

Tides Organizations

Consolidated Financial Statements as of and for the
Years Ended December 31, 2020 and 2019,
Supplementary Information as of and for the
Year Ended December 31, 2020, and
Independent Auditors' Report

TIDES ORGANIZATIONS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Tides Organizations:

We have audited the accompanying consolidated financial statements of Tides Center, Tides Foundation, Tides Network, Tides, Inc., and Tides Two Rivers Fund, collectively, Tides Organizations (the "Organization"), all of which are under common ownership and common management, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Organization'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 Organization'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 consolidated financial position of the Organization as of December 31, 2020, and the consolidated statements of activities and changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidating Schedules

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules on pages 25 to 28 are presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and are not a required part of the consolidated financial statements. These schedules are the responsibility of the Organization's management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such schedules have been subjected to the auditing procedures applied in our audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such schedules 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, such schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Predecessor Auditors' Opinion on 2019 Consolidated Financial Statements

The consolidated financial statements of the Organization as of and for the year ended December 31, 2019, were audited by other auditors whose report, dated June 30, 2020, expressed an unmodified opinion on those statements.

Deloitte & Touche LLP

August 6, 2021

TIDES ORGANIZATIONS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 181,176,042	\$ 118,166,611
RECEIVABLES:		
Grants and contributions—net	222,235,878	134,321,925
Other	5,368,523	3,593,550
INVESTMENTS	821,589,879	426,965,449
MISSION RELATED:		
Investments	5,284,385	5,469,464
Notes receivable	7,061,550	821,667
PREPAID EXPENSES AND OTHER ASSETS	3,429,624	3,331,842
PROPERTY AND EQUIPMENT—Net	<u>19,326,317</u>	<u>19,092,823</u>
TOTAL ASSETS	<u>\$1,265,472,198</u>	<u>\$ 711,763,331</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 14,069,576	\$ 15,333,985
Grants payable—net	76,261,473	122,759,921
Grant advances	54,144	13,039
Bonds payable—net	12,931,667	13,631,045
Other liabilities	<u>8,564,754</u>	<u>2,025,149</u>
Total liabilities	<u>111,881,614</u>	<u>153,763,139</u>
COMMITMENTS AND CONTINGENCIES (Note 15)	<u>-</u>	<u>-</u>
NET ASSETS:		
Without donor restrictions:		
Board designated	4,673,584	3,547,119
Designated for projects	84,892,064	58,733,483
Designated for donor-advised funds	755,546,409	284,463,945
Undesignated	<u>182,431,523</u>	<u>126,118,746</u>
Total without donor restrictions	1,027,543,580	472,863,293
With donor restrictions	<u>126,047,004</u>	<u>85,136,899</u>
Total net assets	<u>1,153,590,584</u>	<u>558,000,192</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,265,472,198</u>	<u>\$ 711,763,331</u>

See notes to consolidated financial statements.

TIDES ORGANIZATIONS

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Grants and contributions	\$ 1,128,738,369	\$ 139,929,128	\$ 1,268,667,497	\$ 534,142,879	\$ 111,318,536	\$ 645,461,415
Program revenues	21,414,403	-	21,414,403	40,732,926	-	40,732,926
Investment income—net	95,245,141	-	95,245,141	31,432,580	-	31,432,580
Other revenue	3,465,985	-	3,465,985	364,295	-	364,295
Net assets released from restrictions	<u>99,019,023</u>	<u>(99,019,023)</u>	<u>-</u>	<u>74,582,777</u>	<u>(74,582,777)</u>	<u>-</u>
Total revenue and support	<u>1,347,882,921</u>	<u>40,910,105</u>	<u>1,388,793,026</u>	<u>681,255,457</u>	<u>36,735,759</u>	<u>717,991,216</u>
EXPENSES:						
Program:						
Grants and awards	638,502,467	-	638,502,467	464,838,248	-	464,838,248
Services	109,932,832	-	109,932,832	112,190,750	-	112,190,750
Grant-making program expenses	3,353,214	-	3,353,214	9,420,811	-	9,420,811
General and administrative	24,223,056	-	24,223,056	22,450,078	-	22,450,078
Fund-raising	<u>17,191,065</u>	<u>-</u>	<u>17,191,065</u>	<u>15,770,611</u>	<u>-</u>	<u>15,770,611</u>
Total expenses	<u>793,202,634</u>	<u>-</u>	<u>793,202,634</u>	<u>624,670,498</u>	<u>-</u>	<u>624,670,498</u>
CHANGE IN NET ASSETS	554,680,287	40,910,105	595,590,392	56,584,959	36,735,759	93,320,718
NET ASSETS—Beginning of year	<u>472,863,293</u>	<u>85,136,899</u>	<u>558,000,192</u>	<u>416,278,334</u>	<u>48,401,140</u>	<u>464,679,474</u>
NET ASSETS—End of year	<u>\$ 1,027,543,580</u>	<u>\$ 126,047,004</u>	<u>\$ 1,153,590,584</u>	<u>\$ 472,863,293</u>	<u>\$ 85,136,899</u>	<u>\$ 558,000,192</u>

See notes to consolidated financial statements.

TIDES ORGANIZATIONS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2020

	2020							Total
	Program Services			Supporting Services				
	Services	Grants and Awards	Grant-making	Program Services Subtotal	General and Administrative	Fund-raising	Supporting Services Subtotal	
Personnel	\$ 60,854,962	\$ -	\$ -	\$ 60,854,962	\$ 17,200,746	\$ 16,015,426	\$ 33,216,172	\$ 94,071,134
Consultants/professional services	28,603,013	-	1,447,627	30,050,640	2,315,042	301,416	2,616,458	32,667,098
Grants awarded	-	638,502,467	-	638,502,467	-	-	-	638,502,467
Advertising and promotion	3,219,441	-	-	3,219,441	127,275	40,906	168,181	3,387,622
Auditing and tax services	22,000	-	4,300	26,300	325,930	23,040	348,970	375,270
Banking fees	512,810	-	80,028	592,838	78,569	10,230	88,799	681,637
Board expense	-	-	-	-	87,763	9,755	97,518	97,518
Depreciation and amortization	750,122	-	2,476	752,598	167,612	21,823	189,435	942,033
Facilities	-	-	68,627	68,627	-	-	-	68,627
Information technology	1,206,630	-	7,200	1,213,830	1,027,442	142,912	1,170,354	2,384,184
Insurance	901,648	-	3,577	905,225	93,282	12,145	105,427	1,010,652
Interest	471,574	-	-	471,574	226	29	255	471,829
Investment service fees	90,555	-	-	90,555	-	-	-	90,555
Legal	800	-	2,682	3,482	674,231	23,677	697,908	701,390
Licenses	256,477	-	300	256,777	67,782	10,435	78,217	334,994
Occupancy	6,629,472	-	-	6,629,472	1,298,545	118,854	1,417,399	8,046,871
Office expenses	2,232,130	-	73,383	2,305,513	252,796	32,914	285,710	2,591,223
Other project expenses	-	-	1,519,465	1,519,465	-	-	-	1,519,465
Professional fund-raising fees	-	-	-	-	-	344,655	344,655	344,655
Travel and conference	3,025,334	-	5,763	3,031,097	128,096	28,566	156,662	3,187,759
All other expenses	1,155,864	-	137,786	1,293,650	377,719	54,282	432,001	1,725,651
Total expenses	\$ 109,932,832	\$ 638,502,467	\$ 3,353,214	\$ 751,788,513	\$ 24,223,056	\$ 17,191,065	\$ 41,414,121	\$ 793,202,634

See notes to consolidated financial statements.

TIDES ORGANIZATIONS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2019

	2019							Total
	Program Services			Supporting Services				
	Services	Grants and Awards	Grant-making	Program Services Subtotal	General and Administrative	Fund-raising	Supporting Services Subtotal	
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	<u>1,702,852</u>	-	<u>7,545</u>	<u>1,710,397</u>	<u>146,485</u>	<u>30,625</u>	<u>177,110</u>	<u>1,887,507</u>
Total expenses	<u>\$ 112,190,750</u>	<u>\$ 464,838,248</u>	<u>\$ 9,420,811</u>	<u>\$ 586,449,809</u>	<u>\$ 22,450,078</u>	<u>\$ 15,770,611</u>	<u>\$ 38,220,689</u>	<u>\$ 624,670,498</u>

See notes to consolidated financial statements.

TIDES ORGANIZATIONS

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 595,590,392	\$ 93,320,718
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	942,033	1,169,294
Discount on grants and contributions receivable	(5,817)	(21,978)
Discount on grants payable	544,651	(397,694)
Net realized and unrealized gain on investments	(91,741,273)	(19,831,989)
Property and equipment granted out	-	170,000
Changes in operating assets and liabilities:		
Grants, contributions, and other receivable	(89,683,109)	(65,816,755)
Mission-related notes receivables	(6,239,883)	-
Prepaid expenses and other assets	(97,782)	537,236
Accounts payable and accrued expenses	(1,264,409)	(789,656)
Grants payable	(47,043,099)	86,082,116
Grant advances	41,105	(81,410)
Other liabilities	6,539,605	769,018
	<u>367,582,414</u>	<u>95,108,900</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(399,400,714)	(112,870,281)
Proceeds from sales of investments	96,702,636	62,815,747
Purchases of property and equipment	(1,175,527)	(847,098)
	<u>(303,873,605)</u>	<u>(50,901,632)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes and bonds payable	(699,378)	(674,713)
	<u>63,009,431</u>	<u>43,532,555</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	<u>118,166,611</u>	<u>74,634,056</u>
CASH AND CASH EQUIVALENTS—Beginning of year		
	<u>\$ 181,176,042</u>	<u>\$ 118,166,611</u>
CASH AND CASH EQUIVALENTS—End of year		
	<u>\$ 471,830</u>	<u>\$ 577,082</u>
SUPPLEMENTAL INFORMATION—Cash paid for interest		

See notes to consolidated financial statements.

TIDES ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

1. DESCRIPTION OF ORGANIZATION

Tides Network (“Network”), Tides Center (“Center”), Tides Foundation (“Foundation”), Tides, Inc. (TINC), and Tides Two Rivers Fund (TTRF) are aligned 501(c)(3) public benefit corporations (collectively, “Tides Organizations”) that are consolidated for financial reporting purposes.

Tides Network—Effective January 1, 2012, Network began operations as a shared service provider (a type II supporting organization under IRC Section 509(a)(3)) to the Center, the Foundation, TINC, and TTRF. Network is the sole member and appoints the Board members of Center, Foundation, TINC, and TTRF. Network also supports their operations and strategy. Network oversees aligned direction and policy orientation for and has economic interest in all of Tides Organizations. All direct and indirect costs of the supporting services of Tides Organizations, including management salaries, are incurred within the Network.

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

Tides Center—Center is organized and operated to support emerging charitable and educational activities. Center provides fiscal sponsorship and essential services, including financial, legal and personnel services, to projects promoting shared prosperity and social justice. Center operates approximately 160 projects and activities, all of which seek funding from the grant-making community and donors throughout the world.

Tides Foundation—Foundation is committed to building a world of shared prosperity and social justice. Foundation accelerates the pace of social change, working with innovative partners to solve the world’s toughest problems. Tides Real Estate Holding LLC is a wholly owned subsidiary of Tides Foundation.

Foundation receives funds through grants and other 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. Foundation also provides grant-making support and related assistance to other mission-aligned organizations.

Foundation Grant Making Program—Grants are awarded to eligible domestic nonprofit and qualified foreign charitable organizations through advised funds and direct grantmaking initiatives. All grants are taken under consideration by the staff of Network (through cost sharing arrangements with

Foundation) and ratified by the Foundation Board of Directors. Grant making activities are tracked within discrete funds administered by Foundation.

Foundation Supporting Organizations—Foundation also works with supporting organizations operated in connection with Foundation to increase their ability to provide financial and programmatic support in areas consistent with Foundation’s vision, mission, and approach. Foundation has positions on the Board 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 Foundation’s reporting entity because Foundation does not have both control and an economic interest in them. Control is construed to mean majority control of the Board. Economic interest is generally indicated by either residual interest in the supporting organization or some type of material financial support. Foundation supporting organizations as of December 31, 2020, are:

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

Tides, Inc.—TINC leases and operates Tides Converge in San Francisco, providing supportive office space to other charitable and/or mission-aligned organizations. Tides Network provides asset management services for Tides, Inc.

Tides Two Rivers Fund—TTRF owns and operates Tides Converge in New York City, providing office space to other charitable and/or mission-aligned organizations. Tides Network provides asset management services for Tides Two Rivers Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. These are in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to not-for-profit organizations. Intercompany accounts and transactions have been eliminated in consolidation.

Net Assets—Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

Without Donor Restrictions—Net assets that are not subject to donor-imposed restrictions and may be designated for specific purposes or locations by actions of the Board.

The Foundation has net assets without donor restrictions that represent total donor-advised and other client funds held with variance power. The Foundation board has designated \$3,723,584 and \$2,597,119 of net assets without donor restrictions as reserves for specific programmatic or operational purposes as of December 31, 2020 and 2019, respectively.

The Center accounts for net assets without donor restrictions 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. Without donor restrictions, project-

designated net assets were \$84,892,064 and \$58,733,483 as of December 31, 2020 and 2019, respectively.

The Network board has designated \$350,000 from the Reed Memorial Fund of net assets without donor restrictions as reserves for specific programmatic or operational purposes as of December 31, 2020 and 2019.

TINC and TTRF have designated \$600,000 in a bond sinking fund to cover the interest rate swap as of December 31, 2020 and 2019.

With Donor Restrictions—Net assets that are subject to 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 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 net asset is treated as without donor restrictions designated for projects upon receipt.

Cash and Cash Equivalents—For purposes of these consolidated financial statements, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and have original maturities of three months or less.

Grants and Contributions Receivables—Receivables represent grants and contributions unconditionally promised, but have not been received prior to year-end. Grants and contributions receivables that are expected to be collected in future years are subject to discounting. Management determines the allowance for doubtful accounts by evaluating individual balances and assessing the likelihood of collections. No allowance for doubtful accounts is recorded at December 31, 2020 or 2019.

Investments—Investments are recorded at 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 the date of donation. Interest and dividend income are recorded when earned and reinvested in the investment pool.

Valuation of investments that 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.

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.

The following are descriptions of valuation inputs and techniques that the Tides Organizations utilize to determine fair value of each major category of assets:

Cash and Cash Equivalents—Cash and cash equivalents primarily consist of cash on deposit with banks and amounts held in interest-bearing money market accounts. Cash equivalents are carried at cost, which approximates their fair market value. The values of cash and cash equivalents are categorized as Level 1.

Equity Securities (Domestic and International)—Equity securities actively traded on a securities exchange are valued based on quoted prices from the applicable exchange. To the extent valuation adjustments are not applied to these securities, the values are categorized as Level 1, otherwise, the values are categorized as Level 2.

Mutual Funds—Mutual funds are open-ended mutual funds. To the extent these are valued based upon the reported net asset value, the values are categorized as Level 1, otherwise, the values are categorized as Level 2.

US Government and Agency Obligations—US government and agency obligations include US Treasury notes and government bonds. US Treasury notes are valued based on prices provided by third-party vendors that obtain feeds from a number of live data sources, including active market makers and interdealer brokers. To the extent that the values are actively quoted, they are categorized as Level 1. To the extent that the values are not actively quoted, the securities are categorized as Level 2. Government bonds are valued using inputs and techniques, which include identification of similar issues and bond market activity. Prices are determined taking into account the bond's terms and conditions, including any features specific to that issue, which may influence risk and, thus, marketability. The values of government bonds are categorized as Level 2.

Corporate Debt (Domestic and International)—The estimated fair values are based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices. Due to the nature of pricing fixed-income securities, management classifies the majority of corporate debt securities at Level 2.

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. These securities are classified as Level 3.

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. These securities are classified as Level 3.

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 \$4,110,000, 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 and therefore, not required to be leveled.

Fair Value of Financial Instruments—As of December 31, 2020 and 2019, 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. As the mission-related investments do not have readily determinable fair values, the Foundation elects the measurement alternative to measure these investments at cost, minus impairment, if any. For the years ended December 31, 2020 and 2019, mission-related investments of \$10,032,207 and \$10,217,286, respectively, were recorded. For the years ended December 31, 2020 and 2019, the cumulative impairment recognized for mission-related investments was \$4,747,822. The value of the investments is categorized as Level 3 as pricing inputs are other-than-quoted prices in active markets, but for which no significant observable market inputs are available.

Mission-related notes receivable consists 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, 2020 and 2019.

Property and Equipment—Property and equipment are stated at cost, or if donated, at estimated fair value on the date of donation. Depreciation and amortization are computed using 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 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 incurrence of qualifying expenditures from various government agencies are recorded as grant advances in the consolidated statements of financial position.

Revenue Recognition—Contributions and grants are recognized at fair value, as revenue, when received, if unconditional, and when conditions are met, if conditional.

Contributions and Grants—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 that 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.

A portion of the Tides Organizations' revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts received are recognized as revenue when Tides Organizations have incurred expenditures in compliance with specific contract or grant provisions.

Tides Organizations does not recognize conditional contributions until the conditions are met. As of December 31, 2020, and 2019, the Center and the Foundation are the recipients of conditional contributions totaling approximately \$26,076,716 and \$32,895,000 and \$6,511,800 and \$5,850,000, respectively. These conditional contributions are contingent on donors' continued discretionary approval.

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

Contract Fee Revenue—Contract fee revenue in the amount of \$12,341,050 and \$17,529,731 was included in program revenues as of December 31, 2020 and 2019, respectively. Tides Organizations earn 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.

Admin Fee Revenue—Admin fee revenue in the amount of \$27,680,164 and \$19,496,343 was included in program revenues as of December 31, 2020 and 2019, respectively. Tides Organizations earns admin fee revenue from projects 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% to 15%.

Grant Expenses—Grants expense and payable represent amounts committed by the Foundation and approved by the Board to be distributed to various nonprofit organizations for their charitable

activities. Conditional grants are not recognized until the conditions are met. As of December 31, 2020 and 2019, the Foundation had approved conditional grants totaling \$29,051,216 and \$823,975, respectively. Grant refunds, rejections, and cancellations are recorded as a reduction of grants and awards expense at the time the grant is refunded or canceled. For the years ended December 31, 2020 and 2019, grants with payment terms in excess of one year are subject to discounting based on a discount rate of 0.39% for grants payable in two years, and 0.42% 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 Section 509(a) as these organizations meet public support or supporting organization qualifications. The organizations could be subject to tax on unrelated business activities not conducted substantially in furtherance of an exempt purpose.

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.

The federal income tax return has a three-year statute of limitation and the California return has a four-year statute of limitation from the latter of a) the due date of the return or b) the date the return is filed. During this time period, the income tax returns could be subject to examination. The federal income tax returns are subject to examination from 2017 through 2020 and state income tax returns are subject to limitation from 2016 through 2020.

Functional Expense Allocations—Expenses are allocated among program services, general and administrative, and fund-raising 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 projects are allocated to program services using time and effort percentages.

Use of Estimates—The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

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 insurance thresholds, cash held in money market accounts in excess of the amounts insured by the US Treasury insurance for money market funds, and various debt and equity instruments in excess of Securities Investor Protection Corporation insurance limits. Throughout the year, Tides Organizations maintains amounts on deposit at financial institutions that exceed federally insured limits; as of December 31, 2020 and 2019, such amounts totaled \$180,926,042 and \$117,916,611, respectively. Tides Organizations have not experienced any credit losses in such accounts in the past.

3. RECENT ACCOUNTING PRONOUNCEMENT

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The objective of this update is to address the off-balance-sheet financing concerns related to lessees' operating leases. This update introduces a lessee model that brings substantially all leases onto the consolidated statements of financial position. It further aligns certain underlying principles of the new lessor model with those in Accounting Standards Codification 606, *Revenue from Contracts with Customers*, the FASB's new revenue recognition standard. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which formally delayed the effective date of ASU No. 2016-02 by one year and allowed for early adoption as of the original effective date. The adoption is effective for Tides Organizations for calendar year ending December 31, 2022. Management is currently evaluating the impact of the provisions of ASU No. 2016-02 on the consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which increases transparency and comparability among organizations by providing more decision-useful information about expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity. The amendments in this update are effective for fiscal years beginning after December 15, 2020, and interim periods beginning after December 15, 2022, with application to interim financial statements permitted, but not required, in the initial year of application. The adoption is effective for Tides Organizations for the calendar year ending December 31, 2021. Management is currently evaluating the impact of the provisions of ASU No. 2016-13 on the consolidated financial statements.

4. GRANTS AND CONTRIBUTIONS

Grants and contributions receivable as of December 31, 2020 and 2019, are due as follows:

	2020	2019
Less than one year	\$ 202,082,076	\$ 126,772,719
One to five years	20,306,989	7,708,210
Discounts on grants and contributions receivable	<u>(153,187)</u>	<u>(159,004)</u>
Grants and contributions—net	<u>\$ 222,235,878</u>	<u>\$ 134,321,925</u>

Grants and contributions receivable of \$222,235,878 as of December 31, 2020, is split between the Center and the Foundation as follows:

	The Center	The Foundation
Less than one year	\$ 35,262,010	\$ 166,820,066
One to five years	19,412,249	894,740
Discounts on grants and contributions receivable	<u>(149,700)</u>	<u>(3,487)</u>
Grants and contributions—net	<u>\$ 54,524,559</u>	<u>\$ 167,711,319</u>

Discount rates range from 0.39% for receivables of two years and 0.42% for receivables of three years and beyond.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2020 and 2019, the tables below present the balances of investments measured at fair value on a recurring basis:

	2020				Net Asset Value
	Total	Level 1	Level 2	Level 3	
Cash and cash equivalents	\$ 16,621,604	\$ 16,621,604	\$ -	\$ -	\$ -
Equities:					
Domestic	296,265,666	239,006,955	57,258,711	-	-
International	22,794,599	3,933,300	18,861,299	-	-
Fixed income:					
US government agency, state, and municipal	290,596,025	150,644,719	139,951,306	-	-
Corporate debt	130,461,501	-	130,461,501	-	-
Foreign debt (sovereign and corporate)	45,060,223	-	45,060,223	-	-
Alternative investments:					
Telecommunications	509,432	-	-	509,432	-
Real estate	16,193,000	-	-	16,193,000	-
Fund of funds	3,087,829	-	-	-	3,087,829
Total assets measured at fair value	<u>\$821,589,879</u>	<u>\$410,206,578</u>	<u>\$391,593,040</u>	<u>\$16,702,432</u>	<u>\$3,087,829</u>
	2019				Net Asset Value
Total	Level 1	Level 2	Level 3		
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:					
US 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 assets 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>

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 \$723,033,211 and \$344,000,000 as of December 31, 2020 and 2019, 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.

For the years ended December 31, 2020 and 2019, the changes in nonpublicly traded investments classified as Level 3 are as follows:

	Telecom	Real Estate	Total
Balance—January 1, 2020	\$ 642,381	\$ 19,786,218	\$ 20,428,599
Contributions	-	-	-
Unrealized gains	<u>(132,949)</u>	<u>(3,593,218)</u>	<u>(3,726,167)</u>
Balance—December 31, 2020	<u>\$ 509,432</u>	<u>\$ 16,193,000</u>	<u>\$ 16,702,432</u>
	Telecom	Real Estate	Total
Balance—January 1, 2019	\$ 698,019	\$ 22,232,590	\$ 22,930,609
Contributions	(55,638)	-	(55,638)
Unrealized gains	<u>-</u>	<u>(2,446,372)</u>	<u>(2,446,372)</u>
Balance—December 31, 2019	<u>\$ 642,381</u>	<u>\$ 19,786,218</u>	<u>\$ 20,428,599</u>

As of December 31, 2020 and 2019, the following tables 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	<u>\$ 3,087,829</u>	<u>\$ 4,110,000</u>	N/A	N/A
Fund Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fund of funds	<u>\$ 1,994,554</u>	<u>\$ 1,885,000</u>	N/A	N/A

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.

6. MISSION-RELATED INVESTMENTS AND NOTES RECEIVABLE

At December 31, mission-related investments are comprised of the following:

	2020	2019
Land and nonprofit community real estate	\$ 553,171	\$ 553,171
Community development investments	400,000	1,225,000
Global environmental investments	515,217	624,718
Other	<u>3,815,997</u>	<u>3,066,575</u>
Total	<u>\$ 5,284,385</u>	<u>\$ 5,469,464</u>

Mission-Related Notes Receivable—Notes receivable of \$7,061,550 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 3.25% and 4.75% at December 31, 2020 and 2019, respectively. The notes are due at various dates through 2025. Interest receivable amounting to \$1,491,752 and \$1,180,858 is included in other receivables in the consolidated statements of financial position.

7. PROPERTY AND EQUIPMENT

At December 31, 2020 and 2019, property and equipment consists of the following:

	2020	2019
Land	\$ 1,710,828	\$ 1,710,828
National AIDS Memorial Grove	1,224,647	1,546,142
Structures	23,153,360	22,220,306
Leasehold improvements	5,662,928	5,448,818
Furniture and equipment	442,796	411,570
Other	<u>713,831</u>	<u>923,821</u>
Total Property and Equipment	32,908,390	32,261,485
Accumulated depreciation and amortization	<u>(13,582,073)</u>	<u>(13,168,662)</u>
Property and Equipment—Net	<u>\$ 19,326,317</u>	<u>\$ 19,092,823</u>

Depreciation and amortization expense of the years ended December 31, 2020 and 2019, were \$942,033 and \$1,169,293, respectively.

The National AIDS Memorial Grove has a total of \$57,579 and \$42,788 of depreciation for the years ended December 31, 2020 and 2019, respectively.

Land and structures include the fourth floor and lower floor of an office condominium that is collateral for certain bonds (see Note 10).

8. GRANTS PAYABLE

Multiyear grants as of December 31, 2020 and 2019, are scheduled to be paid as follows:

Years Ending December 31	2020	
	The Center	The Foundation
2021	\$ 239,332	\$ 54,912,893
2022	-	17,628,308
2023	-	3,120,929
2024	-	444,000
Total grants payable	239,332	76,106,130
Discounts on grants payable	-	(83,989)
Grants payable—net	<u>\$ 239,332</u>	<u>\$ 76,022,141</u>

Years Ending December 31	2019	
	The Center	The Foundation
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>

Discounts applied to grants payable as of December 31, 2020 and 2019, were \$83,989 and \$628,640, respectively, for the Foundation.

9. REVOLVING CREDIT AGREEMENTS

The Foundation has a \$10,000,000 unsecured, revolving bank line of credit with Wells Fargo Bank (WFB) that expires on February 1, 2022. Advances under the line of credit bear interest at the bank's prime rate or London InterBank Offered Rate (LIBOR), plus 2.25%. There were no borrowings under the WFB line of credit at December 31, 2020 or 2019.

10. 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.

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, 2020 and 2019, was 1.73% and 2.52%, 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 first of each month commencing on January 2, 2014, through and including the maturity date of December 2, 2028.

The agreements related to the tax-exempt bonds are cancelable during the period from December 1, 2018, to November 1, 2028, their maturity date. The agreements related to the taxable bonds expired on December 1, 2018.

The swap agreements have a fair value totaling \$874,310 and \$242,353 as of December 31, 2020 and 2019, respectively.

These obligations as of December 31, 2020 and 2019, consisted of the following:

	2020			
	Interest Rate with Swap	Final Maturity Date of Bonds	Original Issue Amount	Amount Outstanding
TINC:				
Series 2013A tax exempt	4.07 %	December 1, 2028	\$ 7,935,000	\$ 7,339,236
TTRF—Series 2013 tax exempt	3.98	December 1, 2028	<u>7,905,000</u>	<u>5,592,431</u>
Total bonds payable			<u>\$ 15,840,000</u>	<u>\$ 12,931,667</u>
	2019			
	Interest Rate with Swap	Final Maturity Date of Bonds	Original Issue Amount	Amount Outstanding
TINC:				
Series 2013A tax exempt	4.07 %	December 1, 2023	\$ 7,935,000	\$ 7,738,129
TTRF—Series 2013 tax exempt	3.98	December 1, 2023	<u>7,905,000</u>	<u>5,892,916</u>
Total bonds payable			<u>\$ 15,840,000</u>	<u>\$ 13,631,045</u>

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

**Years Ending
December 31**

2021	\$ 1,022,822
2022	1,059,718
2023	1,097,946
2024	1,136,695
Thereafter	<u>8,614,486</u>
Total	<u>\$ 12,931,667</u>

Interest expense on bonds payable for the years ended December 31, 2020 and 2019, was \$470,585 and \$577,082, respectively.

11. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2020 and 2019, net assets were released from donor restrictions in 2020 and 2019 because of satisfying time and purpose restrictions and are as follows:

	2020	2019
Time restrictions	\$ 67,203,441	\$ 38,409,520
Program/purpose restrictions	<u>31,815,582</u>	<u>36,173,257</u>
Total	<u>\$ 99,019,023</u>	<u>\$ 74,582,777</u>

As of December 31, 2020 and 2019, net assets with donor restrictions are available for the following:

	2020	2019
Time restrictions	\$ 90,050,729	\$ 50,313,542
Program/purpose restrictions	<u>35,996,275</u>	<u>34,823,357</u>
Total	<u>\$ 126,047,004</u>	<u>\$ 85,136,899</u>

Net assets with donor restrictions are expected to be released from restriction between the years ending 2019 through 2023.

12. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects Tides Organizations financial assets 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. The 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, 2020 and 2019, are as follows:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 181,176,042	\$ 118,166,611
Contributions and grants receivable	222,235,878	134,321,925
Other receivables	5,368,523	3,593,550
Investments	821,589,879	426,965,449
Mission-related investments	5,284,385	5,469,464
Mission-related notes receivable	<u>7,061,550</u>	<u>821,667</u>
 Total financial assets	 1,242,716,257	 689,338,666
 Less those unavailable for general expenditure within one year, due to:		
Contributions and grants receivable collectible beyond one year	(20,306,989)	(7,708,210)
Investments not convertible to cash within one year		
Alternative investments	(19,790,261)	(22,423,153)
Mission-related investments	(5,284,385)	(5,469,464)
Mission-related notes receivable	(7,061,550)	(821,667)
Board designations	<u>(4,673,584)</u>	<u>(3,547,119)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 1,185,599,488</u>	 <u>\$ 649,369,053</u>

Tides Organizations have a policy to structure their financial assets to be available as their general expenditures, liabilities, and other obligations come due. Available to Tides Organizations is their revolving line of credit as discussed in Note 9 above which may be utilized should Tides Organizations face shortfalls in liquidity from operations.

13. RETIREMENT PLANS

An Internal Revenue Service 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%. Contributions made by Tides Organizations approximated \$2,688,270 and \$2,576,000 in 2020 and 2019, 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 totaled \$139,700 and \$159,000 in 2020 and 2019, respectively. These amounts are recorded in prepaid expenses and other assets with a matching liability included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position.

14. 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 2020 and 2019, net assets of \$6,919,894 and \$4,519,468, respectively, were distributed to spun-off projects. These amounts are recorded as grants and awards in the accompanying consolidated statements of activities and changes in net assets.

15. 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 Trust (the “Trust”), which was a United States Army base from 1848 through 1994. In 1994, the Trust 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 Facility is currently under the administration of 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, 2022, 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
September 11, 2020, to September 10, 2022	58,333	48,334	106,667

Beginning September 11, 2022, the minimum rent is subject to appraisal adjustments and consumer price index 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 2022, including at a minimum the rent schedule detailed above.

For the years ended December 31, 2020 and 2019, TINC has made the required minimum rent payments to the Trust totaling \$200,707 and \$160,000, respectively.

As Lessee—Tides Organizations have minimum lease commitments under real property, equipment, and other operating leases for projects which, as of December 31, 2020, are:

Years Ending December 31	
2021	\$ 1,061,000
2022	507,000
2023	285,000
2024	222,000
2025	134,000
Thereafter	<u>222,000</u>
Total	<u>\$ 2,431,000</u>

Rent expense was \$2,657,259 and \$3,129,584 in 2020 and 2019, 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:

**Years Ending
December 31**

2021	\$ 4,384,196
2022	2,996,968
2023	2,256,506
2024	1,712,074
2025	849,243
Thereafter	-
Total	<u>\$ 12,198,987</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.

16. SUBSEQUENT EVENTS

Tides Organizations have evaluated subsequent events through August 6, 2021, the date the consolidated financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus a global pandemic and recommended containment and mitigation measures worldwide. These measures continue as of August 6, 2021, the date the consolidated financial statements are available to be issued. Tides Organizations cannot reasonably estimate the full impact on Tides Organizations' consolidated statements of financial position, activities and changes in net assets, and cash flows for the fiscal year ending December 31, 2021.

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SUPPLEMENTAL CONSOLIDATING SCHEDULES

TIDES ORGANIZATIONS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2020

	Tides Network	Tides Center	Tides Foundation	Tides, Inc.	Tides Two Rivers Fund	Subtotal	Eliminations	Consolidated Total
ASSETS								
CASH AND CASH EQUIVALENTS	\$ 2,760,397	\$ 75,062,801	\$ 101,494,433	\$ 1,125,440	\$ 732,971	\$ 181,176,042	\$ -	\$ 181,176,042
RECEIVABLES:								
Grants and contributions—net	-	54,524,559	167,711,319	-	-	222,235,878	-	222,235,878
Related parties	5,180,291	772,625	3,009	-	774	5,956,699	(5,956,699)	-
Other	817,766	1,829,119	2,607,297	162,139	(47,798)	5,368,523	-	5,368,523
INVESTMENTS	-	103,841,053	717,748,826	-	-	821,589,879	-	821,589,879
MISSION RELATED:								
Investments—net	-	-	5,284,385	-	-	5,284,385	-	5,284,385
Notes receivable—net	-	-	7,061,550	-	-	7,061,550	-	7,061,550
NOTES RECEIVABLE—RELATED PARTY	-	-	6,365,049	2,078,071	-	8,443,120	(8,443,120)	-
PREPAID EXPENSES AND OTHER ASSETS	585,918	2,431,805	-	83,626	328,275	3,429,624	-	3,429,624
PROPERTY AND EQUIPMENT—Net	71,202	1,636,465	902,347	7,045,787	9,670,516	19,326,317	-	19,326,317
TOTAL ASSETS	\$ 9,415,574	\$ 240,098,427	\$ 1,009,178,215	\$ 10,495,063	\$ 10,684,738	\$ 1,279,872,017	\$ (14,399,819)	\$ 1,265,472,198
LIABILITIES AND NET ASSETS								
LIABILITIES:								
Accounts payable and accrued expenses	\$ 3,717,879	\$ 9,490,048	\$ 725,515	\$ 100,826	\$ 35,308	\$ 14,069,576	\$ -	\$ 14,069,576
Payable—related parties	23,009	2,966,278	2,316,802	303,471	347,140	5,956,700	(5,956,700)	-
Grants payable—net	-	239,332	76,022,141	-	-	76,261,473	-	76,261,473
Grant advances	-	54,144	-	-	-	54,144	-	54,144
Bonds payable—net	-	-	-	7,339,236	5,592,431	12,931,667	-	12,931,667
Notes payable to related party	-	-	-	-	8,443,120	8,443,120	(8,443,120)	-
Other liabilities	1,260,810	4,537,092	2,226,000	324,338	216,514	8,564,754	-	8,564,754
Total liabilities	5,001,698	17,286,894	81,290,458	8,067,871	14,634,513	126,281,434	(14,399,820)	111,881,614
NET ASSETS:								
Without donor restrictions:								
Board designated	350,000	-	3,723,584	340,611	259,389	4,673,584	-	4,673,584
Designated for projects	-	84,892,064	-	-	-	84,892,064	-	84,892,064
Designated for donor-advised funds	-	-	755,546,409	-	-	755,546,409	-	755,546,409
Undesignated	4,063,876	11,872,465	168,617,765	2,086,581	(4,209,164)	182,431,523	-	182,431,523
Total without donor restrictions	4,413,876	96,764,529	927,887,758	2,427,192	(3,949,775)	1,027,543,580	-	1,027,543,580
With donor restrictions	-	126,047,004	-	-	-	126,047,004	-	126,047,004
Total net assets	4,413,876	222,811,533	927,887,758	2,427,192	(3,949,775)	1,153,590,584	-	1,153,590,584
TOTAL LIABILITIES AND NET ASSETS	\$ 9,415,574	\$ 240,098,427	\$ 1,009,178,216	\$ 10,495,063	\$ 10,684,738	\$ 1,279,872,018	\$ (14,399,820)	\$ 1,265,472,198

See independent auditor's report.

TIDES ORGANIZATIONS

CONSOLIDATING STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020

	Tides Network	Tides Center	Tides Foundation	Tides, Inc.	Tides Two Rivers Fund	Subtotal	Eliminations	Without Donor Restrictions	Consolidated With Donor Restrictions	Total
REVENUE AND SUPPORT:										
Grants and contributions	\$ 56,187	243,334,355	\$1,025,276,450	\$ 505	\$ -	\$1,268,667,497	\$ -	1,128,738,369	\$139,929,128	\$1,268,667,497
Grants and contributions—related parties	500,853	9,078,503	19,814,460	-	-	29,393,816	(29,393,816)	-	-	-
Program revenues	25,576,749	14,028,415	1,033,588	4,223,890	1,394,622	46,257,264	(24,842,861)	21,414,403	-	21,414,403
Investment income—net	-	4,457,722	91,074,022	(160,098)	(126,505)	95,245,141	-	95,245,141	-	95,245,141
Other revenue	179,116	-	3,219,530	79,946	7,333	3,485,925	(19,940)	3,465,985	-	3,465,985
Net assets released from restrictions	-	-	-	-	-	-	-	99,019,023	(99,019,023)	-
Total revenue and support	<u>26,312,905</u>	<u>270,898,995</u>	<u>1,140,418,050</u>	<u>4,144,243</u>	<u>1,275,450</u>	<u>1,443,049,643</u>	<u>(54,256,617)</u>	<u>1,347,882,921</u>	<u>40,910,105</u>	<u>1,388,793,026</u>
EXPENSES:										
Program:										
Grants and awards	11,000	40,602,115	597,878,352	11,000	-	638,502,467	-	638,502,467	-	638,502,467
Services	-	105,827,543	-	3,019,741	1,085,548	109,932,832	-	109,932,832	-	109,932,832
Grant-making program expenses	-	-	3,427,458	-	-	3,427,458	(74,244)	3,353,214	-	3,353,214
Grants and contributions—related parties	48,160	19,814,460	8,993,593	500,353	-	29,356,566	(29,356,566)	-	-	-
General and administrative	22,786,600	18,047,207	7,829,379	385,677	-	49,048,863	(24,825,807)	24,223,056	-	24,223,056
Fund-raising	2,966,792	13,206,896	1,017,377	-	-	17,191,065	-	17,191,065	-	17,191,065
Total expenses	<u>25,812,552</u>	<u>197,498,221</u>	<u>619,146,159</u>	<u>3,916,771</u>	<u>1,085,548</u>	<u>847,459,251</u>	<u>(54,256,617)</u>	<u>793,202,634</u>	<u>-</u>	<u>793,202,634</u>
CHANGE IN NET ASSETS	500,353	73,400,774	521,271,891	227,472	189,902	595,590,392	-	554,680,287	40,910,105	595,590,392
NET ASSETS—Beginning 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>
NET ASSETS—End of year	<u>\$ 4,413,875</u>	<u>\$222,811,536</u>	<u>\$ 927,887,759</u>	<u>\$2,427,195</u>	<u>\$(3,949,781)</u>	<u>\$1,153,590,584</u>	<u>\$ -</u>	<u>\$1,027,543,580</u>	<u>\$126,047,004</u>	<u>\$1,153,590,584</u>

See independent auditors' report

TIDES ORGANIZATIONS

CONSOLIDATING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

	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	\$ 500,354	\$ 73,400,774	\$ 521,271,890	\$ 227,469	\$ 189,905	\$ 595,590,392	\$ -	\$ 595,590,392
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:								
Depreciation and amortization	189,434	67,649	2,476	325,497	356,977	942,033	-	942,033
Discount on grants and contributions receivable	-	-	(5,817)	-	-	(5,817)	-	(5,817)
Discount on grants payable	-	-	544,651	-	-	544,651	-	544,651
Net realized and unrealized gain on investments	-	(5,229,630)	(86,511,646)	-	-	(91,741,276)	-	(91,741,276)
<i>Changes in operating assets and liabilities:</i>								
Grants, contributions, and other receivable	847,916	(21,531,513)	(66,876,637)	(100,436)	79,080	(87,581,590)	(2,101,519)	(89,683,109)
Mission-related notes receivables	-	-	(6,054,840)	-	-	(6,054,840)	-	(6,054,840)
Prepaid expenses and other assets	(252,216)	(445,297)	-	16,229	514,697	(166,587)	68,805	(97,782)
Accounts payable and accrued expenses	726,973	(339,097)	(361,197)	(132,828)	(14,494)	(120,643)	(1,143,766)	(1,264,409)
Grants payable	-	(463,748)	(46,579,351)	-	-	(47,043,099)	-	(47,043,099)
Grant advances	-	41,105	-	-	-	41,105	-	41,105
Other liabilities	362,054	1,313,346	2,166,270	(78,515)	(35)	3,763,120	2,776,485	6,539,605
Net cash provided by (used in) operating activities	<u>2,374,515</u>	<u>46,813,589</u>	<u>317,595,799</u>	<u>257,416</u>	<u>1,126,130</u>	<u>368,167,449</u>	<u>(399,995)</u>	<u>367,767,454</u>
CASH FROM INVESTING ACTIVITIES:								
Purchases of investments	-	(10,255,000)	(389,330,757)	-	-	(399,585,757)	-	(399,585,757)
Proceeds from sales of investments	-	561,000	96,141,636	-	-	96,702,636	-	96,702,636
Purchases of property and equipment	-	(127,437)	(865,000)	(172,541)	(10,546)	(1,175,524)	-	(1,175,524)
Net cash used in investing activities	<u>-</u>	<u>(9,821,437)</u>	<u>(294,054,121)</u>	<u>(172,541)</u>	<u>(10,546)</u>	<u>(304,058,645)</u>	<u>-</u>	<u>(304,058,645)</u>
CASH FLOWS FROM FINANCING ACTIVITIES—								
Payments on notes and bonds payable	-	-	-	(558,991)	(826,985)	(1,385,976)	686,598	(699,378)
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,374,515	36,992,152	23,541,678	(474,116)	288,599	62,722,828	286,603	63,009,431
CASH AND CASH EQUIVALENTS—Beginning 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>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 2,760,396</u>	<u>\$ 75,062,799</u>	<u>\$ 101,494,433</u>	<u>\$ 965,342</u>	<u>\$ 606,469</u>	<u>\$ 180,889,439</u>	<u>\$ 286,603</u>	<u>\$ 181,176,042</u>
SUPPLEMENTAL INFORMATION—								
Cash paid for interest	\$ 256	\$ 989	\$ -	\$ 261,088	\$ 209,497	\$ 471,830	\$ -	\$ 471,830

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