013 and replaced by Public Finance Authority ("PFA") issued "Series 2013A Tax Exempt and Series 2013B Taxable Refunding Mortgage Revenue Bonds" secured by existing and future lease agreements; the NYIDA bonds were retired through a loan refunding transaction in December 2013 and replaced by PFA issued "Series 2013 Refunding Revenue Bonds" secured by real property comprising the fourth floor and lower floor of the office condominium. The tax exempt bonds bear interest at 70% of 30 day LIBOR plus 1.225%. The taxable bonds bear interest at 30 day LIBOR plus 1.75%. The 30 day LIBOR rate at December 31, 2017 and 2016 was 1.56% and 0.77%, respectively.

**Interest rate swap – bonds payable** – On December 24, 2013, Tides Organizations entered into an International Swaps and Derivatives Association Master Agreement with WFB and swap transactions occurred for each of the 2013 bond issuances at amounts equal to the original notional amounts of the bonds payable. The result of these swap agreements is to effectively fix the rate on the bonds from 2.975% to 3.59%. Payments are due on the 1st of each month commencing on January 2, 2014, through and including the maturity date of December 2, 2023.

The agreements related to the tax exempt bonds are cancellable during the period from December 1, 2018 to November 1, 2023, their maturity date. The agreements related to the taxable bonds expire on December 1, 2018.

The swap agreements have a fair value totaling \$149,201 and \$343,036 as of December 31, 2017 and 2016, respectively, which are derivative liabilities.

These obligations as of December 31, 2017 and 2016 consisted of the following:

	2017			
	Interest Rate with Swap	Final Maturity Date of Bonds	Original Issue Amount	Amount Outstanding
TINC:				
Series 2013A tax exempt	3.59%	12/01/2023	\$ 7,935,000	\$ 7,935,000
Series 2013B taxable	2.98%	12/01/2018	2,515,000	628,759
TTRF:				
Series 2013 tax exempt	3.46%	12/01/2023	7,905,000	6,502,817
Total bonds payable			\$ 18,355,000	\$ 15,066,576
	2016			
	Interest Rate with Swap	Final Maturity Date of Bonds	Original Issue Amount	Amount Outstanding
TINC:				
Series 2013A tax exempt	3.59%	12/01/2023	\$ 7,935,000	\$ 7,935,000
Series 2013B taxable	2.98%	12/01/2018	2,515,000	1,281,848
TTRF:				
Series 2013 tax exempt	3.46%	12/01/2023	7,905,000	6,935,334
Total bonds payable			\$ 18,355,000	\$ 16,152,182

The Series 2013 Bonds contain various restrictive covenants related to reporting, finance, and additional debt. The bonds are guaranteed by the Tides Foundation.

# Tides Organizations

## Notes to Consolidated Financial Statements

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Maturities on bonds payable are as follows:

<u>Years Ending December 31,</u>	
2018	\$ 921,157
2019	952,880
2020	985,981
2021	1,022,822
2022	1,059,718
Thereafter	<u>10,124,018</u>
	<u>\$ 15,066,576</u>

Interest expense on bonds payable for the years ended December 31, 2017 and 2016 was \$543,971 and \$573,672, respectively.

### NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets released from restriction in 2017 and 2016 because of satisfying time and purpose restrictions are as follows at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Time restrictions	\$ 25,916,090	\$ 26,927,597
Program/purpose restrictions	<u>36,817,673</u>	<u>33,057,362</u>
	<u>\$ 62,733,763</u>	<u>\$ 59,984,959</u>

Temporarily restricted net assets as of December 31, 2017 and 2016 are restricted for:

	<u>2017</u>	<u>2016</u>
Time restrictions	\$ 15,308,406	\$ 4,462,149
Program/purpose restrictions	<u>22,923,185</u>	<u>27,735,440</u>
	<u>\$ 38,231,591</u>	<u>\$ 32,197,589</u>

### NOTE 11 – RETIREMENT PLANS

An IRS qualified defined contribution 403(b) plan is provided to Tides Organizations' employees including those working on projects. The employer contribution is a percentage of compensation, ranging from 2% to 5%, based upon years of service. Contributions made by Tides Organizations approximated \$1,391,000 and \$813,000 in 2017 and 2016, respectively.

In 2016, Tides Organizations established a 457(b) deferred compensation plan for qualified employees. Tides Organizations do not contribute to the deferred compensation plan; however, employee contributions and net gains and losses earned on those contributions totaled \$62,836 and \$9,726 as of December 31, 2017, respectively. These amounts are recorded in other assets with a matching liability included in employee benefits payable in the accompanying consolidated statements of financial position.

## Tides Organizations Notes to Consolidated Financial Statements

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### NOTE 12 – PROJECTS

The Center provides fiscal sponsorship and organization services to approximately 160 projects. From time to time, projects will obtain their own 501(c)(3) status and are “spun-off” as separate organizations. During 2017 and 2016, net assets of \$1,185,000 and \$4,973,000, respectively, were distributed to spun-off projects. These amounts are recorded as grant expense.

### NOTE 13 – COMMITMENTS AND CONTINGENCIES

**Commitments** – Tides Organizations have lease arrangements as both a Lessee and Lessor.

#### *As Lessee*

TINC leases a complex of 12 historic buildings, the Facility, within the Presidio, which was a United States Army base from 1848 through 1994. In 1994, the Presidio was transferred to the Golden Gate National Recreation Area and came under the administration of the National Park Service of the United States Department of the Interior (the “Park Service”).

The Facility is currently under the administration of the Presidio Trust (the “Trust”), a government corporation which serves as Master Lessor on two long term ground leases (the “Ground Leases”).

Pursuant to documents dated December 23, 2003, and with the approval of the Trust, TINC assumed the Master Lessee function on the Ground Leases and purchased the leasehold improvements related to the Facility in order to operate a center for nonprofit organizations in the Facility.

The first Ground Lease (“Phase I”) was entered into in 1995, and the second (“Phase II”) was entered into in 1997. Both Ground Leases expire on September 10, 2050. The minimum annual rental through September 10, 2020 is as follows:

	<u>Phase I</u>	<u>Phase II</u>	<u>Total</u>
September 11, 2010 to September 10, 2015	\$ 65,000	\$ 65,000	\$ 130,000
September 11, 2015 to September 10, 2020	\$ 80,000	\$ 80,000	\$ 160,000

Beginning September 11, 2020, the minimum rent is subject to appraisal adjustments and consumer price index (“CPI”) adjustments.

The Trust and TINC amended the Ground Leases, effective January 1, 2007. The amendment provides for the payment of percentage rent, increasing from 5% to 10%, through September 2020 including at a minimum the rent schedule detailed above.

For the years ended December 31, 2017 and 2016, TINC has made the required minimum rent payments to the Trust totaling \$160,000 and \$160,000, respectively.

## Tides Organizations

### Notes to Consolidated Financial Statements

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Tides Organizations have minimum lease commitments under real property, equipment, and other operating leases for projects which as of December 31, 2017 are:

<u>Years Ending December 31,</u>	
2018	\$ 1,244,000
2019	573,000
2020	255,000
2021	154,000
2022	95,000
	<u>\$ 2,321,000</u>

Rent expense was approximately \$2,690,000 and \$2,633,000 for 2017 and 2016, respectively.

#### **As Lessor**

Tides Organizations have long-term operating leases for various periods to 2026. Future minimum rents receivable under non-cancelable leases with remaining terms in excess of one year are:

<u>Years Ending December 31,</u>	
2018	\$ 3,856,903
2019	2,886,683
2020	2,174,309
2021	1,288,381
2022	667,811
Thereafter	1,347,314
	<u>\$ 12,221,401</u>

#### **Contingencies**

Certain grants and contracts that the Center administers and receives reimbursement for are subject to audit and final acceptance by the federal and state granting agencies. Current and prior year revenues of such grants are subject to adjustment upon audit.

Tides Organizations are parties to various legal actions in the ordinary course of business. In the opinion of management, the outcome of these matters would not have a material effect on its consolidated financial statements.

## **Supplementary Information**

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**Tides Organizations**  
**Consolidating Statement of Financial Position**  
**December 31, 2017**

	Tides Network	Tides Center	Tides Foundation	Tides, Inc.	Tides Two Rivers Fund	Subtotal	Eliminations	Consolidated Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 122,631	\$ 21,877,654	\$ 49,711,494	\$ 2,105,804	\$ 401,701	\$ 74,219,284	\$ -	\$ 74,219,284
Receivables:	-	-	-	-	-	-	-	-
Grants and contributions, net	-	24,423,350	9,137,855	-	-	33,561,205	-	33,561,205
Related parties	3,701,033	-	106,469	115,448	-	3,922,950	(3,922,950)	-
Other	93,416	760,182	685,348	46,529	540,345	2,125,820	-	2,125,820
Investments	-	65,763,918	241,234,565	-	-	306,998,483	-	306,998,483
Mission related:	-	-	-	-	-	-	-	-
Investments, net	-	-	5,840,679	-	-	5,840,679	-	5,840,679
Notes receivable, net	-	-	201,773	-	-	201,773	-	201,773
Notes receivable, related party	-	-	7,082,503	1,962,623	-	9,045,126	(9,045,126)	-
Property and equipment, net	1,259,208	1,067,163	44,776	7,646,023	10,617,312	20,634,482	-	20,634,482
Prepaid expenses and other assets	155,064	1,005,511	-	154,926	411,192	1,726,693	-	1,726,693
<b>Total assets</b>	<b>\$ 5,331,352</b>	<b>\$ 114,897,778</b>	<b>\$ 314,045,462</b>	<b>\$ 12,031,353</b>	<b>\$ 11,970,550</b>	<b>\$ 458,276,495</b>	<b>\$ (12,968,076)</b>	<b>\$ 445,308,419</b>
<b>LIABILITIES AND NET ASSETS</b>								
<b>LIABILITIES</b>								
Accounts payable and accrued expenses	\$ 2,439,912	\$ 11,465,032	\$ 622,158	\$ 282,489	\$ 118,882	\$ 14,928,473	\$ -	\$ 14,928,473
Payable - related parties	31,730	1,681,679	761,949	967,230	364,914	3,807,502	(3,807,502)	-
Grants payable, net	-	300	55,028,628	-	-	55,028,928	-	55,028,928
Grant advances	-	1,108,469	-	-	-	1,108,469	-	1,108,469
Bonds payable, net	-	-	-	8,563,759	6,502,817	15,066,576	-	15,066,576
Notes payable to related party	-	-	-	-	9,160,574	9,160,574	(9,160,574)	-
Other liabilities	16,735	655,106	-	412,090	241,751	1,325,682	-	1,325,682
<b>Total liabilities</b>	<b>2,488,377</b>	<b>14,910,586</b>	<b>56,412,735</b>	<b>10,225,568</b>	<b>16,388,938</b>	<b>100,426,204</b>	<b>(12,968,076)</b>	<b>87,458,128</b>
<b>NET ASSETS</b>								
<b>Unrestricted:</b>								
Designated for projects	-	61,357,231	-	-	-	61,357,231	-	61,357,231
Designated for donor advised funds	-	-	237,887,088	-	-	237,887,088	-	237,887,088
Undesignated	2,842,975	398,370	19,745,639	1,805,785	(4,418,388)	20,374,381	-	20,374,381
<b>Total unrestricted</b>	<b>2,842,975</b>	<b>61,755,601</b>	<b>257,632,727</b>	<b>1,805,785</b>	<b>(4,418,388)</b>	<b>319,618,700</b>	<b>-</b>	<b>319,618,700</b>
Temporarily restricted	-	38,231,591	-	-	-	38,231,591	-	38,231,591
<b>Total net assets</b>	<b>2,842,975</b>	<b>99,987,192</b>	<b>257,632,727</b>	<b>1,805,785</b>	<b>(4,418,388)</b>	<b>357,850,291</b>	<b>-</b>	<b>357,850,291</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,331,352</b>	<b>\$ 114,897,778</b>	<b>\$ 314,045,462</b>	<b>\$ 12,031,353</b>	<b>\$ 11,970,550</b>	<b>\$ 458,276,495</b>	<b>\$ (12,968,076)</b>	<b>\$ 445,308,419</b>

**Tides Organizations**  
**Consolidating Statement of Activity and Changes in Net Assets**  
**Year Ended December 31, 2017**

	Tides Network	Tides Center	Tides Foundation	Tides, Inc.	Tides Two Rivers Fund	Subtotal	Eliminations	Unrestricted	Consolidated Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>										
Grants and contributions	\$ 33,150	\$ 135,387,337	\$ 279,597,608	\$ 11	\$ -	\$ 415,018,106	\$ -	\$ 346,250,341	\$ 68,767,765	\$ 415,018,106
Grants and contributions - related parties	2,004,259	3,915,221	8,851,742	300,000	-	15,071,222	(15,071,222)	-	-	-
Program revenues	16,206,991	12,480,878	3,102,948	4,044,385	1,443,776	37,278,978	(16,663,370)	20,615,608	-	20,615,608
Interest and dividend income	-	1,201,091	4,010,609	89	-	5,211,789	-	5,211,789	-	5,211,789
Net gain on investments	-	225,712	23,551,398	113,119	80,716	23,970,945	-	23,970,945	-	23,970,945
Other revenue	234,596	-	1,405	60,471	48,051	344,523	-	344,523	-	344,523
Net assets released from restrictions	-	-	-	-	-	-	-	62,733,763	(62,733,763)	-
Total revenue and support	<u>18,478,996</u>	<u>153,210,239</u>	<u>319,115,710</u>	<u>4,518,075</u>	<u>1,572,543</u>	<u>496,895,563</u>	<u>(31,734,592)</u>	<u>459,126,969</u>	<u>6,034,002</u>	<u>465,160,971</u>
<b>EXPENSES</b>										
Program										
Services	-	88,721,074	-	2,610,405	1,074,037	92,405,516	-	92,405,516	-	92,405,516
Grants and awards - related parties	800	8,851,742	4,948,460	1,270,220	-	15,071,222	(15,071,222)	-	-	-
Grants and awards	109	6,933,740	226,594,719	-	-	233,528,568	-	233,528,568	-	233,528,568
Grantmaking program expense	-	-	18,225,414	-	-	18,225,414	(257,825)	17,967,589	-	17,967,589
General and administrative	15,251,821	13,368,602	2,025,480	388,381	197,762	31,232,046	(16,405,545)	14,826,501	-	14,826,501
Fundraising	1,981,875	7,118,749	921,983	-	-	10,022,607	-	10,022,607	-	10,022,607
Total expenses	<u>17,234,605</u>	<u>124,993,907</u>	<u>252,716,056</u>	<u>4,269,006</u>	<u>1,271,799</u>	<u>400,485,373</u>	<u>(31,734,592)</u>	<u>368,750,781</u>	<u>-</u>	<u>368,750,781</u>
CHANGE IN NET ASSETS	1,244,391	28,216,332	66,399,654	249,069	300,744	96,410,190	-	90,376,188	6,034,002	96,410,190
NET ASSETS - beginning of year	<u>1,598,584</u>	<u>71,770,860</u>	<u>191,233,073</u>	<u>1,556,716</u>	<u>(4,719,132)</u>	<u>261,440,101</u>	<u>-</u>	<u>229,242,512</u>	<u>32,197,589</u>	<u>261,440,101</u>
NET ASSETS - end of year	<u>\$ 2,842,975</u>	<u>\$ 99,987,192</u>	<u>\$ 257,632,727</u>	<u>\$ 1,805,785</u>	<u>\$ (4,418,388)</u>	<u>\$ 357,850,291</u>	<u>\$ -</u>	<u>\$ 319,618,700</u>	<u>\$ 38,231,591</u>	<u>\$ 357,850,291</u>

**Tides Organizations**  
**Consolidating Statement of Cash Flows**  
**Year Ended December 31, 2017**

	Tides Network	Tides Center	Tides Foundation	Tides, Inc.	Tides Two Rivers Fund	Subtotal	Eliminations	Consolidated Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Change in net assets	\$ 1,244,391	\$ 28,216,332	\$ 66,399,654	\$ 249,069	\$ 300,744	\$ 96,410,190	\$ -	\$ 96,410,190
Adjustments to reconcile changes in net assets to net cash provided by operating activities:								
Depreciation and amortization	227,423	638,359	2,483	279,981	358,320	1,506,566	-	1,506,566
Discount on grants and contributions receivable	-	61,288	30,519	-	-	91,807	-	91,807
Discount on grants payable	-	-	(3,349)	-	-	(3,349)	-	(3,349)
Reserve for mission related investments	-	-	-	-	-	-	-	-
Net gain on investments	-	(225,712)	(23,745,233)	-	-	(23,970,945)	-	(23,970,945)
Property and equipment granted out	-	(91,801)	-	-	-	(91,801)	-	(91,801)
Changes in operating assets and liabilities:								
Grants, contributions, and other receivable	(1,980,998)	(11,350,002)	(1,293,134)	16,693	31,048	(14,576,393)	(1,021,810)	(15,598,203)
Prepaid expenses and other assets	(7,105)	230,743	518,571	(25,947)	2,509	718,771	-	718,771
Accounts payable and accrued expenses	415,006	3,552,393	162,047	1,010,971	144,195	5,284,612	971,158	6,255,770
Grants payable	-	(785,362)	(10,353,449)	-	-	(11,138,811)	-	(11,138,811)
Grant advances	-	512,110	-	-	-	512,110	-	512,110
Other liabilities	(703)	222,849	(550,000)	(29,276)	(32,247)	(389,377)	-	(389,377)
Net cash from operating activities	<u>(101,986)</u>	<u>20,981,197</u>	<u>31,168,109</u>	<u>1,501,491</u>	<u>804,569</u>	<u>54,353,380</u>	<u>(50,652)</u>	<u>54,302,728</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>								
Purchases of investments	-	(24,310,909)	(204,541,690)	-	-	(228,852,599)	-	(228,852,599)
Proceeds from sales of investments	-	25,118	143,280,478	-	-	143,305,596	-	143,305,596
Purchases of property and equipment	(754,129)	(163,537)	-	(284,698)	-	(1,202,364)	-	(1,202,364)
Net cash used in investing activities	<u>(754,129)</u>	<u>(24,449,328)</u>	<u>(61,261,212)</u>	<u>(284,698)</u>	<u>-</u>	<u>(86,749,367)</u>	<u>-</u>	<u>(86,749,367)</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>								
Proceeds from bond issuances and lines of credit	-	-	-	(113,119)	(80,716)	(193,835)	50,652	(143,183)
Payments on notes and bonds payable	-	-	-	(540,000)	(676,509)	(1,216,509)	-	(1,216,509)
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(653,119)</u>	<u>(757,225)</u>	<u>(1,410,344)</u>	<u>50,652</u>	<u>(1,359,692)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(856,115)</u>	<u>(3,468,131)</u>	<u>(30,093,103)</u>	<u>563,674</u>	<u>47,344</u>	<u>(33,806,331)</u>	<u>-</u>	<u>(33,806,331)</u>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u>978,746</u>	<u>25,345,785</u>	<u>79,804,597</u>	<u>1,542,130</u>	<u>354,357</u>	<u>108,025,615</u>	<u>-</u>	<u>108,025,615</u>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<u>\$ 122,631</u>	<u>\$ 21,877,654</u>	<u>\$ 49,711,494</u>	<u>\$ 2,105,804</u>	<u>\$ 401,701</u>	<u>\$ 74,219,284</u>	<u>\$ -</u>	<u>\$ 74,219,284</u>
<b>SUPPLEMENTAL INFORMATION</b>								
Cash paid for interest	<u>\$ -</u>	<u>\$ 305</u>	<u>\$ -</u>	<u>\$ 312,655</u>	<u>\$ 231,316</u>	<u>\$ 544,276</u>	<u>\$ -</u>	<u>\$ 544,276</u>