

Tides Organizations

Consolidated Financial Statements as of and for
the Years Ended December 31, 2021 and 2020,
Supplementary Information as of and for the
Year Ended December 31, 2021, and
Independent Auditor's Report

TIDES ORGANIZATIONS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Tides Organizations

Opinion

We have audited the consolidated financial statements of Tides Center, Tides Foundation, Tides Network, Tides Inc., and Tides Two River Fund (collectively, "Tides Organizations"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Tides Organizations as of December 31, 2021 and 2020, and the results of its operations, its 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tides Organizations and also to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tides Organizations' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute

assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Tides Organizations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tides Organizations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplemental Consolidating Schedules

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental consolidating schedules listed in the table of contents on pages 26-28 are presented for the purpose of additional analysis of the financial statements rather than to present the financial position, results of operations, and cash flows of the individual components and are not a required part of the financial statements. These supplementary consolidating schedules are the responsibility of the Tides Organizations' management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such schedules have been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such schedules 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 GAAS. In our opinion, such schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

June 15, 2022

TIDES ORGANIZATIONS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 541,151,715	\$ 181,176,042
RECEIVABLES:		
Grants and contributions—net	239,980,646	222,235,878
Other	5,946,080	5,368,523
INVESTMENTS	946,198,770	821,589,879
MISSION-RELATED:		
Investments	9,867,020	5,284,385
Notes receivable	7,331,122	7,061,550
PREPAID EXPENSES AND OTHER ASSETS	4,165,212	3,429,624
PROPERTY AND EQUIPMENT—Net	<u>32,161,431</u>	<u>19,326,317</u>
TOTAL ASSETS	<u>\$ 1,786,801,996</u>	<u>\$ 1,265,472,198</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 21,262,189	\$ 14,069,576
Grants payable—net	85,274,764	76,261,473
Grant advances	133,989	54,144
Bonds payable—net	11,443,569	12,931,667
Other liabilities	<u>12,192,834</u>	<u>8,564,754</u>
Total liabilities	<u>130,307,345</u>	<u>111,881,614</u>
COMMITMENTS AND CONTINGENCIES (Note 15)		
NET ASSETS:		
Without donor restrictions:		
Board designated	10,674,100	4,673,584
Designated for projects	145,729,525	84,892,064
Designated for donor-advised funds	843,170,032	755,546,409
Undesignated	<u>307,915,483</u>	<u>182,431,523</u>
Total without donor restrictions	1,307,489,140	1,027,543,580
With donor restrictions	<u>349,005,511</u>	<u>126,047,004</u>
Total net assets	<u>1,656,494,651</u>	<u>1,153,590,584</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,786,801,996</u>	<u>\$ 1,265,472,198</u>

See notes to consolidated financial statements.

TIDES ORGANIZATIONS

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Grants and contributions	\$ 938,664,253	\$ 369,291,470	\$ 1,307,955,723	\$ 1,128,738,369	\$ 139,929,128	\$ 1,268,667,497
Program revenues	15,961,343	-	15,961,343	21,414,403	-	21,414,403
Investment income—net	13,384,561	-	13,384,561	95,245,141	-	95,245,141
Other revenue	2,104,687	-	2,104,687	3,465,985	-	3,465,985
Net assets released from restrictions	146,332,963	(146,332,963)	-	99,019,023	(99,019,023)	-
Total revenue and support	<u>1,116,447,807</u>	<u>222,958,507</u>	<u>1,339,406,314</u>	<u>1,347,882,921</u>	<u>40,910,105</u>	<u>1,388,793,026</u>
EXPENSES:						
Program:						
Grants and awards	663,168,377	-	663,168,377	638,502,467	-	638,502,467
Services	119,152,099	-	119,152,099	109,932,832	-	109,932,832
Grantmaking program expenses	1,938,541	-	1,938,541	3,353,214	-	3,353,214
General and administrative	30,050,133	-	30,050,133	24,223,056	-	24,223,056
Fundraising	22,193,097	-	22,193,097	17,191,065	-	17,191,065
Total expenses	<u>836,502,247</u>	<u>-</u>	<u>836,502,247</u>	<u>793,202,634</u>	<u>-</u>	<u>793,202,634</u>
CHANGE IN NET ASSETS	279,945,560	222,958,507	502,904,067	554,680,287	40,910,105	595,590,392
NET ASSETS—Beginning 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>
NET ASSETS—End of year	<u>\$ 1,307,489,140</u>	<u>\$ 349,005,511</u>	<u>\$ 1,656,494,651</u>	<u>\$ 1,027,543,580</u>	<u>\$ 126,047,004</u>	<u>\$ 1,153,590,584</u>

See notes to consolidated financial statements.

TIDES ORGANIZATIONS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021

	2021							
	Program Services				Supporting Services			Total
Services	Grants and Awards	Grantmaking program expenses	Program Services Subtotal	General and Administrative	Fund-raising	Supporting Services Subtotal		
Personnel	\$ 62,708,174	\$ -	\$ -	\$ 62,708,174	\$ 20,824,622	\$ 20,555,329	\$ 41,379,951	\$ 104,088,125
Consultants/professional services	37,251,429	-	794,670	38,046,099	1,446,146	269,089	1,715,235	39,761,334
Grants awarded	-	663,168,377	-	663,168,377	-	-	-	663,168,377
Advertising and promotion	2,675,149	-	-	2,675,149	132,753	70,986	203,739	2,878,888
Auditing and tax services	33,000	-	9,241	42,241	311,377	22,694	334,071	376,312
Banking fees	212,500	-	148,164	360,664	88,692	11,900	100,592	461,256
Board expense	-	-	-	-	76,434	9,630	86,064	86,064
Depreciation and amortization	772,618	-	1,651	774,269	6,126	797	6,923	781,192
Facilities	-	-	144	144	-	-	-	144
Information technology	1,478,749	-	2,475	1,481,224	2,142,106	289,553	2,431,659	3,912,883
Insurance	848,517	-	-	848,517	14,071	1,832	15,903	864,420
Interest	409,637	-	-	409,637	-	-	-	409,637
Investment service fees	99,184	-	574,781	673,965	-	-	-	673,965
Legal	14,313	-	13,388	27,701	1,891,777	78,311	1,970,088	1,997,789
Licenses	327,546	-	84,170	411,716	52,851	8,335	61,186	472,902
Occupancy	7,892,209	-	4,139	7,896,348	2,276,414	205,389	2,481,803	10,378,151
Office expenses	1,713,285	-	1,095	1,714,380	275,998	35,935	311,933	2,026,313
Other project expenses	-	-	31,440	31,440	-	-	-	31,440
Professional fund-raising fees	-	-	-	-	-	361,522	361,522	361,522
Travel and conference	1,590,553	-	336	1,590,889	129,087	184,406	313,493	1,904,382
All other expenses	1,125,236	-	272,847	1,398,083	381,679	87,389	469,068	1,867,151
Total expenses	\$ 119,152,099	\$ 663,168,377	\$ 1,938,541	\$ 784,259,017	\$ 30,050,133	\$ 22,193,097	\$ 52,243,230	\$ 836,502,247

See notes to consolidated financial statements.

TIDES ORGANIZATIONS

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

	2020							
	Program Services				Supporting Services			
	Services	Grants and Awards	Grantmaking program expenses	Program Services Subtotal	General and Administrative	Fund-raising	Supporting Services Subtotal	Total
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 STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 502,904,067	\$ 595,590,392
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	781,192	942,033
Discount on grants and contributions receivable	34,273	(5,817)
Discount on grants payable	(30,360)	544,651
Impairment of mission-related investments	205,400	-
Net loss (gain) on investments	3,987,171	(91,741,273)
Property and equipment contributed	1,655,447	-
Contribution of property and equipment	(15,900,000)	-
Contribution of stock	(33,667,636)	-
Changes in operating assets and liabilities:		
Grants, contributions, and other receivable	(18,356,598)	(89,683,109)
Mission-related notes receivables	(269,572)	(6,239,883)
Prepaid expenses and other assets	(735,588)	(97,782)
Accounts payable and accrued expenses	7,192,613	(1,264,409)
Grants payable	9,043,651	(47,043,099)
Grant advances	79,845	41,105
Other liabilities	3,628,080	6,539,605
Net cash provided by operating activities	<u>460,551,985</u>	<u>367,582,414</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(243,867,469)	(399,400,714)
Proceeds from sales of investments	144,151,008	96,702,636
Proceeds from sale of property and equipment	865,000	-
Purchases of property and equipment	(236,753)	(1,175,527)
Net cash used in investing activities	<u>(99,088,214)</u>	<u>(303,873,605)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes and bonds payable	<u>(1,488,098)</u>	<u>(699,378)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	359,975,673	63,009,431
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>\$ 541,151,715</u>	<u>\$ 181,176,042</u>
SUPPLEMENTAL INFORMATION—Cash paid for interest	<u>\$ 409,637</u>	<u>\$ 471,830</u>

See notes to consolidated financial statements.

TIDES ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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.

Network—Effective on January 1, 2012, Network began operations as a shared service provider (a Type II supporting organization under Internal Revenue Code Section 509(a)(3)) to the Center, the Foundation, TINC, and TTRF. Network is the sole member and appoints 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 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, risk management, communications, administration of human resources, office administration, telephone and telecommunication, and administration of information technology systems and services.

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 150 projects and activities, all of which seek funding from the grant-making community and donors throughout the world. Center includes 401 State St. WBU LLC, a wholly owned subsidiary.

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. Foundation includes Tides Real Estate Holding LLC, a wholly owned subsidiary.

Foundation receives funds through grants and other donations from individuals and corporate entities, including foundations, other public charities 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 equity, human rights and economic empowerment, sustainable environment, and healthy individuals and communities and quality education. Foundation also provides grant-making support and related assistance to other mission-aligned organizations.

Grantmaking Program—Grants are awarded to eligible domestic and foreign organizations to support charitable programming in support of Tides Organizations’ mission through advised funds and other grant making initiatives. All grants are reviewed by staff and are ratified by the Board of Directors. Grant making activities are tracked within discrete funds established by the 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 directors of the supporting organizations to assist in decision-making activities and to act as advisors. With the exception of Harding Rock Fund, the supporting organizations are not considered to be part of the Foundation’s reporting entity because 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, 2021 are listed below:

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying 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 (US 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 \$9,724,100 and \$3,723,584 of net assets without donor restrictions as reserves for specific programmatic or operational purposes as of December 31, 2021 and 2020, 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 \$145,729,525 and \$84,892,064 as of December 31, 2021 and 2020, 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, 2021 and 2020.

The TINC and TTRF boards have designated \$600,000 in a bond sinking fund to cover the interest rate swap as of December 31, 2021 and 2020.

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—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, 2021 or 2020.

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 is recorded when earned and reinvested in the investment pool.

Valuation of investments which are held in pooled funds, is 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.

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. To the extent that the values are actively quoted, they are categorized as Level 1. Due to the nature of pricing fixed-income securities and as values may not be actively quoted, 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 \$2,790,000, 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.

Swap agreements - 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. As of December 31, 2021 and 2020, the swap agreements have a fair value totaling \$409,033 and \$874,310, respectively based on Level 3 inputs.

Fair Value of Financial Instruments—As of December 31, 2021 and 2020, 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, 2021 and 2020, mission-related investments of \$9,867,020 and \$10,032,207, respectively, were recorded. For the years ended December 31, 2021 and 2020, the cumulative impairment recognized for mission-related investments was \$4,953,222 and \$4,747,822 respectively. 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 that 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, 2021 and 2020.

Property and Equipment—Property and equipment are stated at cost, or if donated, at estimated fair value at the date of donation. Depreciation and amortization are calculated on the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows: structures are depreciated over 30 to 40 years; furniture and equipment are depreciated three to five years and leasehold improvements are depreciated over the shorter of the term of the lease or the estimated useful life.

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

Grant Advances—Grants received in advance of 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, Tides Organizations account 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 do not recognize conditional contributions until the conditions are met. Center and Foundation are the recipients of conditional contributions totaling approximately \$47,817,804 and \$2,884,031, respectively, as of December 31, 2021 and \$26,076,716 and \$32,895,000, respectively, as of December 31, 2020. These conditional contributions are contingent on donors' continued discretionary approval.

Program Revenues—Program revenues, which include 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 \$10,599,793 and \$12,341,050 was included in program revenues as of December 31, 2021 and 2020, respectively. Tides Organizations earns contract fee revenue from customers for services rendered as the contract transaction occurs. Contract fee revenue is charged to customers on a monthly or quarterly basis and is recognized as the performance obligation is satisfied or at the end of the service period. The performance obligation is met when services are performed and or when expenses are incurred.

Admin Fee Revenue—Admin fee revenue in the amount of \$31,164,335 and \$27,680,164 was included in program revenues as of December 31, 2021 and 2020, respectively. Center and Foundation earn 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%. Admin fee revenue earned is eliminated upon consolidation.

Grant Expenses—Grants expense and payable represent amounts committed by the Foundation and project accounts at the Center and approved pursuant to processes approved by the board of directors 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, 2021 and 2020, the Foundation had approved conditional grants totaling \$28,003,114 and \$29,051,216 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, 2021 and 2020, grants with payment terms in excess of one year are subject to discounting based on the Foundation’s internal discount rate of 0.27% for grants payable in two years, 0.46% for grants payable of three years and 0.66% for four 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 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 financial statements. Therefore, no provision or liability for income taxes has been included in the 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 are those for 2018, 2019 and 2020 and state income tax returns subject to examination are those for 2017, 2018, 2019 and 2020.

Functional Expense Allocations—Expenses are allocated among program services, general and administrative and fundraising based on management’s estimate of time spent on the function by specific employees and remaining costs are charged directly to the appropriate functional category. For the Center, direct expenses of the various projects are allocated to program services using time and effort percentages.

Use of Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those 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, 2021 and 2020, such amounts totaled \$540,901,715 and \$180,926,042, 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 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 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, 2022. Management is currently evaluating the impact of the provisions of ASU No. 2016-13 on the financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848)*. The objective of this update is to provide optional guidance to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. It provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions that reference London InterBank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform. The provisions of ASU No. 2020-04 are effective to Tides Organization through December 31, 2022. The expedients and exceptions provided by the amendments do not apply to contract modifications entered into or evaluated after December 31, 2022. Management is currently evaluating the impact on the financial statements.

4. GRANTS AND CONTRIBUTIONS

Grants and contributions receivable as of December 31, 2021 and 2020, are due as follows:

	2021	2020
Less than one year	\$ 226,527,959	\$ 202,082,076
One to five years	13,640,147	20,306,989
Discounts on grants and contributions receivable	<u>(187,460)</u>	<u>(153,187)</u>
Grants and contributions—net	<u>\$ 239,980,646</u>	<u>\$ 222,235,878</u>

As of December 31, 2021, grants and contributions receivable are split between the Center and the Foundation as follows:

	Center	Foundation
Less than one year	\$ 204,419,004	\$ 22,108,955
One to five years	11,275,147	2,365,000
Discounts on grants and contributions receivable	<u>(180,758)</u>	<u>(6,702)</u>
Grants and contributions—net	<u>\$ 215,513,393</u>	<u>\$ 24,467,253</u>

Discount rates range from 0.27% for receivables of two years and 0.46% for receivables of three years and 0.66% for four years and beyond.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The tables below present the balances of investments measured at fair value on a recurring basis at December 31, 2021 and 2020:

	2021				
	Total	Level 1	Level 2	Level 3	NAV
Cash and cash equivalents	\$ 63,894,910	\$ 63,894,910	\$ -	\$ -	\$ -
Equities:					
Domestic	283,967,377	183,363,987	100,603,390	-	-
International	4,623,442	4,623,442	-	-	-
Fixed income:					
U.S. government agency, state, and municipal	274,502,464	145,655,051	128,847,413	-	-
Corporate debt	225,747,396	277,540	225,469,856	-	-
Foreign debt (sovereign and corporate)	70,698,366	-	70,698,366	-	-
Alternative investments:					
Real estate	16,193,000	-	-	16,193,000	-
Fund of funds	<u>6,571,815</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,571,815</u>
Total assets measured at fair value	<u>\$ 946,198,770</u>	<u>\$ 397,814,930</u>	<u>\$ 525,619,025</u>	<u>\$ 16,193,000</u>	<u>\$ 6,571,815</u>
	2020				
	Total	Level 1	Level 2	Level 3	NAV
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:					
U.S. 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	<u>3,087,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,087,829</u>
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>

The Foundation has two investment pools available 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 \$821,601,977 and \$723,033,211 as of December 31, 2021, and 2020, 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.

As of December 31, 2021 and 2020, the following table presents the unfunded commitments, redemption frequency, and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent:

<u>2021</u>				
Fund Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fund of funds	<u>\$ 6,571,815</u>	<u>\$ 2,790,000</u>	N/A	N/A
<u>2020</u>				
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

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 financial statements.

6. MISSION-RELATED INVESTMENTS

Mission-related investments are made for a primary purpose of advancing Tides Organizations' mission, with less emphasis on economic returns. Mission-related investments are composed of the following as of December 31, 2021 and 2020:

	2021	2020
Land and nonprofit community real estate	\$ -	\$ 553,171
Community development investments	400,000	400,000
Global environmental investments	883,925	515,217
Other	<u>8,583,095</u>	<u>3,815,997</u>
	<u>\$ 9,867,020</u>	<u>\$ 5,284,385</u>

Mission-Related Notes Receivable—Notes receivable of \$7,331,122 and \$7,061,550 is composed of loans to companies and organizations ranging from \$100,000 to \$350,000 and from \$100,000 to \$250,000, at interest rates ranging from zero to the current prime interest rate of 3.25% at December 31, 2021 and 2020, respectively. The notes are due at various dates through 2025. As of December 31, 2021 and 2020, interest receivable amounting to \$1,775,218 and \$1,491,752, respectively is included in other receivables in the consolidated statements of financial position.

7. PROPERTY AND EQUIPMENT

At December 31, 2021 and 2020, property and equipment consist of the following:

	2021	2020
Land	\$ 1,710,828	\$ 1,710,828
National AIDS Memorial Grove	-	1,224,647
Structures	38,033,224	23,153,360
Leasehold improvements	3,560,300	5,662,928
Furniture and equipment	302,895	442,796
Other	<u>1,565,078</u>	<u>713,831</u>
Total property and equipment	45,172,325	32,908,390
Accumulated depreciation and amortization	<u>(13,010,894)</u>	<u>(13,582,073)</u>
Property and equipment—net	<u>\$ 32,161,431</u>	<u>\$ 19,326,317</u>

Depreciation and amortization expense of the years ended December 31, 2021 and 2020 was \$781,192 and \$942,033, respectively.

The National AIDS Memorial Grove (a project of Tides Center) created a new 501(c)(3) organization and separated from Tides Center on September 30, 2021. Tides Center contributed property and equipment amounting to \$1,577,208 to the new organization.

Land and structures include the fourth floor and lower floor of an office condominium that is collateral for certain bonds (see Note 10) and \$15,900,000 related to the 401 State Street building donated in 2021.

8. GRANTS PAYABLE

Multi-year grants as of December 31, 2021 and 2020 are scheduled to be paid as follows:

Years Ending December 31	2021	
	Center	Foundation
2022	\$ 12,633,956	\$ 47,613,587
2023	-	12,098,070
2024	-	7,133,500
2025	-	2,210,000
2026	-	2,200,000
Thereafter	<u>-</u>	<u>1,500,000</u>
Total grants payable	12,633,956	72,755,157
Discounts on grants payable	<u>-</u>	<u>(114,349)</u>
Grants payable—net	<u>\$ 12,633,956</u>	<u>\$ 72,640,808</u>

Years Ending December 31	2020	
	Center	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>

9. REVOLVING CREDIT AGREEMENTS

The Foundation has a \$4,000,000, unsecured, revolving bank line of credit with Wells Fargo Bank (WFB) that expires on February 1, 2023. Advances under the line of credit bear interest at a fluctuating rate per annum of 2.20% above Daily Simply Secured Overnight Financing Rate as administered by the Federal Reserve Bank of NY. There were no borrowings under the WFB line of credit at December 31, 2021 or 2020.

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 San Francisco facility (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 New York 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, 2021 and 2020, was 0.14% and 1.73%, 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 1, 2030.

The agreements related to the tax-exempt bonds are cancellable during the period from May 3, 2027 to December 1, 2030, their maturity date. The agreements related to the taxable bonds expired on December 1, 2018.

The swap agreements have a fair value totaling \$409,033 and \$874,310 as of December 31, 2021 and 2020, respectively.

These obligations as of December 31, 2021 and 2020, consisted of the following:

2021				
	Interest Rate with Swap	Final Maturity Date of Bonds	Original Issue Amount	Amount Outstanding
TINC—Series 2013A tax exempt	3.26 %	12/1/2030	\$ 7,935,000	\$ 6,493,985
TTRF—Series 2013 tax exempt	3.21	12/1/2030	<u>7,905,000</u>	<u>4,949,584</u>
Total bonds payable			<u>\$ 15,840,000</u>	<u>\$ 11,443,569</u>
2020				
	Interest Rate with Swap	Final Maturity Date of Bonds	Original Issue Amount	Amount Outstanding
TINC—Series 2013A tax exempt	4.07 %	12/1/2028	\$ 7,935,000	\$ 7,339,236
TTRF—Series 2013 tax exempt	3.98	12/1/2028	<u>7,905,000</u>	<u>5,592,431</u>
Total bonds payable			<u>\$ 15,840,000</u>	<u>\$ 12,931,667</u>

The Series 2013 bonds contain various restrictive covenants related to reporting, finance, and additional debt. Tides Organizations believe that they were in compliance with all the covenants related to the bonds as of December 31, 2021. The bonds are guaranteed by the Foundation. Repayments of bonds payable are as follows:

**Years Ending
December 31**

2022	\$ 1,059,718
2023	1,097,946
2024	1,136,695
2025	1,178,558
2026	1,221,073
Thereafter	<u>5,749,579</u>
	<u>\$ 11,443,569</u>

Interest expense on bonds payable for the years ended December 31, 2021 and 2020 was \$409,637 and \$470,585 respectively.

11. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2021 and 2020, net assets released from donor restrictions in 2021 and 2020 due to the satisfaction of time and purpose restrictions are as follows:

	2021	2020
Time restrictions	\$ 127,528,277	\$ 67,203,441
Program/purpose restrictions	<u>18,804,686</u>	<u>31,815,582</u>
	<u>\$ 146,332,963</u>	<u>\$ 99,019,023</u>

At December 31, 2021 and 2020, net assets with donor restrictions are restricted for the following:

	2021	2020
Time restrictions	\$ 314,962,160	\$ 90,050,729
Program/purpose restrictions	<u>34,043,351</u>	<u>35,996,275</u>
Total	<u>\$ 349,005,511</u>	<u>\$ 126,047,004</u>

Net assets with donor restrictions are expected to be released from restriction between the years ending 2021 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. 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, 2021 and 2020, are as follows:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 541,151,715	\$ 181,176,042
Contributions and grants receivable	239,980,646	222,235,878
Other receivables	5,946,080	5,368,523
Investments	946,198,770	821,589,879
Mission-related investments	9,867,020	5,284,385
Mission-related notes receivable	<u>7,331,122</u>	<u>7,061,550</u>
Total financial assets	1,750,475,353	1,242,716,257
Less those unavailable for general expenditure within one year, due to:		
Contributions and grants receivable collectible beyond one year	(13,452,687)	(20,306,989)
Investments not convertible to cash within one year:		
Alternative investments	(22,764,815)	(19,790,261)
Mission-related investments	(9,867,020)	(5,284,385)
Mission-related notes receivable	(7,331,122)	(7,061,550)
Board designations	<u>(10,674,100)</u>	<u>(4,673,584)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,686,385,609</u>	<u>\$1,185,599,488</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 \$2,822,542 and \$2,688,270 in 2021 and 2020, respectively.

In 2016, Tides Organizations established a 457(b) deferred compensation plan for qualified employees. Tides Organizations does not contribute to the deferred compensation plan; however, employee contributions totaled \$145,286 and \$139,700 in 2021 and 2020, respectively. These amounts are recorded in other assets with a matching liability included in employee benefits payable 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 net assets of the respective project are transferred to the newly formed 501(c)(3) organization. During 2021 and 2020 net assets of \$29,818,012 and \$6,919,894, respectively, were contributed to these organizations. 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, which was a US Army base from 1848 through 1994. In 1994, the Presidio was transferred to the Golden Gate National Recreation Area and came under the administration of the National Park Service of the US Department of the Interior.

The Facility is currently under the administration of the Presidio Trust (the “Trust”), a government corporation that 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 monthly rent through December 31, 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 December 31, 2022	58,333	48,333	106,667

Beginning December 31, 2022, the minimum rent is subject to appraisal adjustments and consumer price index adjustments.

For the years ended December 31, 2021 and 2020, TINC made rent payments to the Trust totaling \$698,913 and 200,707, respectively. The annual master lease rent for 2022 is \$1,179,565.

As Lessee—Tides Organizations have minimum lease commitments under real property, equipment, and other operating leases for projects which as of December 31, 2021, are as follows:

**Years Ending
December 31**

2022	\$ 837,000
2023	457,000
2024	362,000
2025	297,000
2026	184,000
Thereafter	<u>1,391,000</u>
	<u>\$ 3,528,000</u>

Rent expense was \$1,744,293 and \$2,657,259 in 2021 and 2020, respectively.

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

**Years Ending
December 31**

2022	\$ 4,565,003
2023	3,953,969
2024	3,092,585
2025	1,331,614
2026	355,762
Thereafter	<u>790,430</u>
	<u>\$ 14,089,363</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 financial statements.

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 June 15, 2022, the date the financial statements are available to be issued. Tides Organizations cannot reasonably estimate the full impact on their consolidated statement of financial position as of December 31, 2022, and related consolidated statement of activities and changes in net assets, functional expenses, and cash flows for the fiscal year then ending.

16. SUBSEQUENT EVENTS

Tides Organizations have evaluated subsequent events through June 15, 2022, the date the financial statements were available to be issued.

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SUPPLEMENTAL CONSOLIDATING SCHEDULES

TIDES ORGANIZATIONS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2021

	Tides Network	Tides Center	Tides Foundation	Tides, Inc.	Tides Two Rivers Fund	Subtotal	Eliminations	Consolidated Total
ASSETS								
CASH AND CASH EQUIVALENTS	\$ 3,272,075	\$ 175,930,529	\$ 360,673,837	\$ 746,166	\$ 529,108	\$ 541,151,715	\$ -	\$ 541,151,715
RECEIVABLES:								
Grants and contributions—net	-	215,513,393	24,467,253	-	-	239,980,646	-	239,980,646
Related party	6,470,082	500,739	9,579	-	-	6,980,400	(6,980,400)	-
Other	314,845	2,680,111	2,860,199	86,107	4,818	5,946,080	-	5,946,080
INVESTMENTS	-	124,596,793	821,601,977	-	-	946,198,770	-	946,198,770
MISSION-RELATED:								
Investments	-	-	9,867,020	-	-	9,867,020	-	9,867,020
Notes receivable	-	-	7,331,122	-	-	7,331,122	-	7,331,122
NOTES RECEIVABLE—RELATED PARTY	-	-	6,065,049	2,078,070	-	8,143,119	(8,143,119)	-
PREPAID EXPENSES AND OTHER ASSETS	310,810	3,513,697	-	113,995	226,710	4,165,212	-	4,165,212
PROPERTY AND EQUIPMENT—Net	189,844	15,872,548	-	6,784,194	9,314,845	32,161,431	-	32,161,431
TOTAL ASSETS	<u>\$ 10,557,656</u>	<u>\$ 538,607,810</u>	<u>\$ 1,232,876,036</u>	<u>\$ 9,808,532</u>	<u>\$ 10,075,481</u>	<u>\$ 1,801,925,515</u>	<u>\$ (15,123,519)</u>	<u>\$ 1,786,801,996</u>
LIABILITIES AND NET ASSETS								
LIABILITIES:								
Accounts payable and accrued expenses	\$ 6,127,821	\$ 14,814,164	\$ 108,154	\$ 116,993	\$ 95,057	\$ 21,262,189	\$ -	\$ 21,262,189
Payable—related party	10,318	3,480,911	3,075,290	55,878	358,003	6,980,400	(6,980,400)	-
Grants payable—net	-	12,633,956	72,640,808	-	-	85,274,764	-	85,274,764
Grant advances	-	133,989	-	-	-	133,989	-	133,989
Bonds payable—net	-	-	-	6,493,985	4,949,584	11,443,569	-	11,443,569
Notes payable—related party	-	-	-	-	8,143,119	8,143,119	(8,143,119)	-
Other liabilities	5,641	1,322,666	10,430,726	311,467	122,334	12,192,834	-	12,192,834
Total liabilities	<u>6,143,780</u>	<u>32,385,686</u>	<u>86,254,978</u>	<u>6,978,323</u>	<u>13,668,097</u>	<u>145,430,864</u>	<u>(15,123,519)</u>	<u>130,307,345</u>
NET ASSETS:								
Without donor restrictions:								
Board designated	350,000	-	9,724,100	340,611	259,389	10,674,100	-	10,674,100
Designated for projects	-	145,729,525	-	-	-	145,729,525	-	145,729,525
Designated for donor-advised funds	-	-	843,170,032	-	-	843,170,032	-	843,170,032
Undesignated	4,063,876	11,487,088	293,726,926	2,489,598	(3,852,005)	307,915,483	-	307,915,483
Total without donor restrictions	4,413,876	157,216,613	1,146,621,058	2,830,209	(3,592,616)	1,307,489,140	-	1,307,489,140
With donor restrictions	-	349,005,511	-	-	-	349,005,511	-	349,005,511
Total net assets	<u>4,413,876</u>	<u>506,222,124</u>	<u>1,146,621,058</u>	<u>2,830,209</u>	<u>(3,592,616)</u>	<u>1,656,494,651</u>	<u>-</u>	<u>1,656,494,651</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,557,656</u>	<u>\$ 538,607,810</u>	<u>\$ 1,232,876,036</u>	<u>\$ 9,808,532</u>	<u>\$ 10,075,481</u>	<u>\$ 1,801,925,515</u>	<u>\$ (15,123,519)</u>	<u>\$ 1,786,801,996</u>

TIDES ORGANIZATIONS

CONSOLIDATING STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2021

	Tides Network	Tides Center	Tides Foundation	Tides, Inc.	Tides Two Rivers Fund	Subtotal	Eliminations	Consolidated		Total
								Without Donor Restrictions	With Donor Restrictions	
REVENUE AND SUPPORT:										
Grants and contributions	\$ 51,853	\$ 497,097,958	\$ 810,805,907	\$ 5	\$ -	\$ 1,307,955,723	\$ -	\$ 938,664,253	\$ 369,291,470	\$ 1,307,955,723
Grants and contributions— related party	11,500	4,717,799	9,975,896	-	-	14,705,195	(14,705,195)	-	-	-
Program revenues	32,523,182	14,391,645	(3,149,536)	3,900,500	1,308,316	48,974,107	(33,012,764)	15,961,343	-	15,961,343
Investment income—net	-	29,562	12,889,723	265,374	199,902	13,384,561	-	13,384,561	-	13,384,561
Net gain on investments	-	-	-	-	-	-	-	-	-	-
Other revenue	159,043	402,155	1,564,571	61,427	29,491	2,216,687	(112,000)	2,104,687	-	2,104,687
Net assets released from restrictions	-	-	-	-	-	-	-	146,332,963	(146,332,963)	-
Total revenue and support	32,745,578	516,639,119	832,086,561	4,227,306	1,537,709	1,387,236,273	(47,829,959)	1,116,447,807	222,958,507	1,339,406,314
EXPENSES:										
Program:										
Grants and awards	360,000	68,284,846	594,515,031	8,500	-	663,168,377	-	663,168,377	-	663,168,377
Services	-	114,854,677	-	3,116,872	1,180,550	119,152,099	-	119,152,099	-	119,152,099
Grantmaking program expenses	-	-	1,938,541	-	-	1,938,541	-	1,938,541	-	1,938,541
Grants and contributions— related party	84,982	9,975,896	4,644,317	-	-	14,705,195	(14,705,195)	-	-	-
General and administrative	28,579,567	23,050,720	10,845,693	698,917	-	63,174,897	(33,124,764)	30,050,133	-	30,050,133
Fundraising	3,721,029	17,062,389	1,409,679	-	-	22,193,097	-	22,193,097	-	22,193,097
Total expenses	32,745,578	233,228,528	613,353,261	3,824,289	1,180,550	884,332,206	(47,829,959)	836,502,247	-	836,502,247
CHANGE IN NET ASSETS	-	283,410,591	218,733,300	403,017	357,159	502,904,067	-	279,945,560	222,958,507	502,904,067
NET ASSETS—Beginning of year	4,413,876	222,811,533	927,887,758	2,427,192	(3,949,775)	1,153,590,584	-	1,027,543,580	126,047,004	1,153,590,584
NET ASSETS—End of year	\$ 4,413,876	\$ 506,222,124	\$ 1,146,621,058	\$ 2,830,209	\$ (3,592,616)	\$ 1,656,494,651	\$ -	\$ 1,307,489,140	\$ 349,005,511	\$ 1,656,494,651

TIDES ORGANIZATIONS

CONSOLIDATING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

	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	\$ -	\$ 283,410,591	\$ 218,733,300	\$ 403,017	\$ 357,159	\$ 502,904,067	\$ -	\$ 502,904,067
Adjustments to reconcile change in net assets to net cash provided by operating activities:								
Depreciation and amortization	6,921	125,998	1,651	290,949	355,673	781,192	-	781,192
Discount on grants and contributions receivable	-	31,058	3,215	-	-	34,273	-	34,273
Discount on grants payable	-	-	(30,360)	-	-	(30,360)	-	(30,360)
Impairment of mission-related investments	-	-	205,400	-	-	205,400	-	205,400
Net (gain) loss on investments	-	(40,614)	4,027,785	-	-	3,987,171	-	3,987,171
Property and equipment contributed	-	1,619,749	35,698	-	-	1,655,447	-	1,655,447
Contributions of property and equipment	-	(15,900,000)	-	-	-	(15,900,000)	-	(15,900,000)
Contributions of stock	-	-	(33,667,636)	-	-	(33,667,636)	-	(33,667,636)
Changes in operating assets and liabilities:								
Grants, contributions, and other receivable	(786,870)	(161,598,998)	142,981,379	76,032	(51,842)	(19,380,299)	1,023,701	(18,356,598)
Prepaid expenses and other assets	275,108	(1,081,891)	-	(30,370)	101,565	(735,588)	-	(735,588)
Accounts payable and accrued expenses	2,397,251	5,838,750	141,127	(231,426)	70,612	8,216,314	(1,023,701)	7,192,613
Mission-related notes receivables	-	-	(269,572)	-	-	(269,572)	-	(269,572)
Notes receivable—related party	-	-	300,000	-	-	300,000	(300,000)	-
Grants payable	-	12,394,624	(3,350,973)	-	-	9,043,651	-	9,043,651
Grant advances	-	79,845	-	-	-	79,845	-	79,845
Other liabilities	(1,255,168)	(3,214,426)	8,204,726	(12,869)	(94,183)	3,628,080	-	3,628,080
Net cash provided by operating activities	<u>637,242</u>	<u>121,664,686</u>	<u>337,315,740</u>	<u>495,333</u>	<u>738,984</u>	<u>460,851,985</u>	<u>(300,000)</u>	<u>460,551,985</u>
CASH FLOWS FROM INVESTING ACTIVITIES:								
Purchases of investments	-	(22,200,000)	(221,667,469)	-	-	(243,867,469)	-	(243,867,469)
Proceeds from sales of investments	-	1,484,875	142,666,133	-	-	144,151,008	-	144,151,008
Proceeds from sale of property and equipment	-	-	865,000	-	-	865,000	-	865,000
Purchases of property and equipment	(125,564)	(81,833)	-	(29,356)	-	(236,753)	-	(236,753)
Net cash used in investing activities	<u>(125,564)</u>	<u>(20,796,958)</u>	<u>(78,136,336)</u>	<u>(29,356)</u>	<u>-</u>	<u>(99,088,214)</u>	<u>-</u>	<u>(99,088,214)</u>
CASH FLOWS FROM FINANCING ACTIVITIES—								
Payments on notes and bonds payable	-	-	-	(845,251)	(942,847)	(1,788,098)	300,000	(1,488,098)
NET CHANGE IN CASH AND CASH EQUIVALENTS	511,678	100,867,728	259,179,404	(379,274)	(203,863)	359,975,673	-	359,975,673
CASH AND CASH EQUIVALENTS—Beginning of year	<u>2,760,397</u>	<u>75,062,801</u>	<u>101,494,433</u>	<u>1,125,440</u>	<u>732,971</u>	<u>181,176,042</u>	<u>-</u>	<u>181,176,042</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 3,272,075</u>	<u>\$ 175,930,529</u>	<u>\$ 360,673,837</u>	<u>\$ 746,166</u>	<u>\$ 529,108</u>	<u>\$ 541,151,715</u>	<u>\$ -</u>	<u>\$ 541,151,715</u>
SUPPLEMENTAL INFORMATION—								
Cash paid for interest	\$ -	\$ 7,421	\$ -	\$ 221,782	\$ 180,434	\$ 409,637	\$ -	\$ 409,637