



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

Tides Organizations

December 31, 2019 and 2018

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Report of Independent Auditors

The Board of Directors
Tides Organizations

Report on the 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, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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 Network, Tides Center, Tides Foundation, Tides, Inc., and Tides Two Rivers Fund as of December 31, 2019 and 2018, 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.

Adoption of New Accounting Standards

As discussed in Note 2 to the consolidated financial statements, Tides Organizations adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, using the modified retrospective method applied to all contracts and ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, using the modified prospective basis. Our opinion is not modified with respect to these matters.

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, 2019, 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 30, 2020

Consolidated Financial Statements

Tides Organizations
Consolidated Statements of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 118,166,611	\$ 74,634,056
Receivables		
Grants and contributions, net	134,321,925	67,779,259
Other	3,593,550	4,297,484
Investments	426,965,449	352,120,936
Mission related		
Investments, net	5,469,464	10,422,348
Notes receivable, net	821,667	826,773
Prepaid expenses and other assets	3,331,842	3,868,987
Property and equipment, net	19,092,823	19,585,019
Total assets	<u>\$ 711,763,331</u>	<u>\$ 533,534,862</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 15,333,985	\$ 16,123,639
Grants payable, net	122,759,921	37,075,499
Grant advances	13,039	94,358
Bonds payable	13,631,045	14,305,761
Other liabilities	2,025,149	1,256,131
Total liabilities	<u>153,763,139</u>	<u>68,855,388</u>
NET ASSETS		
Without donor restrictions		
Board designated	3,547,119	2,410,758
Designated for projects	58,733,483	52,842,327
Designated for donor advised funds	284,463,945	276,749,722
Undesignated	126,118,746	84,275,527
Total without donor restrictions	472,863,293	416,278,334
With donor restrictions	85,136,899	48,401,140
Total net assets	<u>558,000,192</u>	<u>464,679,474</u>
Total liabilities and net assets	<u>\$ 711,763,331</u>	<u>\$ 533,534,862</u>

Tides Organizations
Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants and contributions	\$ 534,142,879	\$ 111,318,536	\$ 645,461,415	\$ 453,254,702	\$ 73,291,040	\$ 526,545,742
Program revenues	40,732,926	-	40,732,926	19,766,699	-	19,766,699
Investment income, net	31,432,580	-	31,432,580	1,252,285	-	1,252,285
Other revenue	364,295	-	364,295	310,499	-	310,499
Net assets released from restrictions	74,582,777	(74,582,777)	-	63,121,491	(63,121,491)	-
Total revenue and support	681,255,457	36,735,759	717,991,216	537,705,676	10,169,549	547,875,225
EXPENSES						
Program						
Grants and awards	464,838,248	-	464,838,248	296,045,187	-	296,045,187
Services	112,190,750	-	112,190,750	104,055,491	-	104,055,491
Grantmaking program expenses	9,420,811	-	9,420,811	6,230,569	-	6,230,569
General and administrative	22,450,078	-	22,450,078	22,502,623	-	22,502,623
Fundraising	15,770,611	-	15,770,611	12,212,172	-	12,212,172
Total expenses	624,670,498	-	624,670,498	441,046,042	-	441,046,042
CHANGE IN NET ASSETS	56,584,959	36,735,759	93,320,718	96,659,634	10,169,549	106,829,183
NET ASSETS, beginning of year	416,278,334	48,401,140	464,679,474	319,618,700	38,231,591	357,850,291
NET ASSETS, end of year	\$ 472,863,293	\$ 85,136,899	\$ 558,000,192	\$ 416,278,334	\$ 48,401,140	\$ 464,679,474

See accompanying notes.

Tides Organizations
Consolidated Statement of Functional Expenses
Year Ended December 31, 2019

	2019							
	Program Services				Supporting Services			
	Services	Grants and Awards	Grantmaking	Program Services Subtotal	General and Administrative	Fundraising	Supporting Services Subtotal	Total
Personnel	\$ 57,378,299	\$ -	\$ -	\$ 57,378,299	\$ 14,893,027	\$ 13,259,553	\$ 28,152,580	\$ 85,530,879
Consultants / professional services	26,769,714	-	3,350,454	30,120,168	2,088,303	271,895	2,360,198	32,480,366
Grants awarded	-	464,838,248	-	464,838,248	-	-	-	464,838,248
Advertising and promotion	1,777,426	-	-	1,777,426	-	37,426	37,426	1,814,852
Auditing and tax services	33,000	-	9,598	42,598	419,919	23,956	443,875	486,473
Banking fees	-	-	51,434	51,434	85,600	11,145	96,745	148,179
Board expense	-	-	-	-	167,685	21,832	189,517	189,517
Depreciation and amortization	751,257	-	2,476	753,733	367,687	47,873	415,560	1,169,293
Facilities	-	-	24,127	24,127	-	195,780	195,780	219,907
Information technology	950,780	-	23,983	974,763	1,225,324	161,135	1,386,459	2,361,222
Insurance	675,494	-	1,295	676,789	31,478	4,098	35,576	712,365
Interest	576,767	-	-	576,767	279	36	315	577,082
Investment service fees	73,884	-	-	73,884	6	1	7	73,891
Legal	6,650	-	38,177	44,827	808,980	41,704	850,684	895,511
Licenses	-	-	300	300	30,222	3,935	34,157	34,457
Occupancy	7,005,037	-	-	7,005,037	1,132,723	98,230	1,230,953	8,235,990
Office expenses	1,965,146	-	58,596	2,023,742	399,931	52,071	452,002	2,475,744
Other project expenses	1,159,827	-	5,727,259	6,887,086	-	19,990	19,990	6,907,076
Professional fundraising fees	-	-	45,452	45,452	-	1,301,231	1,301,231	1,346,683
Travel and conference	11,364,617	-	80,115	11,444,732	652,429	188,095	840,524	12,285,256
All other expenses	1,702,852	-	7,545	1,710,397	146,485	30,625	177,110	1,887,507
Total expenses	\$ 112,190,750	\$ 464,838,248	\$ 9,420,811	\$ 586,449,809	\$ 22,450,078	\$ 15,770,611	\$ 38,220,689	\$ 624,670,498

Tides Organizations
Consolidated Statement of Functional Expenses
Year Ended December 31, 2018

	2018							
	Program Services			Program Services Subtotal	Supporting Services			Total
	Services	Grants and Awards	Grantmaking		General and Administrative	Fundraising	Supporting Services Subtotal	
Personnel	\$ 46,889,305	\$ -	\$ -	\$ 46,889,305	\$ 10,001,820	\$ 10,202,795	\$ 20,204,615.00	\$ 67,093,920
Consultants / professional services	27,961,364	-	5,824,536	33,785,900	2,151,228	280,088	2,431,316	36,217,216
Grants awarded	-	296,045,187	-	296,045,187	-	-	-	296,045,187
Advertising and promotion	1,841,586	-	-	1,841,586	-	-	-	1,841,586
Auditing	33,000	-	3,615	36,615	452,997	23,121	476,118	512,733
Banking fees	-	-	49,408	49,408	171,547	22,335	193,882	243,290
Board expense	-	-	-	-	62,508	8,138	70,646	70,646
Depreciation and amortization	744,254	-	2,476	746,730	369,206	48,070	417,276	1,164,006
Facilities	-	-	1,272	1,272	-	81,835	81,835	83,107
Information technology	906,063	-	11,740	917,803	875,222	116,440	991,662	1,909,465
Insurance	676,239	-	-	676,239	(3,447)	(449)	(3,896)	672,343
Interest	619,217	-	(838)	618,379	-	-	-	618,379
Legal	-	-	6,774	6,774	1,108,032	87,663	1,195,695	1,202,469
Licenses	-	-	300	300	36,282	4,724	41,006	41,306
Occupancy	6,827,708	-	-	6,827,708	48,159	95,570	143,729	6,971,437
Office expenses	6,288,149	-	-	6,288,149	387,914	50,506	438,420	6,726,569
Other project expenses	948,303	-	19,493	967,796	-	-	-	967,796
Professional fundraising fees	-	-	2,850	2,850	-	277,724	277,724	280,574
Travel and conference	9,297,803	-	219,895	9,517,698	579,613	99,956	679,569	10,197,267
All other expenses	1,022,500	-	89,048	1,111,548	6,261,542	813,656	7,075,198	8,186,746
Total expenses	\$ 104,055,491	\$ 296,045,187	\$ 6,230,569	\$ 406,331,247	\$ 22,502,623	\$ 12,212,172	\$ 34,714,795	\$ 441,046,042

Tides Organizations
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Changes in net assets	\$ 93,320,718	\$ 106,829,183
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	1,169,294	1,164,006
Discount on grants and contributions receivable	(21,978)	58,176
Discount on grants payable	(397,694)	8,301
Net (gain) loss on investments	(19,831,989)	6,283,615
Property and equipment granted out	170,000	(73,829)
Change in interest rate swap	-	160,341
Changes in operating assets and liabilities		
Grants, contributions, and other receivable	(65,816,755)	(37,173,373)
Prepaid expenses and other assets	537,236	(1,418,124)
Accounts payable and accrued expenses	(789,656)	1,099,924
Grants payable	86,082,116	(17,961,729)
Grant advances	(81,410)	(1,014,111)
Other liabilities	769,018	26,999
Net cash provided by operating activities	<u>95,108,900</u>	<u>57,989,379</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchases of investments	(112,870,281)	(148,563,899)
Proceeds from sales of investments	62,815,747	91,951,163
Purchases of property and equipment	<u>(847,098)</u>	<u>(40,714)</u>
Net cash used in investing activities	<u>(50,901,632)</u>	<u>(56,653,450)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Payments on notes and bonds payable	<u>(674,713)</u>	<u>(921,157)</u>
Net cash used in financing activities	<u>(674,713)</u>	<u>(921,157)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	43,532,555	414,772
CASH AND CASH EQUIVALENTS, beginning of year	<u>74,634,056</u>	<u>74,219,284</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 118,166,611</u>	<u>\$ 74,634,056</u>
SUPPLEMENTAL INFORMATION		
Cash paid for interest	<u>\$ 577,082</u>	<u>\$ 618,379</u>

Tides Organizations

Notes to Consolidated Financial Statements

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 financial reporting purposes in accordance with the accounting principles generally accepted in the United States of America (“GAAP”). 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 social venture partners promoting shared prosperity and social justice. The Center operates hundreds of social venture partners 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

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, 2019 are listed below:

Beauchamp Charities	Beneficial State Foundation
Rouhana Family Foundation	Underdog Foundation
Harding Rock Fund	

Tides, Inc.

Tides, Inc. ("TINC") operates and manages the Tides' Converge (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 GAAP applicable to not-for-profit organizations.

Description of net assets – Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

Without donor restrictions – Represent resources that are not subject to donor-imposed restrictions and are available to support all activities of Tides Organizations.

The Foundation has net assets without donor restrictions that represent total donor advised and other client funds held by the Foundation with variance power. The Foundation board has designated \$2,597,119 and \$2,410,758 of net assets without donor restrictions as reserves for specific programmatic or operational purposes as of December 31, 2019 and 2018, respectively.

The Center accounts for net assets without donor restrictions as designated for social venture partners when funds raised by social venture partners are for general support funding for furtherance of the Center's mission in programming areas within social venture partners' normal operations. Without donor restrictions – social venture designated net assets were \$58,733,483 and \$52,842,327 as of December 31, 2019 and 2018, respectively.

Tides Organizations Notes to Consolidated Financial Statements

The Network board has designated \$350,000 in 2019 from the Reed Memorial Fund of net assets without donor restrictions as reserves for specific programmatic or operational purposes as of December 31, 2019.

TINC and TTRF have designated \$600,000 in 2019 in a bond sinking fund to cover the interest rate swap.

With donor restrictions – Resources whose use by Tides Organizations is limited by donor-imposed stipulations that either expire by passage of time or fulfillment of programmatic purpose. When the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

For the Center, net assets with donor restrictions relate to the various social venture partners of the Center and are restricted for specific programs of the social venture partners. If the net asset restriction will be fulfilled during the fiscal year (usually by passage of time), the net asset is treated as without donor restrictions-designated for social venture partners upon receipt.

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, 2019 or 2018. For years ended December 31, 2019 and 2018, grants and contributions are subject to discounting based on Tides Organizations' internal discount rate of 1.97% for grants and contributions receivable in two years, and 1.94% for grants and contributions receivable of three years and beyond.

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.

Nonpublicly 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.

Tides Organizations

Notes to Consolidated Financial Statements

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.

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

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities are common stock. Level 2 investments are certificates of deposit, which are valued using maturity and interest rates as observable inputs. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

Fair value of financial instruments – As of December 31, 2019 and 2018, the estimated fair value of Tides Organizations' financial instruments not measured at fair value on a recurring basis (including 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.

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, 2019 and 2018, mission related investments of \$10,217,286 and \$28,529,391, respectively, were recorded. For the years ended December 31, 2019 and 2018, the cumulative impairment recognized for mission related investments was \$4,747,822 and \$18,107,043, respectively.

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. No allowance for doubtful accounts for the mission related notes receivable has been recorded at December 31, 2019 and 2018, 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.

Tides Organizations Notes to Consolidated Financial Statements

Revenue recognition – For the year ended December 31, 2019, Tides Organizations have adopted Accounting Standards Update (ASU) No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Management has undertaken a review of contracts and revenue streams for all of Tides Organizations' net revenues. As a result of the adoption of ASU No. 2018-08, the Center and Foundation recognized \$1,100,000 and \$38,354,766, respectively, of grant payables for outstanding installment grants that were considered conditional prior to the adoption of ASU No. 2018-08 using the modified prospective basis.

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 report contributions and grants as with donor restrictions 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 net assets with donor restrictions. When the restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met in the same year they are received are reported as contributions without donor restrictions.

Tides Organizations do not recognize conditional contributions until the conditions are met. As of December 31, 2019 and 2018, the Center and Foundation are the recipients of conditional contributions totaling approximately \$32,895,000 and \$23,623,000, and \$5,850,000 and \$4,070,000, respectively. These conditional contributions are contingent on donors' continued discretionary approval and are expected to be received in full by 2022.

Tides Organizations records certain revenue from contracts with customers in accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Under ASC Topic 606, Tides Organizations must identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) the organization satisfies a performance obligation. Significant revenue has not been recognized in the current reporting period that results from performance obligations satisfied in previous periods.

Sources of revenue from contracts with customers that are in the scope of ASC Topic 606 include the following:

Program revenues, which includes contract fees, and admin fees, are recognized as earned.

Contract fee revenue – Contract fee revenue in the amount of \$17,529,731 was included in program revenue as of December 31, 2019. Tides Organizations earns contract fee revenue from customers for services rendered as the contract transaction occurs. Contract fee revenue is charged to customers on a monthly or quarterly basis and is recognized as the performance obligation is satisfied or at the end of the service period. The performance obligation is met when services are performed and or when expenses are incurred.

Tides Organizations

Notes to Consolidated Financial Statements

Admin fee revenue – Admin fee revenue in the amount of \$19,496,343 was included in program revenue as of December 31, 2019. Tides Organizations earns admin fee revenue from social venture partners based on contracted rates within the memo of understanding with each social venture partner. The admin fee revenue is expressed as a percentage of revenue earned by the social venture partner ranging from 5%-15%.

Tides Organizations has evaluated the nature of its contracts with customers and determined that further disaggregation of revenue from contracts with customers into more granular categories beyond what is presented in the Statements of Activities and Changes in Net Assets was not necessary. Tides Organizations generally fully satisfies its performance obligations on its contracts with customers as services are rendered and the transaction prices are typically fixed; charged either on a periodic basis or based on activity. Because performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is limited judgment involved in applying ASC Topic 606 that significantly affects the determination of the amount and timing of revenue from contracts with customers.

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. For the years ended December 31, 2019 and 2018, grants with payment terms in excess of one year are subject to discounting based on the Foundation's internal discount rate of 1.97% for grants payable in two years, and 1.94% for grants payable of three years and beyond.

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 of time spent on the function by specific employees and remaining costs are charged directly to the appropriate functional category. For the Center, direct expenses of the various social venture partners are allocated to program services using time and effort percentages.

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.

Tides Organizations

Notes to Consolidated Financial Statements

Concentration of credit risk – Financial instruments that are potentially subject to risk consist primarily of cash and investments. Financial instruments potentially subjecting Tides Organizations to concentrations of credit risk consist primarily of operating cash and investment balances at financial institutions in excess of Federal Deposit Insurance Corporation (“FDIC”) insurance thresholds, cash held in money market accounts in excess of the amounts insured by the U.S. Treasury insurance for money market funds, and various debt and equity instruments in excess of Securities Investor Protection Corporation (“SIPC”) insurance limits. Tides Organizations has not experienced any credit losses in such accounts in the past.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated 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 financial position, including the estimates inherent in the process of preparing the consolidated financial statements.

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus outbreak a public health emergency. Tides Organizations' main operations are concentrated in California which has restricted gatherings and implemented shelter in place restrictions. Tides Organizations continues normal operations while closely monitoring employees and visitors to all business locations to limit the spread of the virus. Tides Organizations will continue to monitor the situation closely, but given the uncertainty about the situation, management can't estimate the impact to the consolidated financial statements.

Subsequent to December 31, 2019, the interest rate swap agreement held by TINC and TTRF has been renegotiated and extended to align with the bond maturity.

Tides Organizations have evaluated subsequent events through June 30, 2020, which is the date the consolidated financial statements were available to be issued.

NOTE 3 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable as of December 31, 2019 and 2018, are due as follows:

	2019	2018
Less than one year	\$ 126,772,719	\$ 56,445,095
One to five years	7,708,210	7,271,334
More than five years	-	4,243,812
Discounts on grants receivable	(159,004)	(180,982)
Grants and contributions receivable, net	\$ 134,321,925	\$ 67,779,259

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, 2019 and 2018:

	2019				
	Total	Level 1	Level 2	Level 3	NAV
Cash and cash equivalents:	\$ 4,630,282	\$ 4,630,282	\$ -	\$ -	\$ -
Equities:					
Domestic	84,378,087	84,378,087	-	-	-
International	16,457,428	16,457,428	-	-	-
Mutual funds - domestic	10,496,441	-	10,496,441	-	-
Fixed income:					
U.S. Government agency, state, and municipal	152,021,263	-	152,021,263	-	-
Corporate debt	124,503,881	-	124,503,881	-	-
Foreign debt (sovereign and corporate)	12,054,914	-	12,054,914	-	-
Alternative investments:					
Telecommunications	642,381	-	-	642,381	-
Real estate	19,786,218	-	-	19,786,218	-
Fund of funds	1,994,554	-	-	-	1,994,554
Total investments measured at fair value	<u>\$ 426,965,449</u>	<u>\$ 105,465,797</u>	<u>\$ 299,076,499</u>	<u>\$ 20,428,599</u>	<u>\$ 1,994,554</u>
	2018				
	Total	Level 1	Level 2	Level 3	NAV
Cash and cash equivalents:	\$ 2,079,577	\$ 1,766,041	\$ 313,536	\$ -	\$ -
Equities:					
Domestic	55,438,636	51,909,925	3,528,711	-	-
International	16,447,000	9,603,350	6,843,650	-	-
Fixed income:					
U.S. Government agency, state, and municipal	131,165,807	25,240,741	105,925,066	-	-
Corporate debt	93,767,554	-	93,767,554	-	-
Foreign debt (sovereign and corporate)	28,961,291	-	28,961,291	-	-
Alternative investments:					
Telecommunications	698,019	-	-	698,019	-
Real estate	22,232,590	-	-	22,232,590	-
Fund of funds	1,330,462	-	-	-	1,330,462
Total investments measured at fair value	<u>\$ 352,120,936</u>	<u>\$ 88,520,057</u>	<u>\$ 239,339,808</u>	<u>\$ 22,930,609</u>	<u>\$ 1,330,462</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 were approximately \$344 million and \$293 million as of December 31, 2019 and 2018, respectively, the substantial portion of which is allocated to grantmaking funds. Social goals and screens are applied to the management of the investments when practical.

Tides Organizations Notes to Consolidated Financial Statements

The changes in nonpublicly traded investments classified as Level 3 are as follows for the years ended December 31, 2019 and 2018:

	Telecom	Real Estate	Total
Balance, January 1, 2019	\$ 698,019	\$ 22,232,590	\$ 22,930,609
Realized loss	(55,638)	-	(55,638)
Unrealized loss	-	(2,446,372)	(2,446,372)
Balance, December 31, 2019	<u>\$ 642,381</u>	<u>\$ 19,786,218</u>	<u>\$ 20,428,599</u>

	Telecom	Real Estate	Total
Balance, January 1, 2018	\$ 524,699	\$ 22,232,590	\$ 22,757,289
Contributions	55,638	-	55,638
Unrealized gains	117,682	-	117,682
Balance, December 31, 2018	<u>\$ 698,019</u>	<u>\$ 22,232,590</u>	<u>\$ 22,930,609</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 as of December 31, 2019:

Fund Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fund of funds	\$ 1,994,554	\$ 1,885,000	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.

Telecommunications – Investment in telecommunications 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 \$1,885,000, 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

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:

	2019	2018
Land and nonprofit community real estate	\$ 553,171	\$ 553,171
Community development investments	1,225,000	1,615,000
Global environmental investments	624,718	584,849
Other	3,066,575	7,669,328
	<u>\$ 5,469,464</u>	<u>\$ 10,422,348</u>

Notes receivable – mission related – Notes receivable of \$821,667 is comprised of loans to companies and organizations ranging from \$100,000 to \$250,000 at interest rates ranging from zero to the current prime interest rate of 4.75% and 5.50% at December 31, 2019 and 2018, respectively. The notes are due at various dates through 2025.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2019 and 2018:

	2019	2018
Land	\$ 1,710,828	\$ 1,710,828
National AIDS Memorial Grove	1,546,142	1,697,811
Structures	22,220,306	22,106,159
Leasehold improvements	5,448,818	3,651,482
Furniture and equipment	411,570	1,128,990
Other	923,821	1,601,851
	<u>32,261,485</u>	<u>31,897,121</u>
Accumulated depreciation and amortization	<u>(13,168,662)</u>	<u>(12,312,102)</u>
	<u>\$ 19,092,823</u>	<u>\$ 19,585,019</u>

Depreciation and amortization expense for the years ended December 31, 2019 and 2018, were \$1,169,293 and \$1,164,006, respectively.

The National AIDS Memorial Grove has a total of \$662,858 and \$623,804 in depreciation, included in total depreciation noted above, for the year ended December 31, 2019 and 2018, respectively.

Tides Organizations

Notes to Consolidated Financial Statements

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, 2019, are scheduled to be paid as follows:

<u>Years Ending December 31,</u>	<u>Tides Center</u>	<u>Tides Foundation</u>
2020	\$ 703,080	\$ 91,309,208
2021	-	28,461,297
2022	-	4,032,476
Total grants payable	703,080	123,802,981
Discounts on grants payable	-	(628,640)
Grants payable, net	<u>\$ 703,080</u>	<u>\$ 123,174,341</u>

Conditional grants are not recognized until the conditions are met. As of December 31, 2019 and 2018, conditional grants totaling \$823,975 and \$587,560, respectively, have been approved by Tides Foundation. Payment of these grants is contingent on the grantees fulfilling specific requirements.

Discounts applied to grants payable as of December 31, 2019 and 2018 were \$628,640 and \$230,946, respectively.

NOTE 8 – REVOLVING CREDIT AGREEMENTS

The Foundation has a \$10,000,000, unsecured, revolving bank line of credit with Wells Fargo Bank (“WFB”) that expires on November 1, 2020. 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, 2019 or 2018.

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, 2019 and 2018, was 2.52%.

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 expired on December 1, 2018.

The swap agreements have a fair value totaling \$244,353 and \$309,542 as of December 31, 2019 and 2018, respectively and are included in the bond payable on the consolidated statements of financial position.

These obligations as of December 31, 2019 and 2018, consisted of the following:

	2019			
	Interest Rate with Swap	Final Maturity Date of Bonds	Original Issue Amount	Amount Outstanding
TINC:				
Series 2013A tax exempt	4.07%	12/01/2023	\$ 7,935,000	\$ 7,738,129
TTRF:				
Series 2013 tax exempt	3.98%	12/01/2023	7,905,000	5,892,916
Total bonds payable			<u>\$ 15,840,000</u>	<u>\$ 13,631,045</u>
	2018			
	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	\$ 8,124,816
TTRF:				
Series 2013 tax exempt	3.46%	12/01/2023	7,905,000	6,180,945
Total bonds payable			<u>\$ 15,840,000</u>	<u>\$ 14,305,761</u>

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

Maturities on bonds payable are as follows:

<u>Years Ending December 31,</u>	
2020	\$ 985,981
2021	1,022,822
2022	1,059,718
2023	1,097,946
2024	1,136,695
Thereafter	8,327,883
	\$ 13,631,045

Interest expense on bonds payable for the years ended December 31, 2019 and 2018, was \$577,082 and \$618,379, respectively.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets that were released from donor restrictions in 2019 and 2018, because of satisfying time and purpose restrictions were as follows at December 31, 2019 and 2018:

	2019	2018
Time restrictions	\$ 38,409,520	\$ 27,801,975
Program/purpose restrictions	36,173,257	35,319,516
	\$ 74,582,777	\$ 63,121,491

Net assets with donor restrictions were available for the following as of December 31, 2019 and 2018:

	2019	2018
Time restrictions	\$ 50,313,542	\$ 29,288,854
Program/purpose restrictions	34,823,357	19,112,286
	\$ 85,136,899	\$ 48,401,140

Net assets with donor restrictions are expected to be released from restriction between the years ending 2020 through 2023.

Tides Organizations

Notes to Consolidated Financial Statements

NOTE 11 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects Tides Organizations financial assets as of December 31, 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year, time restricted, purpose restricted, or board designated. Board designated assets could be drawn upon if the board were to approve that action.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2019:

Financial assets	
Cash and cash equivalents	\$ 118,166,611
Contributions and grants receivable	134,321,925
Other receivables	3,593,550
Investments	426,965,449
Mission related investments	5,469,464
Mission related notes receivable	<u>821,667</u>
Total financial assets	689,338,666
Less those unavailable for general expenditure within one year, due to:	
Contributions and grants receivable collectible beyond one year	(7,708,210)
Investments not convertible to cash within one year	
Alternative investments	(22,423,153)
Mission related investments	(5,469,464)
Mission related notes receivable	(821,667)
Board designations	<u>(3,547,119)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 649,369,053</u>

As of December 31, 2018, Tides Organizations had financial assets of \$460,644,860 available for general expenditures.

Tides Organizations has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Available to Tides Organizations is their revolving line of credit as discussed in Note 8 above which may be utilized should Tides Organizations face shortfalls in liquidity from operations.

NOTE 12 – RETIREMENT PLANS

An IRS qualified defined contribution 403(b) plan is provided to Tides Organizations' employees including those working with social venture partners. The employer contribution is a percentage of compensation, ranging from 2% to 5%. Contributions made by Tides Organizations approximated \$2,576,000 and \$2,134,000 in 2019 and 2018, 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 approximated \$159,000 and \$130,000 in 2019 and 2018, 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.

NOTE 13 – SOCIAL VENTURE PARTNERS

The Center provides fiscal sponsorship and organization services to approximately 160 social venture partners. From time to time, social venture partners will obtain their own 501(c)(3) status and are “spun-off” as separate organizations. During 2019 and 2018 net assets of \$4,519,468 and \$3,147,933, respectively, were distributed to spun-off social venture partners. These amounts are recorded as grant expense.

NOTE 14 – 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:

	Phase I	Phase II	Total
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, 2019 and 2018, 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

As Lessee

Tides Organizations have minimum lease commitments under real property, equipment, and other operating leases for social venture partners, which as of December 31, 2019 were:

<u>Years Ending December 31,</u>	
2020	\$ 1,945,000
2021	828,000
2022	618,000
2023	504,000
2024	488,000
Thereafter	<u>1,187,000</u>
	<u><u>\$ 5,570,000</u></u>

Rent expense was \$3,129,584 and \$3,204,444 in 2019 and 2018, respectively.

As Lessor

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

As Lessor

<u>Years Ending December 31,</u>	
2020	\$ 4,844,180
2021	3,152,903
2022	1,978,481
2023	1,263,212
2024	802,640
Thereafter	<u>594,923</u>
	<u><u>\$ 12,636,339</u></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

Tides Organizations
Consolidating Statement of Financial Position
December 31, 2019

	Tides Network	Tides Center	Tides Foundation	Tides, Inc.	Tides Two Rivers Fund	Subtotal	Eliminations	Consolidated Total
ASSETS								
Cash and cash equivalents	\$ 385,881	\$ 38,070,647	\$ 77,952,755	\$ 1,439,458	\$ 317,870	\$ 118,166,611	\$ -	\$ 118,166,611
Receivables:								
Grants and contributions, net	-	32,895,382	101,426,543	-	-	134,321,925	-	134,321,925
Related parties	6,438,155	1,117,500	102,562	-	-	7,658,217	(7,658,217)	-
Other	407,817	1,581,908	1,510,065	61,704	32,056	3,593,550	-	3,593,550
Investments	-	88,917,426	338,048,023	-	-	426,965,449	-	426,965,449
Mission related:								
Investments, net	-	-	5,469,464	-	-	5,469,464	-	5,469,464
Notes receivable, net	-	-	821,667	-	-	821,667	-	821,667
Notes receivable, related party	-	-	6,765,050	2,078,070	-	8,843,120	(8,843,120)	-
Prepaid expenses and other assets	333,703	2,055,310	-	99,855	842,974	3,331,842	-	3,331,842
Property and equipment, net	260,636	1,576,677	39,823	7,198,742	10,016,945	19,092,823	-	19,092,823
Total assets	\$ 7,826,192	\$ 166,214,850	\$ 532,135,952	\$ 10,877,829	\$ 11,209,845	\$ 728,264,668	\$ (16,501,337)	\$ 711,763,331
LIABILITIES AND NET ASSETS								
LIABILITIES								
Accounts payable and accrued expenses	\$ 3,011,352	\$ 11,367,532	\$ 721,836	\$ 182,992	\$ 50,273	\$ 15,333,985	\$ -	\$ 15,333,985
Payable - related parties	2,563	4,213,446	1,623,907	354,132	346,669	6,540,717	(6,540,717)	-
Grants payable, net	-	703,080	122,056,841	-	-	122,759,921	-	122,759,921
Grants payable, related parties	-	-	1,117,500	-	-	1,117,500	(1,117,500)	-
Grant advances	-	13,039	-	-	-	13,039	-	13,039
Bonds payable	-	-	-	7,738,129	5,892,916	13,631,045	-	13,631,045
Notes payable to related party	-	-	-	-	8,843,120	8,843,120	(8,843,120)	-
Other liabilities	898,755	506,991	-	402,853	216,550	2,025,149	-	2,025,149
Total liabilities	3,912,670	16,804,088	125,520,084	8,678,106	15,349,528	170,264,476	(16,501,337)	153,763,139
NET ASSETS								
Without donor restrictions								
Board designated	350,000	-	2,597,119	340,611	259,389	3,547,119	-	3,547,119
Designated for projects	-	58,733,483	-	-	-	58,733,483	-	58,733,483
Designated for donor advised funds	-	-	284,463,945	-	-	284,463,945	-	284,463,945
Undesignated	3,563,522	5,540,380	119,554,804	1,859,112	(4,399,072)	126,118,746	-	126,118,746
Total without donor restrictions	3,913,522	64,273,863	406,615,868	2,199,723	(4,139,683)	472,863,293	-	472,863,293
With donor restrictions	-	85,136,899	-	-	-	85,136,899	-	85,136,899
Total net assets	3,913,522	149,410,762	406,615,868	2,199,723	(4,139,683)	558,000,192	-	558,000,192
Total liabilities and net assets	\$ 7,826,192	\$ 166,214,850	\$ 532,135,952	\$ 10,877,829	\$ 11,209,845	\$ 728,264,668	\$ (16,501,337)	\$ 711,763,331

Tides Organizations
Consolidating Statement of Activity and Changes in Net Assets
Year Ended December 31, 2019

	Tides Network	Tides Center	Tides Foundation	Tides, Inc.	Tides Two Rivers Fund	Subtotal	Eliminations	Consolidated		Total
								Without donor restrictions	With donor restrictions	
REVENUE AND SUPPORT										
Grants and contributions	\$ 97,401	\$ 162,747,830	\$ 482,616,050	\$ 134	\$ -	\$ 645,461,415	\$ -	\$ 534,142,879	\$ 111,318,536	\$ 645,461,415
Grants and contributions - related parties	297,596	8,319,650	3,496,826	-	-	12,114,072	(12,114,072)	-	-	-
Program revenues	22,836,003	27,893,564	7,181,181	4,208,194	1,471,647	63,590,589	(22,857,663)	40,732,926	-	40,732,926
Investment income, net	-	5,052,155	26,658,591	(153,539)	(124,627)	31,432,580	-	31,432,580	-	31,432,580
Net gain on investments	-	-	-	-	-	-	-	-	-	-
Other revenue	274,764	-	-	56,389	49,192	380,345	(16,050)	364,295	-	364,295
Net assets released from restrictions	-	-	-	-	-	-	-	74,582,777	(74,582,777)	-
Total revenue and support	23,505,764	204,013,199	519,952,648	4,111,178	1,396,212	752,979,001	(34,987,785)	681,255,457	36,735,759	717,991,216
EXPENSES										
Program										
Grants and awards	-	16,010,253	448,819,495	8,500	-	464,838,248	-	464,838,248	-	464,838,248
Services	-	107,799,568	-	3,222,242	1,168,940	112,190,750	-	112,190,750	-	112,190,750
Grantmaking program expense	-	-	9,517,381	-	-	9,517,381	(96,570)	9,420,811	-	9,420,811
Grants and awards - related parties	24,570	3,496,826	8,295,080	297,596	-	12,114,072	(12,114,072)	-	-	-
General and administrative	20,512,848	16,763,862	7,572,249	378,262	-	45,227,221	(22,777,143)	22,450,078	-	22,450,078
Fundraising	2,670,750	12,115,896	983,965	-	-	15,770,611	-	15,770,611	-	15,770,611
Total expenses	23,208,168	156,186,405	475,188,170	3,906,600	1,168,940	659,658,283	(34,987,785)	624,670,498	-	624,670,498
CHANGE IN NET ASSETS	297,596	47,826,794	44,764,478	204,578	227,272	93,320,718	-	56,584,959	36,735,759	93,320,718
NET ASSETS - beginning of year	3,615,926	101,583,968	361,851,390	1,995,145	(4,366,955)	464,679,474	-	416,278,334	48,401,140	464,679,474
NET ASSETS - end of year	<u>\$ 3,913,522</u>	<u>\$ 149,410,762</u>	<u>\$ 406,615,868</u>	<u>\$ 2,199,723</u>	<u>\$ (4,139,683)</u>	<u>\$ 558,000,192</u>	<u>\$ -</u>	<u>\$ 472,863,293</u>	<u>\$ 85,136,899</u>	<u>\$ 558,000,192</u>

Tides Organizations
Consolidating Statement of Cash Flows
Year Ended December 31, 2019

	Tides Network	Tides Center	Tides Foundation	Tides, Inc.	Tides Two Rivers Fund	Subtotal	Eliminations	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in net assets	\$ 297,596	\$ 47,826,794	\$ 44,764,478	\$ 204,578	\$ 227,272	\$ 93,320,718	\$ -	\$ 93,320,718
Adjustments to reconcile changes in net assets to net cash from operating activities:								
Depreciation and amortization	415,560	65,756	2,476	329,289	356,213	1,169,294	-	1,169,294
Discount on grants and contributions receivable	-	(21,978)	-	-	-	(21,978)	-	(21,978)
Discount on grants payable	-	-	(397,694)	-	-	(397,694)	-	(397,694)
Net gain on investments	-	(3,025,796)	(16,806,193)	-	-	(19,831,989)	-	(19,831,989)
Property and equipment granted out	170,000	-	-	-	-	170,000	-	170,000
Change in interest rate swap	-	-	-	153,538	124,626	278,164	(278,164)	-
Changes in operating assets and liabilities:								
Grants, contributions, and other receivable	(866,990)	(10,542,171)	(50,570,099)	4,998	(34,666)	(62,008,928)	(3,807,827)	(65,816,755)
Prepaid expenses and other assets	(85,588)	(67,755)	6,250	38,145	63,910	(45,038)	582,274	537,236
Accounts payable and accrued expenses	592,631	689,760	(565,665)	(86,319)	(32,593)	597,814	(1,387,470)	(789,656)
Grants payable	-	697,899	86,499,858	-	-	87,197,757	(1,115,641)	86,082,116
Grant advances	-	(81,320)	-	-	-	(81,320)	(90)	(81,410)
Other liabilities	(50)	(5,147,996)	333,313	-	-	(4,814,733)	5,583,751	769,018
Net cash from operating activities	<u>523,159</u>	<u>30,393,193</u>	<u>63,266,724</u>	<u>644,229</u>	<u>704,762</u>	<u>95,532,067</u>	<u>(423,167)</u>	<u>95,108,900</u>
CASH FLOWS USED IN INVESTING ACTIVITIES								
Purchases of investments	-	(16,773,220)	(96,097,061)	-	-	(112,870,281)	-	(112,870,281)
Proceeds from sales of investments	-	73,884	62,741,863	-	-	62,815,747	-	62,815,747
Purchases of property and equipment	(137,917)	(529,674)	-	(65,359)	(114,148)	(847,098)	-	(847,098)
Net cash used in investing activities	<u>(137,917)</u>	<u>(17,229,010)</u>	<u>(33,355,198)</u>	<u>(65,359)</u>	<u>(114,148)</u>	<u>(50,901,632)</u>	<u>-</u>	<u>(50,901,632)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES								
Payments on notes and bonds payable	-	-	-	(540,225)	(557,655)	(1,097,880)	423,167	(674,713)
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(540,225)</u>	<u>(557,655)</u>	<u>(1,097,880)</u>	<u>423,167</u>	<u>(674,713)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	385,242	13,164,183	29,911,526	38,645	32,959	43,532,555	-	43,532,555
CASH AND CASH EQUIVALENTS - beginning of year	639	24,906,464	48,041,229	1,400,813	284,911	74,634,056	-	74,634,056
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 385,881</u>	<u>\$ 38,070,647</u>	<u>\$ 77,952,755</u>	<u>\$ 1,439,458</u>	<u>\$ 317,870</u>	<u>\$ 118,166,611</u>	<u>\$ -</u>	<u>\$ 118,166,611</u>
SUPPLEMENTAL INFORMATION								
Cash paid for interest	<u>\$ 315</u>	<u>\$ 1,453</u>	<u>\$ -</u>	<u>\$ 321,462</u>	<u>\$ 253,852</u>	<u>\$ 577,082</u>	<u>\$ -</u>	<u>\$ 577,082</u>

