

**COMMUNITY FOUNDATION  
FOR SOUTHWEST WASHINGTON**

**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2020 and 2019**



**COMMUNITY  
FOUNDATION**

**SOUTHWEST  
WASHINGTON**

**KERN ▲ THOMPSON**  
CERTIFIED PUBLIC ACCOUNTANTS

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**

**CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended December 31, 2020 and 2019**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Community Foundation for Southwest Washington  
Vancouver, Washington

We have audited the accompanying consolidated financial statements of Community Foundation for Southwest Washington (a non-profit organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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 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 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 auditors' 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 Community Foundation for Southwest Washington as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Community Foundation for Southwest Washington

**Other Matters**

***Report on Supplementary Information***

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

*KERN THOMPSON, LLC*

Portland, Oregon  
July 8, 2021

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**Years Ended December 31, 2020 and 2019**

|  | <b>ASSETS</b>         |                       |
|--|-----------------------|-----------------------|
|  | <b>2020</b>           | <b>2019</b>           |
| Cash and cash equivalents                    | \$ 3,021,279          | \$ 320,737            |
| Contributions receivable                     | 21,640,000            | 18,658,188            |
| Investments                                  | 290,550,590           | 288,523,870           |
| Impact investments                           | 1,960,000             | 1,930,000             |
| Assets held in charitable trusts             | 2,292,344             | 2,220,202             |
| Assets held in charitable gift annuities     | 1,211,842             | 1,161,616             |
| Other assets                                 | 141,504               | 155,522               |
| <b>Total assets</b>                          | <b>\$ 320,817,559</b> | <b>\$ 312,970,135</b> |
| <b>LIABILITIES AND NET ASSETS</b>            |                       |                       |
| Accounts and other payables                  | \$ 42,015             | \$ 65,389             |
| Refundable advance                           | 224,185               | -                     |
| Liabilities for split-interest agreements    | 2,045,608             | 2,183,216             |
| Funds held under agency endowment agreements | 52,514                | 146,004               |
| <b>Total liabilities</b>                     | <b>2,364,322</b>      | <b>2,394,609</b>      |
| <b>Net assets</b>                            |                       |                       |
| <b>Without donor restrictions</b>            |                       |                       |
| Undesignated                                 | 223,867,724           | 220,268,202           |
| Board designated for gift annuity reserve    | 672,705               | 428,307               |
| Board designated for operating reserve       | 815,958               | 807,814               |
|  | 225,356,387           | 221,504,323           |
| <b>With donor restrictions</b>               | 93,096,850            | 89,071,203            |
| <b>Total net assets</b>                      | <b>318,453,237</b>    | <b>310,575,526</b>    |
| <b>Total liabilities and net assets</b>      | <b>\$ 320,817,559</b> | <b>\$ 312,970,135</b> |

See notes to consolidated financial statements.

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**Years Ended December 31, 2020 and 2019**

|  | 2020                         |                             |                              | 2019                         |                             |                              |
|--|------------------------------|-----------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|
|  | Without Donor Restrictions   | With Donor Restrictions     | Total                        | Without Donor Restrictions   | With Donor Restrictions     | Total                        |
| <b>Operating Revenue</b>   |                              |                             |                              |                              |                             |                              |
| Contributions  | \$ 10,476,752                | \$ 4,458,074                | \$ 14,934,826                | \$ 15,034,566                | \$ 4,048,893                | \$ 19,083,459                |
| Special event revenue  | -                            | -                           | -                            | 16,303                       | -                           | 16,303                       |
| Investment income  | 4,676,422                    | 1,638,620                   | 6,315,042                    | 4,947,834                    | 1,427,087                   | 6,374,921                    |
| Net appreciation in the fair value of investments  | 13,321,112                   | 1,845,919                   | 15,167,031                   | 24,543,828                   | 7,687,671                   | 32,231,499                   |
| Gain on contributions receivable   | -                            | 14,639                      | 14,639                       | -                            | 492,584                     | 492,584                      |
| Change in the actuarial value of charitable trusts and gift annuities                            | -                            | 221,713                     | 221,713                      | -                            | 112,895                     | 112,895                      |
| Service fees assessed against funds held under agency endowment agreements and charitable trusts | 2,418                        | -                           | 2,418                        | 56,263                       | -                           | 56,263                       |
|  | <u>28,476,704</u>            | <u>8,178,965</u>            | <u>36,655,669</u>            | <u>44,598,794</u>            | <u>13,769,130</u>           | <u>58,367,924</u>            |
| Net assets released from restrictions  | 4,153,318                    | (4,153,318)                 | -                            | 8,136,547                    | (8,136,547)                 | -                            |
| <b>Total revenues and other support</b>  | <b><u>32,630,022</u></b>     | <b><u>4,025,647</u></b>     | <b><u>36,655,669</u></b>     | <b><u>52,735,341</u></b>     | <b><u>5,632,583</u></b>     | <b><u>58,367,924</u></b>     |
| <b>Operating Expenses</b>  |                              |                             |                              |                              |                             |                              |
| Grants and program services  | 27,452,030                   | -                           | 27,452,030                   | 14,889,280                   | -                           | 14,889,280                   |
| Management and general   | 759,798                      | -                           | 759,798                      | 565,853                      | -                           | 565,853                      |
| Fundraising  | 566,130                      | -                           | 566,130                      | 697,267                      | -                           | 697,267                      |
| <b>Total expenses</b>  | <b><u>28,777,958</u></b>     | <b><u>-</u></b>             | <b><u>28,777,958</u></b>     | <b><u>16,152,400</u></b>     | <b><u>-</u></b>             | <b><u>16,152,400</u></b>     |
| <b>Change in net assets</b>  | <b>3,852,064</b>             | <b>4,025,647</b>            | <b>7,877,711</b>             | <b>36,582,941</b>            | <b>5,632,583</b>            | <b>42,215,524</b>            |
| Net assets, beginning of year  | <u>221,504,323</u>           | <u>89,071,203</u>           | <u>310,575,526</u>           | <u>184,921,382</u>           | <u>83,438,620</u>           | <u>268,360,002</u>           |
| <b>Net assets, end of year</b>   | <b><u>\$ 225,356,387</u></b> | <b><u>\$ 93,096,850</u></b> | <b><u>\$ 318,453,237</u></b> | <b><u>\$ 221,504,323</u></b> | <b><u>\$ 89,071,203</u></b> | <b><u>\$ 310,575,526</u></b> |

See notes to consolidated financial statements.

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Years Ended December 31, 2020 and 2019**

|   | <u>2020</u>                       | <u>2019</u>                     |
|---|-----------------------------------|---------------------------------|
| <b>Cash Flows from Operating Activities</b>                 |                                   |                                 |
| Cash received from contributions                            | \$ 5,662,914                      | \$ 5,224,240                    |
| Cash received from events                                   | 38,500                            | 134,319                         |
| Cash received from service fees and other revenue           | 5,273                             | 74,687                          |
| Cash collected on contributions receivable                  | 539,188                           | 359,041                         |
| Interest received   | 14,211                            | 31,262                          |
| Grants and direct program expenses paid                     | (25,966,619)                      | (14,506,189)                    |
| Administrative expenses paid                                | (2,106,613)                       | (2,326,377)                     |
| <b>Net Cash Flows from Operating Activities</b>             | <u><b>(21,813,146)</b></u>        | <u><b>(11,009,017)</b></u>      |
| <b>Cash Flows from Investing Activities</b>                 |                                   |                                 |
| Proceeds from sales of investments                          | 25,957,419                        | 15,974,437                      |
| Purchases of investments                                    | (3,254,841)                       | (11,691,183)                    |
| Realized gain on investments                                | 698,703                           | 1,158,562                       |
| Investment expense  | (39,843)                          | (27,093)                        |
| Collection of impact investment                             | -                                 | 400,000                         |
| Impact investments made                                     | -                                 | (400,000)                       |
| <b>Net Cash Flows from Investing Activities</b>             | <u><b>23,361,438</b></u>          | <u><b>5,414,723</b></u>         |
| <b>Cash Flows from Financing Activities</b>                 |                                   |                                 |
| Donation restricted for long-term use                       | 809,065                           | 335,901                         |
| Collection of contributions receivable-restricted           | 119,000                           | 2,362,234                       |
| Refundable advance  | 224,185                           | -                               |
| <b>Net Cash Flows from Financing Activities</b>             | <u><b>1,152,250</b></u>           | <u><b>2,698,135</b></u>         |
| <b>Net increase (decrease) in cash and cash equivalents</b> | 2,700,542                         | (2,896,159)                     |
| Cash and cash equivalents, beginning of year                | 320,737                           | 3,216,896                       |
| <b>Cash and cash equivalents, end of year</b>               | <u><u><b>\$ 3,021,279</b></u></u> | <u><u><b>\$ 320,737</b></u></u> |

**Supplemental note to cash flow statement:**

Contributions of stock and cash made directly to investment accounts total \$4,976,147 and \$12,806,621 for 2020 and 2019, respectively.

See notes to consolidated financial statements.

## COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

#### NOTE 1 – DESCRIPTION OF ORGANIZATION

The Community Foundation for Southwest Washington (the Foundation) is a publicly supported charity founded in 1984 to carry out charitable, educational and scientific purposes primarily in and for the benefit of citizens in Southwest Washington. The Foundation's mission is to inspire a culture of giving to create a vibrant and engaged community. It receives contributions from individuals, corporations and nonprofit agencies and with these contributions, operates an effective grants program, including both donor-directed and discretionary granting. Discretionary granting focuses on breaking the cycle of intergenerational poverty. Grants are made to a wide range of not-for-profit organizations promoting education, arts and culture, communities and neighborhoods, basic needs and healthy living, scholarships, and conservation and the environment.

The Foundation has two Type 1 supporting organizations: The Supporting Organization of the Community Foundation for Southwest Washington and the Rood Family Foundation. Both organizations operate exclusively for the benefit of and to carry out the purposes of the Foundation. The Foundation performs all administrative functions for the supporting organizations and appoints their governing bodies.

#### Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Foundation, the supporting organizations, and its wholly owned subsidiaries: Community Foundation for Southwest Washington Charitable LLC, Community Foundation for Southwest Washington Charitable LLC #2, and Community Foundation for Southwest Washington Charitable LLC #3. These charitable LLCs were formed December 12, 2012, April 20, 2016, and November 2, 2020, respectively, for the purpose of holding gifts of land and interests in operating businesses. All inter-organizational accounts and transactions have been eliminated. The LLCs are treated as disregarded entities for purposes of federal exempt organization business information return reporting.

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

##### Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors of the Foundation may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.



**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020 and 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (continued)**

Grants and expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Investment Policy**

The Foundation follows a total-return strategy in which investment decisions are made with the intent of maximizing the long-term total return of the portfolio, combining market-value changes (realized and unrealized) and current yield (interest and dividends). The Foundation's assets are invested in a mixture of equities, fixed-income instruments, cash, and alternative investment classes such as hedge funds, distressed debt, and private instruments.

**Agency Endowment Funds**

The Foundation may accept transfers from another nonprofit organization and agree to transfer those assets, the return on investment of those assets, or both, back to the nonprofit organization at some point in the future.

Because the Foundation maintains variance power and fiduciary responsibility for all funds held under agency endowment agreements, these funds continue to be reported as assets. However, a liability, "funds held under agency endowment agreements," has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the nonprofit organization that established the fund for its own benefit.

**Contributions**

All contributions are considered available for the Foundation's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. Contributions and investment income that are limited to specific uses by donor restrictions are reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized. Contributions of assets other than cash are recorded at their estimated fair value.

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020 and 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For purposes of the consolidated financial statements, the Foundation considers all liquid investments having initial maturities of three months or less to be cash equivalents.

**Receivables**

Receivables are carried at amounts management expects to be realized. The Foundation determines the requirement for an allowance for uncollectible receivables based upon management's judgment including such factors as prior collection history, nature of contributions, and assessments of underlying asset valuations expected to be converted. No allowance for uncollectible receivables was necessary at December 31, 2020 and December 31, 2019.

**Investments**

The Foundation carries several types of investments at their fair values based on quoted prices in active markets. These include investments in marketable equity securities; equity funds with readily determined fair values; investments in debt securities; and investments in fixed income funds. The Foundation initially records its real estate investments at the fair value as of the dates the investments are donated to the Foundation and thereafter carries such investments primarily at current appraised or comparable values. Fair values for alternative investments in off-shore hedge funds, limited liability companies, and private equity partnerships for which quoted market prices are not readily available are estimated in good faith by management based on analyses from independent investment advisors or financial information prepared by the general partners of the respective partnership or limited liability company. Because these alternative investments are recorded at their estimated fair values, the reported value may differ from the value that would have been used had a quoted market price existed. Interest income is accrued as earned and reported net of investment advisory fees. Security transactions are recorded on a trade date basis.

**Assets Held Under Split-Interest Agreements**

The Foundation receives contributions of property in which the donor or donor-designated beneficiary may retain a life interest. The assets are invested and administered by the Foundation and distributions are made to the beneficiaries under the terms of the agreement. These funds are generally invested in equity and fixed income mutual funds. Initial recognition and subsequent adjustments to the assets' carrying values are reported as a change in value of split-interest agreements in the accompanying consolidated financial statements.

Obligations under split-interest agreements, including charitable remainder trusts, charitable lead trusts, and charitable gift annuities are recorded when incurred at the present value of the distributions to be made to the designated beneficiaries. Distributions are paid over the lives of the beneficiaries or another specific period. Present values are determined using discount rates determined by the Internal Revenue Service and actuarially determined life expectancies. Obligations under split-interest agreements are revalued annually at December 31 to reflect actual experience; the discount rate is not changed. The net revaluations, together with any remaining recorded obligations after all trust or gift obligations under terminated agreements have been satisfied, are recorded as net changes in the value of split-interest agreements.

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020 and 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Office furniture and equipment are carried at cost when purchased; at market value when acquired by gift. Cost of furniture and equipment greater than \$5,000 is capitalized and depreciated on a straight-line basis over the estimated useful life of the asset, generally three to five years.

**Grants**

Grants to the community are made from available resources in accordance with donor and grant committee recommendations and are approved by the Board of Directors.

**Income Taxes**

The Foundation and the Supporting Organizations are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Washington statutes. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purposes.

**Concentrations of Credit Risk**

Investments consist primarily of financial instruments including cash equivalents, equity and fixed income securities, money market funds, and partnership and similar interests. These financial instruments may subject the Foundation to concentrations of credit risk. Under the terms of an insured cash sweep agreement with the Foundation's primary banking institution, bank deposits in excess of current FDIC insurance limits are placed into deposit accounts at other depository institutions and are fully protected against loss.

**NOTE 3 – CONTRIBUTIONS RECEIVABLE**

From time to time the Foundation is the recipient of bequest gifts. Such gifts are recorded as revenue in the year a particular gift becomes irrevocable and its value can be objectively estimated. For the years ended December 31, 2020 and 2019, bequest gifts total \$21,640,000 and \$18,658,188, respectively. The timing of the receipts is not currently determinable. Accordingly, the contributions are reported as net assets with donor restrictions until such time as the gifts are received.

**NOTE 4 – FAIR VALUE MEASUREMENTS**

Financial assets required to be measured on a recurring basis (at least annually) are classified under a three-tier fair value hierarchy. The classification of assets and liabilities within the hierarchy is based on whether inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data. Investments, assets held in charitable trusts, and assets held in charitable gift annuities are the only assets of the Foundation measured at fair value on a recurring basis.

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020 and 2019**

**NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)**

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

**Level 1** – Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities, mutual fund investments, cash equivalents, and listed derivatives.

**Level 2** – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies. Assets in this level include debt securities and partnerships that hold Level 1 assets.

**Level 3** – Unobservable inputs that reflect management's assumptions and best estimates based on available data. Assets in this level include alternative investments, real estate held for investment, investments in partnerships and limited liability companies, and beneficial interests in charitable remainder trusts.

Realized and unrealized gains and losses from these assets are reported in the Statement of Activities as they occur. There have been no changes in valuation techniques and related inputs.

Investments for which fair value is measured using net asset value per share as a practical expedient are not categorized within the fair value hierarchy. These investments are non-published funds following investment company accounting standards and are available for at least quarterly redemption.

Fair values of assets measured on a recurring basis at December 31, 2020 were as follows:

|  | <u>2020</u>           |                |                      | Fair Value            |
|--|-----------------------|----------------|----------------------|-----------------------|
|  | <u>Level 1</u>        | <u>Level 2</u> | <u>Level 3</u>       | <u>Total</u>          |
| <u>Investments measured at fair value:</u>                               |                       |                |                      |                       |
| Domestic common stocks and equity funds                                  | \$ 40,228,713         | \$ -           | \$ -                 | \$ 40,228,713         |
| Fixed income securities and funds  | 19,688,182            | -              | -                    | 19,688,182            |
| Interests in private equity partnerships and limited liability companies | -                     | -              | 18,250,807           | 18,250,807            |
| International equity securities  | 38,504,528            | -              | -                    | 38,504,528            |
| Money market funds and other cash equivalents                            | 8,873,128             | -              | -                    | 8,873,128             |
| Land   | -                     | -              | 36,500               | 36,500                |
|  | <u>\$ 107,294,551</u> | <u>\$ -</u>    | <u>\$ 18,287,307</u> | <u>\$ 125,581,858</u> |
| Investments Measured at Net Asset Value                                  |                       |                |                      | <u>164,968,732</u>    |
| Total investments  |                       |                |                      | <u>\$ 290,550,590</u> |
| <u>Other assets measured at fair value:</u>                              |                       |                |                      |                       |
| Assets held in charitable trusts   | <u>\$ 2,292,344</u>   | <u>\$ -</u>    | <u>\$ -</u>          | <u>\$ 2,292,344</u>   |
| Assets held in charitable gift annuities                                 | <u>\$ 1,211,842</u>   | <u>\$ -</u>    | <u>\$ -</u>          | <u>\$ 1,211,842</u>   |

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020 and 2019**

**NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)**

Fair values of assets measured on a recurring basis at December 31, 2019 were as follows:

|   | <u>2019</u>           |                |                      | Fair Value<br>Total   |
|---|-----------------------|----------------|----------------------|-----------------------|
|   | <u>Level 1</u>        | <u>Level 2</u> | <u>Level 3</u>       |                       |
| <u>Investments measured at fair value:</u>                                  |                       |                |                      |                       |
| Domestic common stocks and equity funds                                     | \$ 29,468,258         | \$ -           | \$ -                 | \$ 29,468,258         |
| Fixed income securities and funds   | 17,247,191            | -              | -                    | 17,247,191            |
| Interests in private equity partnerships and<br>limited liability companies | -                     | -              | 10,810,353           | 10,810,353            |
| International equity securities   | 41,254,732            | -              | -                    | 41,254,732            |
| Money market funds and other cash equivalents                               | 17,870,044            | -              | -                    | 17,870,044            |
| Land  | -                     | -              | 36,500               | 36,500                |
|   | <u>\$ 105,840,225</u> | <u>\$ -</u>    | <u>\$ 10,846,853</u> | \$ 116,687,078        |
| Investments Measured at Net Asset Value                                     |                       |                |                      | <u>171,836,792</u>    |
| Total investments   |                       |                |                      | <u>\$ 288,523,870</u> |
| <u>Other assets measured at fair value:</u>                                 |                       |                |                      |                       |
| Assets held in charitable trusts  | <u>\$ 2,220,202</u>   | <u>\$ -</u>    | <u>\$ -</u>          | <u>\$ 2,220,202</u>   |
| Assets held in charitable gift annuities                                    | <u>\$ 1,161,616</u>   | <u>\$ -</u>    | <u>\$ -</u>          | <u>\$ 1,161,616</u>   |

For the years ended December 31, 2020 and 2019, the changes in assets measured using significant unobservable inputs (Level 3) were as follows:

|   | <u>2020</u>          | <u>2019</u>          |
|---|----------------------|----------------------|
| Balance, beginning  | \$ 10,846,853        | \$ 8,308,164         |
| Gifts   | 2,972,063            | -                    |
| Purchases (sales) - net   | 2,491,337            | 1,961,974            |
| Total gains and losses included<br>on the Statement of Activities | <u>1,977,054</u>     | <u>576,715</u>       |
| Balance, ending   | <u>\$ 18,287,307</u> | <u>\$ 10,846,853</u> |

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020 and 2019**

**NOTE 5 – INVESTMENTS MEASURED AT NET ASSET VALUE**

The Foundation's investments measured at net asset value (NAV) were as follows:

| <u>2020</u>                                  | <u>Fair Value</u>     | <u>Unfunded Commitments</u> | <u>Redemption Frequency</u> | <u>Redemption Notice Period</u> |
|--|-----------------------|-----------------------------|-----------------------------|---------------------------------|
| RIIFL Unconstrained Bond Fund                | \$ 20,437,282         | \$ -                        | Daily                       | 1 day                           |
| RIIFL Sustainable Multi Asset Core Plus Fund | 96,908,409            | -                           | Daily                       | 1 day                           |
| RIIFL Core Bond Fund                         | 38,445,715            | -                           | Daily                       | 1 day                           |
| RIIFL Real Estate Equity Fund                | 4,261,632             | -                           | Daily                       | 1 day                           |
| Total Return Fund Quarterly, Ltd.            | <u>4,915,694</u>      | <u>-</u>                    | Quarterly                   | 65 days                         |
|  | <u>\$ 164,968,732</u> | <u>\$ -</u>                 |                             |                                 |
| <u>2019</u>                                  |                       |                             |                             |                                 |
| RIIFL Absolute Return Fixed Income Fund      | \$ 22,415,197         | \$ -                        | Daily                       | 1 day                           |
| RIIFL Multi-Asset Core Plus Fund             | 101,306,213           | -                           | Daily                       | 1 day                           |
| RIIFL Core Bond Fund                         | 40,063,546            | -                           | Daily                       | 1 day                           |
| RIIFL Real Estate Equity Fund                | 4,250,031             | -                           | Daily                       | 1 day                           |
| Total Return Fund Quarterly, Ltd.            | <u>3,801,805</u>      | <u>-</u>                    | Quarterly                   | 65 days                         |
|  | <u>\$ 171,836,792</u> | <u>\$ -</u>                 |                             |                                 |

Russell Investments Institutional Funds, LLC (RIIFL)

**NOTE 6 – IMPACT INVESTMENTS**

Impact investments diversify and enhance the Foundation's investment portfolio; they are aligned with its charitable mission and are structured to achieve both a financial and social return. Impact investments at December 31, 2020 and 2019 are in the form of loans and total \$1,960,000 and \$1,930,000, respectively. All loans are current at December 31, 2020.

On December 13, 2018, the Foundation entered into a \$1,000,000 subordinated debt agreement with a private high school located in Vancouver, Washington. The loan provides financing for the school and its athletic fields. The 3% loan has a term of 15 years, with payments deferred for the first 3 years; a balloon payment will be due at the end of year 15. Accrued interest added to the loan principal at December 31, 2020 totaled \$60,000.

On December 27, 2018, the Foundation entered into a \$500,000 subordinated debt agreement with Lighthouse Community Credit Union, a Vancouver community development financial institution. The organization provides financial and banking services to the area's low to moderate income population. The loan is used to increase the credit union's lending capacity by approximately \$5 million. The 2% loan is payable over 20 years, with a balloon payment due at maturity.

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020 and 2019**

**NOTE 6 – IMPACT INVESTMENTS (Continued)**

On April 22, 2019, the Foundation made a \$400,000 loan to Housing Initiative, LLC. The loan is for the purpose of acquiring land and constructing apartments for people exiting homelessness with complex behavioral and/or physical health conditions. The 3% loan is payable at the end of 5 years, including deferred interest. At December 31, 2020, \$20,000 in interest has been accrued on the loan.

**NOTE 7 – ASSETS HELD IN CHARITABLE TRUSTS AND CHARITABLE GIFT ANNUITIES**

Assets held related to these trusts and agreements at December 31, are as follows:

|                                   | 2020                |                     | 2019                |                     |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                   | Trusts              | Annuities           | Trusts              | Annuities           |
| Common stocks and equity funds    | \$ 1,023,388        | \$ 577,133          | \$ 942,267          | \$ 638,182          |
| Fixed income securities and funds | 868,249             | 372,574             | 906,597             | 269,690             |
| Money market funds and other      | 63,252              | 35,941              |                     |                     |
| cash equivalents                  | -                   | -                   | 89,633              | 34,193              |
| International funds               | 337,455             | 226,194             | 281,705             | 219,551             |
|                                   | <u>\$ 2,292,344</u> | <u>\$ 1,211,842</u> | <u>\$ 2,220,202</u> | <u>\$ 1,161,616</u> |

A liability for these trusts and charitable gift annuities, representing the actuarially determined present value of the estimated future payments to be made to the beneficiaries using discount rates in the range of 1.8% to 8.5%, has been recognized.

The issuance of charitable gift annuities in the State of Washington is regulated by the Washington State Office of the Insurance Commissioner. The Insurance Commissioner requires, among other things, that the issuer of charitable gift annuities maintain certain minimum reserves, calculated in accordance with rules promulgated in RCW 48.38.020 of the Washington Insurance Code, and that these reserves be held in separate investment accounts. The minimum calculated reserve required at December 31, 2020 and 2019 totaled \$717,344 and \$933,280, respectively. The Foundation held \$1,211,842 and \$1,161,616 in separate accounts for these purposes at December 31, 2020 and 2019, respectively.

**NOTE 8 – REFUNDABLE ADVANCE (PAYCHECK PROTECTION PROGRAM LOAN)**

On April 20, 2020, the Foundation received a \$224,185 loan under the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief and Economic Security Act. PPP loans are funded by the Small Business Administration and may be forgiven if used to cover salaries and other personnel costs, facility rent, and communications expenses. The Foundation complied with all loan terms and the loan was forgiven in January 2021. Under guidance of Accounting Standards Codification (ASC) 958-605, the PPP loan represents, in substance, a conditional grant and has therefore been recorded as a refundable advance on the statement of financial position.

On January 27, 2021, the Foundation received a second PPP loan in the amount of \$247,550. The Foundation expects to satisfy the criteria for forgiveness by the end of 2021.

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020 and 2019**

**NOTE 9 – FUNDS HELD UNDER AGENCY ENDOWMENT AGREEMENTS**

Activity for the year ended December 31 is as follows:

|                             | <u>2020</u>      | <u>2019</u>       |
|-----------------------------|------------------|-------------------|
| Beginning balance           | \$ 146,004       | \$ 120,658        |
| Additions:                  |                  |                   |
| Contributions and transfers | 10,772           | 10,000            |
| Investment income (loss)    | (366)            | 17,610            |
| Total income (loss)         | <u>10,406</u>    | <u>27,610</u>     |
| Deductions                  |                  |                   |
| Grants and transfers        | (102,832)        | -                 |
| Service fees assessed       | (1,064)          | (2,264)           |
| Total deductions            | <u>(103,896)</u> | <u>(2,264)</u>    |
| Ending balance              | \$ <u>52,514</u> | \$ <u>146,004</u> |

**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions include endowment funds created by donor stipulation requiring investment of the gift in perpetuity or for a specified term; charitable gift annuities and trusts, the assets of which are contractually restricted; and contributions receivable restricted for timing. Net assets with donor restrictions at December 31, 2020 and 2019 are as follows:

|  | <u>2020</u>          | <u>2019</u>          |
|--|----------------------|----------------------|
| Endowment Funds:                         |                      |                      |
| Discretionary                            | \$ 22,031,142        | \$ 22,105,797        |
| Designated                               | 29,742,021           | 28,912,098           |
| Donor advised                            | 9,264,610            | 9,231,185            |
| Field of interest                        | 2,313,376            | 2,340,283            |
| Scholarship                              | 7,319,829            | 7,053,358            |
| Contributions Receivable                 | 21,640,000           | 18,658,188           |
| Gift Annuities                           | (178,208)            | (199,972)            |
| Trusts                                   | <u>964,080</u>       | <u>970,266</u>       |
| Total Net Assets With Donor Restrictions | \$ <u>93,096,850</u> | \$ <u>89,071,203</u> |

**Interpretation of Relevant Law**

Washington State has enacted The Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA establishes a set of prudent management and investment standards for administering endowment funds. Under UPMIFA, the Foundation must consider a donor's intent to maintain an endowment in perpetuity, but it may spend so much of an endowment fund as it considers prudent, regardless of whether the fund is below its historic dollar value.



**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020 and 2019**

**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

**Interpretation of Relevant Law (continued)**

The Foundation retains variance power over its endowment assets. Its organizing documents and fund agreements set forth the power to modify any restriction or condition on distribution of funds for any specified charitable purpose or to specified organizations if in the sole judgement of the Foundation's Board, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of Southwest Washington.

**Underwater Endowment Funds**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historic dollar value of the gifts. For the years ended December 31, 2020 and 2019, deficiencies of this nature are \$709,558 and \$588,601, respectively. These deficiencies resulted from unfavorable market fluctuations. For the same periods, total donor-restricted endowment funds experiencing deficiencies have an original gift value of \$10,713,476 and \$7,788,559, and a current value of \$10,003,918 and \$7,199,958.

Changes to endowment funds classified as net assets with donor restrictions are as follows for the years ended December 31:

|   | 2020          | 2019          |
|---|---------------|---------------|
| Endowment net assets, beginning of year | \$ 69,761,721 | \$ 64,094,595 |
| Endowment investment return:            |               |               |
| Interest and dividends                  | 1,638,620     | 205,301       |
| Total net gains and losses, net of fees | 1,845,919     | 8,909,459     |
| Contributions to endowments             | 4,153,550     | 665,649       |
| Transfers from endowments               | (3,388,832)   | (4,113,283)   |
| Endowment net assets, end of year       | \$ 74,010,978 | \$ 69,761,721 |

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment funds that attempt to provide a predictable stream of funding to programs supported by these funds while seeking to maintain the purchasing power of the endowments. The Foundation's spending and investment policies work together to achieve these objectives. The Foundation's investment policy establishes an achievable return objective through diversification of asset classes.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which the investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. Investment decisions are made in the context of the Foundation's portfolio of investments as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the Foundation.

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020 and 2019**

**NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

**Spending Policy and How Investment Objectives Relate to the Spending Policy**

The Foundation has a policy of appropriating for distribution each year a percentage of the trailing three-year rolling-average of a fund's fair-value. In establishing this spending rate, the Foundation considers numerous factors listed in UPMIFA, including long-term expected return on investments, inflation, and other economic indicators. Accordingly, over the long term, the Foundation expects its spending policy to allow its endowment funds to grow at a rate equal to inflation. This is consistent with the Foundation's objective to maintain the purchasing power of its endowed assets.

**NOTE 11 – NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor-imposed restrictions consist of the following at December 31:

|   | <u>2020</u>           | <u>2019</u>           |
|---|-----------------------|-----------------------|
| Undesignated:                               |                       |                       |
| Administrative                              | \$ 333,036            | \$ 436,243            |
| Discretionary                               | 4,016,825             | 5,009,450             |
| Designated                                  | 4,179,545             | 4,044,471             |
| Donor Advised                               | 210,581,620           | 207,201,337           |
| Field of Interest                           | 2,110,833             | 1,025,412             |
| Scholarship                                 | <u>2,645,865</u>      | <u>2,551,288</u>      |
| Total Undesignated                          | <u>223,867,724</u>    | <u>220,268,201</u>    |
| Board Designated:                           |                       |                       |
| Gift Annuity Reserve                        | 672,705               | 428,308               |
| Operating Reserve                           | <u>815,958</u>        | <u>807,814</u>        |
| Total Board Designated                      | <u>1,488,663</u>      | <u>1,236,122</u>      |
| Total Net Assets Without Donor Restrictions | <u>\$ 225,356,387</u> | <u>\$ 221,504,323</u> |

**NOTE 12 – RETIREMENT PLAN**

The Foundation helps its employees meet long-term retirement objectives by sponsoring a tax-sheltered annuity plan under Section 403(b) of the Internal Revenue Code. Employees meeting eligibility requirements may make elective contributions to the plan beginning on their date of hire. The Foundation, at its discretion, may make additional contributions to the plan once an employee has been employed for six months. After three years of service, employees become fully vested in the Foundation's contributions to the plan. For 2020 and 2019, the Foundation's contributions to the plan were \$78,368 and \$77,451, respectively.

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020 and 2019**

**NOTE 13 – LIQUIDITY**

The following chart represents the Foundation’s financial assets available to meet cash needs for general expenditures within one year of December 31, 2020. Amounts not available for expenditure within one year include long-term investment of endowment funds, investments subject to contractual restriction, illiquid investments, and contributions receivable.

|  |                       |
|--|-----------------------|
| Financial assets at year-end*  |                       |
| Cash and cash equivalents  | \$ 3,021,279          |
| Contributions receivable   | 21,640,000            |
| Impact investments   | 1,960,000             |
| Investments  | 290,514,090           |
| Assets held in charitable trusts   | 2,292,344             |
| Assets held in charitable gift annuities   | 1,211,842             |
| Other financial assets   | 124,278               |
| Total financial assets   | <u>320,763,833</u>    |
| Less those unavailable for general expenditure within one year,<br>due to contractual or donor-imposed restrictions: |                       |
| Long-term investment of endowment funds  | (69,792,353)          |
| Investments subject to contractual restrictions  | (35,993,129)          |
| Investments in limited liability corporations  | (2,528,559)           |
| Impact investments   | (1,960,000)           |
| Charitable trusts  | (2,292,344)           |
| Gift annuities   | (1,211,842)           |
| Contributions receivable   | (18,000,000)          |
| Interest receivable  | (20,000)              |
| Life insurance cash surrender value  | (104,284)             |
| Total unavailable assets   | <u>(131,902,511)</u>  |
| Financial assets available to meet cash needs for<br>general expenditures within one year                            | <u>\$ 188,861,322</u> |
| * Total assets at year-end   | \$ 320,817,559        |
| Nonfinancial assets (real property, prepaid expenses)  | <u>(53,726)</u>       |
| Total financial assets   | <u>\$ 320,763,833</u> |

As part of the Foundation’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments.

Certain investments, including hedge funds and private equity, include lock-up provisions and are not available for spending within one year.

At December 31, 2020, the Foundation holds 123 endowment funds with net assets totaling \$74 million. The Foundation will appropriate for spending in 2021 approximately 4.5% of each fund’s three-year rolling average fair market value for grantmaking purposes and 1.2% for administrative fees.

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020 and 2019**

**NOTE 14 – OPERATING LEASE**

The Foundation currently leases its office space under a 73-months operating lease commencing on September 1, 2018 and ending on September 30, 2024. Monthly payments due under the lease began at \$10,737 and increase to \$12,867. Rent expense was \$145,466 and \$135,760 for the years ended December 31, 2020 and 2019, respectively.

Future commitments are as follows:

| Year Ending<br>December 31, |                   |
|-----------------------------|-------------------|
| 2021                        | \$ 148,334        |
| 2022                        | 151,258           |
| 2023                        | 154,241           |
| 2024                        | <u>117,383</u>    |
|                             | <u>\$ 571,216</u> |

**NOTE 15 – CONCENTRATIONS**

For the year ended December 31, 2020, 56% of contributions were made by four donors. For the year ended December 31, 2019, 71% of contributions were made by three donors.

**NOTE 16 – RELATED PARTY TRANSACTIONS**

During the years ended December 31, 2020 and December 31, 2019, the Foundation recognized \$34,400 and \$2,116,382, respectively, in contributions from members of the Board of Directors. Neither the Supporting Organization of the Community Foundation for Southwest Washington or the Rood Family Foundation received gifts from members of their respective governing bodies in 2020 or 2019.

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020 and 2019**

**NOTE 17 – EXPENSE ANALYSIS**

The following chart classifies the Foundation's operating expenses by function: program services, management and general activities, and fundraising. The Foundation's operating expenses include grants to the community and administrative expenses. Expenses not directly associated with a particular activity are allocated among program and supporting activities based upon estimates of how Foundation employees' time is allocated among the three activities.

|   | 2020                 |                           |                   |                      |
|---|----------------------|---------------------------|-------------------|----------------------|
|   | Program<br>Services  | Management<br>and General | Fundraising       | Total<br>Expense     |
| Grants to the community                 | \$ 26,726,748        | \$ -                      | \$ -              | \$ 26,726,748        |
| Program expenses                        | 67,706               | -                         | -                 | 67,706               |
| Salaries and related expenses           | 504,896              | 529,410                   | 416,183           | 1,450,489            |
| Professional services                   | -                    | 62,366                    | -                 | 62,366               |
| Outreach expenses                       | 19,700               | 20,040                    | 24,443            | 64,183               |
| Occupancy                               | 52,155               | 54,687                    | 42,991            | 149,833              |
| Equipment lease, tech support, software | 53,031               | 55,606                    | 43,713            | 152,350              |
| Office and postage                      | 11,087               | 11,625                    | 9,139             | 31,851               |
| Professional development                | -                    | 4,863                     | -                 | 4,863                |
| Insurance                               | 8,476                | 8,887                     | 6,987             | 24,350               |
| Telecommunications                      | 7,221                | 7,571                     | 5,952             | 20,744               |
| Travel                                  | 1,010                | 1,059                     | 832               | 2,901                |
| Other                                   | -                    | 3,684                     | 15,890            | 19,574               |
|   | <u>\$ 27,452,030</u> | <u>\$ 759,798</u>         | <u>\$ 566,130</u> | <u>\$ 28,777,958</u> |
|   |                      |                           |                   |                      |
|   | 2019                 |                           |                   |                      |
|   | Program<br>Services  | Management<br>and General | Fundraising       | Total<br>Expense     |
| Grants to the community                 | \$ 13,942,946        | \$ -                      | \$ -              | \$ 13,942,946        |
| Program expenses                        | 65,405               | -                         | -                 | 65,405               |
| Salaries and related expenses           | 603,715              | 387,788                   | 477,848           | 1,469,351            |
| Professional services                   | 16,285               | 10,461                    | 12,890            | 39,636               |
| Outreach expenses                       | 68,344               | 43,900                    | 54,095            | 166,339              |
| Occupancy                               | 55,038               | 35,353                    | 43,563            | 133,954              |
| Equipment lease, tech support, software | 57,332               | 36,826                    | 45,379            | 139,537              |
| Office and postage                      | 27,880               | 17,908                    | 22,067            | 67,855               |
| Professional development                | 17,950               | 11,530                    | 14,208            | 43,688               |
| Insurance                               | 15,085               | 9,689                     | 11,940            | 36,714               |
| Telecommunications                      | 7,694                | 4,942                     | 6,090             | 18,726               |
| Travel                                  | 7,855                | 5,046                     | 6,218             | 19,119               |
| Other                                   | 3,751                | 2,410                     | 2,969             | 9,130                |
|   | <u>\$ 14,889,280</u> | <u>\$ 565,853</u>         | <u>\$ 697,267</u> | <u>\$ 16,152,400</u> |

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2020 and 2019**

**NOTE 18 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through July 8, 2021, which is the date the consolidated financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

**Charitable Gift Annuity Certificate of Exemption No. 152845  
Presentation for WA State Office of the Insurance Commissioner**

**December 31, 2020 and 2019**

|  | 2020                  |   |                              |                   |                       | 2019                  |   |                              |                   |                       |
|--|-----------------------|---|------------------------------|-------------------|-----------------------|-----------------------|---|------------------------------|-------------------|-----------------------|
|  | CFSWW                 | Supporting<br>Organization<br>of the<br>CFSWW | Rood<br>Family<br>Foundation | Eliminations      | Consolidated          | CFSWW                 | Supporting<br>Organization<br>of the<br>CFSWW | Rood<br>Family<br>Foundation | Eliminations      | Consolidated          |
| <b>ASSETS</b>                                |                       |   |                              |                   |                       |                       |   |                              |                   |                       |
| Cash and cash equivalents                    | \$ 3,000,670          | \$ 19,108                                     | \$ 1,501                     | \$ -              | \$ 3,021,279          | \$ 319,270            | \$ -  | \$ 1,467                     | \$ -              | \$ 320,737            |
| Contributions receivable                     | 21,640,000            | -   | -                            | -                 | 21,640,000            | 18,658,188            | -   | -                            | -                 | 18,658,188            |
| Investments                                  | 290,550,590           | -   | -                            | -                 | 290,550,590           | 288,523,870           | -   | -                            | -                 | 288,523,870           |
| Impact investments                           | 1,960,000             | -   | -                            | -                 | 1,960,000             | 1,930,000             | -   | -                            | -                 | 1,930,000             |
| Assets held in charitable trusts             | 2,292,344             | -   | -                            | -                 | 2,292,344             | 2,220,202             | -   | -                            | -                 | 2,220,202             |
| Assets held in charitable gift annuities     | 1,211,842             | -   | -                            | -                 | 1,211,842             | 1,161,616             | -   | -                            | -                 | 1,161,616             |
| Other assets                                 | 143,005               | -   | -                            | (1,501)           | 141,504               | 156,989               | -   | 34                           | (1,501)           | 155,522               |
| <b>Total Assets</b>                          | <b>\$ 320,798,451</b> | <b>\$ 19,108</b>                              | <b>\$ 1,501</b>              | <b>\$ (1,501)</b> | <b>\$ 320,817,559</b> | <b>\$ 312,970,135</b> | <b>\$ -</b>                                   | <b>\$ 1,501</b>              | <b>\$ (1,501)</b> | <b>\$ 312,970,135</b> |
| <b>LIABILITIES</b>                           |                       |   |                              |                   |                       |                       |   |                              |                   |                       |
| Accounts and other payables                  | \$ 253,633            | \$ 12,567                                     | \$ 1,501                     | \$ (1,501)        | \$ 266,200            | \$ 65,389             | \$ -  | \$ 1,501                     | \$ (1,501)        | \$ 65,389             |
| Liabilities for charitable trusts            | 1,328,264             | -   | -                            | -                 | 1,328,264             | 1,249,936             | -   | -                            | -                 | 1,249,936             |
| Liabilities for charitable gift annuities    | 717,344               | -   | -                            | -                 | 717,344               | 933,280               | -   | -                            | -                 | 933,280               |
| Funds held under agency endowment agreements | 52,514                | -   | -                            | -                 | 52,514                | 146,004               | -   | -                            | -                 | 146,004               |
| <b>Total Liabilities</b>                     | <b>2,351,755</b>      | <b>12,567</b>                                 | <b>1,501</b>                 | <b>(1,501)</b>    | <b>2,364,322</b>      | <b>2,394,609</b>      | <b>-</b>                                      | <b>1,501</b>                 | <b>(1,501)</b>    | <b>2,394,609</b>      |
| <b>NET ASSETS</b>                            |                       |   |                              |                   |                       |                       |   |                              |                   |                       |
| <b>Without Donor Restrictions</b>            |                       |   |                              |                   |                       |                       |   |                              |                   |                       |
| Undesignated                                 | 223,861,183           | 6,541   | -                            | -                 | 223,867,724           | 220,268,202           | -   | -                            | -                 | 220,268,202           |
| Board designated for gift annuity reserve    | 672,705               | -   | -                            | -                 | 672,705               | 428,307               | -   | -                            | -                 | 428,307               |
| Board designated for operating reserve       | 815,958               | -   | -                            | -                 | 815,958               | 807,814               | -   | -                            | -                 | 807,814               |
| <b>Total Without Donor Restrictions</b>      | <b>225,349,846</b>    | <b>6,541</b>                                  | <b>-</b>                     | <b>-</b>          | <b>225,356,387</b>    | <b>221,504,323</b>    | <b>-</b>                                      | <b>-</b>                     | <b>-</b>          | <b>221,504,323</b>    |
| <b>With Donor Restrictions</b>               | <b>93,096,850</b>     | <b>-</b>                                      | <b>-</b>                     | <b>-</b>          | <b>93,096,850</b>     | <b>89,071,203</b>     | <b>-</b>                                      | <b>-</b>                     | <b>-</b>          | <b>89,071,203</b>     |
| <b>Total Net Assets</b>                      | <b>318,446,696</b>    | <b>6,541</b>                                  | <b>-</b>                     | <b>-</b>          | <b>318,453,237</b>    | <b>310,575,526</b>    | <b>-</b>                                      | <b>-</b>                     | <b>-</b>          | <b>310,575,526</b>    |
| <b>Total Liabilities and Net Assets</b>      | <b>\$ 320,798,451</b> | <b>\$ 19,108</b>                              | <b>\$ 1,501</b>              | <b>\$ (1,501)</b> | <b>\$ 320,817,559</b> | <b>\$ 312,970,135</b> | <b>\$ -</b>                                   | <b>\$ 1,501</b>              | <b>\$ (1,501)</b> | <b>\$ 312,970,135</b> |

The accompanying independent auditor's report should be read with the supplementary information.



## **OTHER INFORMATION**

**COMMUNITY FOUNDATION FOR SOUTHWEST WASHINGTON**

**BOARD OF DIRECTORS**

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Inna Liu  
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Janie Spurgeon, Executive Vice President and Chief Development Officer  
Shona Carter, Vice President of Community Engagement and Strategy  
Pam Cabanatuan, Chief Financial Officer  
Anne Digenis, Senior Philanthropic Advisor  
Maury Harris, Senior Communications Officer  
Lilian Ongelungel, Digital Marketing Coordinator  
Esra Khalil, Program Officer  
Maka Gibson, Program Officer  
Deanna Green, Scholarship Manager and Development Associate  
Rachon Hanson, Accountant  
Ursula Arlauskas, Development Associate  
Chrissy Trammell, Operations Assistant  
Richard Melching, Strategic Advisor

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