



# **The Greater Washington Community Foundation and Affiliate**

**Consolidated Financial Statements with  
Supplemental Schedules**  
Years Ended March 31, 2021 and 2020

**The Greater Washington Community  
Foundation and Affiliate**

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Consolidated Financial Statements with  
Supplemental Schedules  
Years Ended March 31, 2021 and 2020

# The Greater Washington Community Foundation and Affiliate

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## **Independent Auditor's Report**

Board of Trustees  
The Greater Washington Community Foundation  
Washington, D.C.

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of The Greater Washington Community Foundation and Affiliate (collectively, The Community Foundation), which comprise the consolidated statements of financial position as of March 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Community Foundation as of March 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 The Community Foundation's 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Community Foundation's 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.

*BDO USA, LLP*

McLean, Virginia  
February 14, 2022

## **Consolidated Financial Statements**

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# The Greater Washington Community Foundation and Affiliates

## Consolidated Statements of Financial Position

Years Ended March 31,	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 34,734,761	\$ 32,743,626
Investments	354,818,843	274,278,649
Investments held for others	3,087,398	1,647,668
Notes receivable, net of present value discount of \$26,615 and \$38,612, for 2021 and 2020, respectively	533,947	617,900
Charitable remainder trust receivable, net	486,121	379,518
Accrued interest income and other receivables	669,556	633,635
Prepaid expenses and other assets	1,116,244	1,198,088
<b>Total assets</b>	<b>\$ 395,446,870</b>	<b>\$ 311,499,084</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 3,299,001	\$ 1,918,058
Notes payable - PPP loans	1,312,928	-
Grants and appropriations payable, net of present value discount of \$7,781 and \$18,489, for 2021 and 2020, respectively	5,386,733	7,001,259
Funds held in trust for others	3,087,398	1,647,668
<b>Total liabilities</b>	<b>13,086,060</b>	<b>10,566,985</b>
<b>Commitments and contingencies</b>		
<b>Net assets</b>		
Without donor restrictions		
Operating funds	12,677,220	8,501,800
Supporting organization funds	2,669,218	2,712,678
Donor-advised and other funds	362,511,251	285,101,993
<b>Total without donor restrictions</b>	<b>377,857,689</b>	<b>296,316,471</b>
<b>With donor restrictions</b>	<b>4,503,121</b>	<b>4,615,628</b>
<b>Total net assets</b>	<b>382,360,810</b>	<b>300,932,099</b>
<b>Total liabilities and net assets</b>	<b>\$ 395,446,870</b>	<b>\$ 311,499,084</b>

*See accompanying notes to the consolidated financial statements.*

# The Greater Washington Community Foundation and Affiliates

## Consolidated Statements of Activities and Change in Net Assets

Years Ended March 31,	2021	2020
<b>Change in net assets without donor restrictions</b>		
<b>Support and revenue</b>		
Contributions	\$ 101,550,807	\$ 61,962,516
Grants	3,342,021	-
Investment return, net	92,935,560	(18,820,595)
Rental and other income	832,148	618,604
<b>Total support and revenue without donor restrictions</b>	<b>198,660,536</b>	<b>43,760,525</b>
<b>Expenses</b>		
Program grants and appropriations	111,732,631	71,515,199
Supporting services		
Management and general	4,361,092	3,216,826
Fundraising	1,025,595	1,602,825
<b>Total supporting services</b>	<b>5,386,687</b>	<b>4,819,651</b>
<b>Total expenses</b>	<b>117,119,318</b>	<b>76,334,850</b>
<b>Increase (decrease) in net assets without donor restrictions</b>	<b>81,541,218</b>	<b>(32,574,325)</b>
<b>Change in net assets with donor restrictions</b>		
Change in value of charitable remainder trusts receivable	106,603	56,074
Change in value of real estate investment	(219,110)	192,790
<b>(Decrease) increase in net assets with donor restrictions</b>	<b>(112,507)</b>	<b>248,864</b>
<b>Change in net assets</b>	<b>81,428,711</b>	<b>(32,325,461)</b>
<b>Net assets at the beginning of the year</b>	<b>300,932,099</b>	<b>333,257,560</b>
<b>Net assets at the end of the year</b>	<b>\$ 382,360,810</b>	<b>\$ 300,932,099</b>

*See accompanying notes to the consolidated financial statements.*



# The Greater Washington Community Foundation and Affiliates

## Consolidated Statement of Functional Expenses

Year Ended March 31,	2021			
	Program grants and appropriations	Management and general	Fundraising	Total
Program grants and appropriations	\$ 110,697,166	\$ -	\$ -	\$110,697,166
Salaries and other benefits	779,012	2,577,256	590,791	3,947,059
Consulting and professional fees	26,994	831,618	19,449	878,061
Office supplies and operations	224	39,558	-	39,782
Telephone	280	16,031	-	16,311
Postage and delivery	50	12,861	-	12,911
Occupancy	92,855	307,198	70,420	470,473
Equipment and maintenance	15,668	51,835	11,882	79,385
Printing and publications	2,375	5,943	-	8,318
Insurance	18,799	62,195	14,257	95,251
Travel and meetings	28	12,948	2,210	15,186
Development	821	53,525	5,544	59,890
Technology	62,322	206,184	47,264	315,770
Events related	-	-	246,047	246,047
Other	36,037	183,940	17,731	237,708
<b>Total expenses</b>	<b>\$ 111,732,631</b>	<b>\$ 4,361,092</b>	<b>\$1,025,595</b>	<b>\$ 117,119,318</b>

*See accompanying notes to the consolidated financial statements.*

# The Greater Washington Community Foundation and Affiliates

## Consolidated Statement of Functional Expenses

Year Ended March 31,	2020			Total
	Program grants and appropriations	Management and general	Fundraising	
Program grants and appropriations	\$ 70,366,104	\$ -	\$ -	\$70,366,104
Salaries and other benefits	799,724	2,065,096	716,795	3,581,615
Consulting and professional fees	81,753	460,672	73,276	615,701
Office supplies and operations	20,780	53,659	18,625	93,064
Telephone	5,191	13,405	4,653	23,249
Postage and delivery	2,078	5,366	1,863	9,307
Occupancy	106,442	274,862	95,405	476,709
Equipment and maintenance	15,080	38,940	13,516	67,536
Printing and publications	1,506	3,888	1,349	6,743
Insurance	19,321	49,893	17,318	86,532
Travel and meetings	8,669	22,386	7,770	38,825
Development	-	-	69,326	69,326
Technology	54,739	141,350	49,063	245,152
Events related	-	-	503,560	503,560
Other	33,812	87,309	30,306	151,427
<b>Total expenses</b>	<b>\$ 71,515,199</b>	<b>\$ 3,216,826</b>	<b>\$ 1,602,825</b>	<b>\$76,334,850</b>

*See accompanying notes to the consolidated financial statements.*

# The Greater Washington Community Foundation and Affiliates

## Consolidated Statements of Cash Flows

Years Ended March 31,	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 81,428,711	\$ (32,325,461)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized and unrealized (gain) loss on investments	(83,526,101)	27,374,949
Change in value of charitable remainder trusts receivable	(106,603)	(56,074)
Change in discount of notes receivable	(11,997)	22,598
Change in discount of grants and appropriations payable	11,068	8,825
Forgiveness of notes receivable	-	725,000
Donated investments received	(27,157,171)	(24,258,832)
Changes in operating assets and liabilities:		
Accrued interest income and other receivables	(35,921)	718,952
Prepaid expenses and other assets	81,844	84,262
Accounts payable and accrued expenses	1,380,943	(83,227)
Grants and appropriations payable	(1,625,594)	3,968,896
Funds held in trust for others	1,439,730	(1,280,173)
Total adjustments	(109,549,802)	7,225,176
<b>Net cash used in operating activities</b>	<b>(28,121,091)</b>	<b>(25,100,285)</b>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(316,098,949)	(165,739,382)
Proceeds from sales of investments	344,802,297	197,942,362
Issuance of notes receivable	-	(500,000)
Payments received under notes receivable	95,950	75,948
<b>Net cash provided by investing activities</b>	<b>28,799,298</b>	<b>31,778,928</b>
<b>Cash flows from financing activity:</b>		
Proceeds from notes payable - PPP loans	1,312,928	-
Increase in cash and cash equivalents	1,991,135	6,678,643
Cash and cash equivalents at the beginning of the year	32,743,626	26,064,983
<b>Cash and cash equivalents at the end of the year</b>	<b>\$ 34,734,761</b>	<b>\$ 32,743,626</b>

*See accompanying notes to the consolidated financial statements.*

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

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### 1. Summary of Significant Accounting Policies

The Greater Washington Community Foundation (formerly known as The Community Foundation for the National Capital Region) was organized in December 1973 as The Community Foundation for Greater Washington pursuant to the District of Columbia Nonprofit Corporation Act, and commenced operations in January 1974. On July 13, 2017, the Foundation changed its name from “The Community Foundation for the National Capital Region” to “The Greater Washington Community Foundation.” A certificate of amendment was filed with the government of the District of Columbia on that date. The Greater Washington Community Foundation has a single program to strengthen the Washington metropolitan region by encouraging and promoting effective giving and by taking leadership on critical issues in its service area.

The Greater Washington Community Foundation is recognized as a not-for-profit, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the IRC). The Internal Revenue Service (the IRS) has classified The Greater Washington Community Foundation as a publicly supported organization.

The Greater Washington Community Foundation is comprised of a collection of component funds established by donors to The Greater Washington Community Foundation or internally designated by The Greater Washington Community Foundation. The Greater Washington Community Foundation’s service area is the greater Metropolitan Washington, D.C. geographical region. To provide specific services to sub-parts of its service area, The Greater Washington Community Foundation maintains offices to localize its exempt activities in Montgomery and Prince Georges counties, Maryland.

The David A. Steinberg Family Foundation (the Steinberg Foundation), District of Columbia nonprofit corporation, is a supporting organization that The Greater Washington Community Foundation has significant control over. The Steinberg Foundation benefits The Greater Washington Community Foundation through support of its mission. The Steinberg Foundation has been recognized by the IRS as a not-for-profit, tax-exempt organization under Section 501(c)(3) of the IRC. See Note 15.

The consolidated financial statements include the accounts of The Greater Washington Community Foundation and the Steinberg Foundation (collectively referred to as The Community Foundation). All material inter-organization balances and transactions have been eliminated in consolidation.

The significant accounting policies followed by The Community Foundation are described below.

#### ***Basis of accounting***

The consolidated financial statements of The Community Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### ***Use of estimates***

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

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assets and liabilities at the date of the consolidated financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting year. Actual results may differ from estimates under different assumptions or conditions.

### ***Revenue recognition***

#### ***Contributions***

The Community Foundation records gifts of cash and marketable securities as contribution revenue when the gift is pledged or received (if not pledged). Certain gifts of real estate, non-marketable securities or other business ownership interests are subject to an approval process prior to the acceptance of the asset.

Amounts received that are designated for a future period, or are restricted by the donor for specific purposes are reported as support with donor restrictions which increases that net asset class. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions. When the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities and change in net assets as net assets released from restrictions.

Contributions are recorded net of estimated uncollectible amounts. The Community Foundation uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on experience as well as management's analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fundraising activity. Contributions, including multi-year pledges and split interest agreements, to be received after one year are recorded at the present value of the estimated future cash flows. Subsequent changes in this discount resulting from the passage of time are accounted for as contributions in subsequent years. Revenue under charitable gift annuity arrangements is reduced by the estimated annuities to be paid by The Community Foundation over the beneficiary's lifetime.

#### ***Federal grants***

Grants awarded by federal agencies or passed through to The Community Foundation from another donor that received funding from the U.S. federal government are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. Revenue is recognized when qualifying expenditures are incurred and conditions under the grant agreement are met. A grant receivable is established for expenditures incurred for services or products for which government funds have not yet been drawn. There are no conditional federal grants as of March 31, 2021 and 2020.

#### ***Rental and other income***

Rental and other income is recognized when earned.

#### ***Cash equivalents***

The Community Foundation considers short-term investments with initial maturities of three months or less to be cash equivalents, excluding cash equivalents held temporarily for long-term investment purposes by investment custodians. Temporary cash positions in the investment portfolio are

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

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considered investments and are not included in cash and cash equivalents in the accompanying consolidated statements of financial position.

### ***Investments***

The Community Foundation records investments at fair value. Interest and dividend income is accounted for on the accrual basis. Gains and losses on investments, including changes in market value, are reported in the consolidated statements of activities and change in net assets as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation.

As of March 31, 2021 and 2020, a portion of The Community Foundation's investments are comprised of shares held in investment funds without readily determinable fair values. These investment funds may invest in foreign and domestic equity and debt instruments, derivative instruments such as hedges and foreign currency contracts, and also certain leveraged arrangements. Any significant changes in the fair value of these investment funds could significantly affect the overall value of The Community Foundation's investment portfolio and its net assets.

### ***Notes receivable***

Notes receivable are stated at the amount of unpaid principal, adjusted for a present value discount and an allowance for loan losses, when deemed appropriate. The Community Foundation records an allowance when management determines that collectability is not probable. Management's estimate is based on review of the loans comprising the notes receivable balance and considers known and inherent risks, the estimated fair value of the underlying collateral, and current economic conditions.

### ***Charitable remainder trust receivable***

Receivables from split-interest agreements are recorded at fair value, which is the estimated net present value of The Community Foundation's remainder interests in various trusts held by third-party trustees. The net present value of these receivables is determined using investment returns consistent with the composition of the asset portfolios of the trusts, single or joint life expectancy from published tables, and discount rates commensurate with the risks involved. The estimation of the net present value of these receivables is subjective and requires significant judgment. Due to uncertainties inherent in the estimation process, it is possible that future events in either the near- or long-term could materially affect the amounts reported in the consolidated statements of financial position.

### ***Grants and appropriations payable***

Grants and appropriations payable are recognized when the Board of Trustees approves specific grants. When grant commitments are to be paid over several years, The Community Foundation records such liabilities at their estimated present values.

### ***Net assets***

The Community Foundation classifies net assets into two categories: without donor restrictions and with donor restrictions. All contributions and grants are considered to be available for general use unless specifically restricted by the donor.

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

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Net assets without donor restrictions consist of the following types of internally designated funds:

*Operating funds* - Funds used for the general operation of The Greater Washington Community Foundation.

*Supporting organization funds* - General net assets of the Steinberg Foundation.

*Donor-advised and other funds* - Funds established by donor contributions that enable donors to make recommendations from time to time about the distributions from the funds. The donors' advice in the grant-making process is considered by the Board of Trustees in making grants from these resources. Other funds include field of interest funds used to support particular interests to the donor, designated funds intended to benefit designated charitable organizations, and scholarship funds intended to assist students in obtaining an education.

Net assets with donor restrictions include contributions or grants with temporary, donor-imposed time and/or program restrictions. Net assets with donor restrictions are reported in the consolidated statements of activities and change in net assets as net assets released from restrictions when the time restrictions expire or the funds are used for their restricted purpose. Net assets without donor restrictions are subject to The Community Foundation component fund requirements, including a variance power provision, but are considered with donor restrictions until funds are available for use. Net assets with donor restrictions consist of funds that are unavailable for use in the current period due to donor-imposed time restrictions that would otherwise be classified as donor-advised funds or other funds without donor restrictions

The Community Foundation's consolidated financial statements are prepared in accordance with the current authoritative guidance issued by the Financial Accounting Standards Board (the FASB). These standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as without donor restrictions.

### ***Functional allocation of expenses***

The costs of providing The Community Foundation's programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. The consolidated statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs should be allocated among the programs and supporting services benefited. Salaries and related benefits are allocated based upon executive level time keeping methods or job descriptions. The percentages derived from payroll costs is used to allocate overhead costs to the activities benefited. Overhead costs are those expenses that cannot be tied directly to an activity including some expenses in the natural expense categories of occupancy, equipment and maintenance, insurance, and technology and other.

### ***Income taxes***

The Greater Washington Community Foundation and the Steinberg Foundation are exempt from federal income taxes under Section 501(c)(3) of the IRC and from District of Columbia franchise tax under applicable tax regulations, except for income from activities not related to their tax-exempt purpose, which primarily includes unrelated business income from certain investments that are subject to federal and state income taxes. No provision for income taxes was recorded during the years ended March 31, 2021 and 2020 since The Community Foundation had no significant unrelated business income. The Community Foundation has no temporary timing differences that would give

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

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rise to deferred tax assets or liabilities; therefore, The Community Foundation has no deferred taxes at March 31, 2021 or 2020. The Greater Washington Community Foundation and the Steinberg Foundation are not private foundations pursuant to section 509(a)(1) of the IRC.

In accordance with authoritative guidance on accounting for uncertainty in income taxes issued by the FASB, The Community Foundation recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. With few exceptions, The Community Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years ended March 31, 2017 and prior. Management has evaluated the tax positions of The Greater Washington Community Foundation and the Steinberg Foundation and has concluded that no material uncertain tax positions have been taken that require adjustment to the consolidated financial statements to comply with the provisions of this guidance.

### ***Concentrations of credit risk***

The Community Foundation's assets that are exposed to credit risk consist primarily of cash and cash equivalents, investments, contributions receivable, notes receivable, and charitable remainder trusts receivable. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Community Foundation has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at March 31, 2021 approximate \$35 million. Investment securities are exposed to various risks such as interest rate, market, and credit risks. The Community Foundation's charitable remainder trusts receivable are due from donor trusts that hold investments that are subject to the same types of investment risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment and charitable remainder trusts receivable balances and the amounts reported in the consolidated statements of financial position. The Community Foundation's pledges, contributions, and notes receivable balances consist primarily of amounts due from individuals and corporations. Historically, The Community Foundation has not experienced significant losses related to the notes and pledges receivable balances and, therefore, believes that the credit risk related to them is minimal.

### ***Recently adopted authoritative guidance***

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU assists in the determination of the nature of the transaction which will then govern the expense recognition methodology and timing of the transaction. The ASU is effective for contributions made by The Community Foundation in periods beginning after December 15, 2019. The Community Foundation adopted this update in on April 1, 2020 under the modified prospective basis. The adoption of this update did not materially impact grants expense in the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. The ASU is effective



# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

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for The Community Foundation's consolidated financial statements for fiscal years beginning after December 15, 2019. The adoption of the new standard updated the disclosure of fair value investments in Note 10. The Community Foundation has adopted the ASU and there was no effect on the change in net assets reported in 2021 and 2020.

### ***Recent accounting pronouncements not yet adopted***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. The guidance is effective for the Organization for the fiscal year ending March 31, 2023. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. Management is evaluating the effect that adoption of this new standard will have on The Community Foundation's consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The ASU requires that a nonprofit present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets. Information that shows the contributed nonfinancial assets disaggregated by category will be required to be disclosed. In addition, the ASU requires that for each type of contributed financial asset the following will be disclosed: (a) policy (if any) on liquidating rather than using the contributed nonfinancial assets, (b) qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period and, if used, a description of how the asset was employed should be included, (c) any donor imposed restrictions related to contributed nonfinancial assets, (d) valuation methods and inputs utilized to determine a fair value measure at initial recognition, and the principal and most advantageous market utilized to calculate fair value if it is a market in which the nonprofit is restricted by the donor from selling or utilizing the contributed nonfinancial assets. The amendments in the ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption of the ASU is permitted. The Community Foundation is evaluating the effect that adoption of this new standard will have on its consolidated financial statements.

## **2. Notes Receivable**

As of March 31, 2021 and 2020, notes receivable consists of one note with an initial face value of \$1,500,000, which is non-interest bearing and matures in August 2022, one note with an initial face value of \$20,000, which is non-interest bearing and matured in December 2020, and one note with an initial face value of \$500,000, which is non-interest bearing and matures in August 2024.

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

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One note with an initial value of \$1,100,000 was originally scheduled to mature in June 2020 and was non-interest bearing and had an outstanding balance of \$725,000 on March 31, 2019. The outstanding balance on this note was fully forgiven by the Community Foundation in March 2020.

These notes are recorded at the present value of the estimated future cash flows, with imputed interest rates ranging from 1.84% to 6.03%.

### 3. Charitable Remainder Trust Receivable

During fiscal year 2015, The Community Foundation received a \$777,874 pledge to be received from the assets of a charitable remainder unitrust, payable on the termination date of the unitrust, or twenty years from the date that the underlying assets were transferred to the trust. The underlying agreement requires payments of 6% of the net fair market value of the trust assets to be paid quarterly to the income and/or successor beneficiary of the trust during the period of the trust. The Community Foundation does not have control over the underlying assets and is not a trustee. The amount receivable from this trust is revalued at its estimated fair value annually using investment returns consistent with the composition of the asset portfolios of the trusts, single or joint life expectancy from published tables, and discount rates. The present value discount rates used were 1.74% and 1.15% for the years ended March 31, 2021 and 2020, respectively. The recorded estimated fair value of the pledge totaled \$486,121 and \$379,518 at March 31, 2021 and 2020, respectively.

The estimated fair value of the charitable remainder trust receivable is considered to be with donor restrictions until the funds are received.

### 4. Grants and Appropriations Payable

The Community Foundation makes grants to fund organizations that promote charitable, educational, civic and cultural needs primarily of the greater Washington metropolitan area. Scheduled future minimum payments for these grants as of March 31, 2021 are as follows:

*Years Ending March 31,*

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2022	\$	4,174,514
2023		663,500
2024		513,500
2025		41,000
2026		2,000
		5,394,514
Less: net present value of interest on grants payable		(7,781)
	\$	5,386,733

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The discount rates used to calculate the present value of grants and appropriations payable range from 0.35% to 2.74% and from 0.37% to 2.74% as of March 31, 2021 and 2020, respectively.

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

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### 5. Funds Held in Trust for Others

The Community Foundation has been appointed to serve as trustee for several charitable trusts. Funds held in this capacity are included as both assets and liabilities in the consolidated statements of financial position.

### 6. Donor-Advised and Other Funds

Donor-advised and other funds consist of the following as of March 31:

	2021	2020
Donor-advised funds	\$ 293,823,659	\$ 230,053,328
Field of interest funds and other funds	47,039,573	36,614,904
Designated funds	15,770,215	13,882,288
Scholarship funds	5,870,023	4,532,984
	362,503,470	285,083,504
Plus: unallocated net present value of interest on grants payable (see Note 4)	7,781	18,489
	\$ 362,511,251	\$ 285,101,993

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### 7. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at March 31:

	2021	2020
Time restrictions:		
Real estate investment	\$ 4,017,000	\$ 4,236,110
Charitable remainder trust receivable	486,121	379,518
	\$ 4,503,121	\$ 4,615,628

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### 8. Retirement Plan

The Greater Washington Community Foundation maintains a defined contribution retirement plan (the Plan) for eligible employees. The Greater Washington Community Foundation contributes up to a fixed percentage of each eligible employee's compensation to the Plan. Employees are eligible to participate immediately, while employer contributions vest ratably over three years of employment. The Greater Washington Community Foundation recorded contributions to the Plan of \$173,413 and \$117,168 for the years ended March 31, 2021 and 2020, respectively.

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

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### 9. Investments

Investments consist of the following as of March 31:

	2021	2020
Investments measured at fair value	\$ 347,247,155	\$ 267,082,485
Investments held for others	3,087,398	1,647,668
Total investments measured at fair value (Note 9)	350,334,553	268,730,153
Mission-related investments	7,571,688	7,196,164
	<u>\$ 357,906,241</u>	<u>\$ 275,926,317</u>

Mission-related investments are The Community Foundation's direct investments in various entities whose purpose aligns with The Community Foundation's mission. This category is comprised of impact notes receivable made to a Community Development Financial Institution or "CDFI", for the purpose of building and preserving affordable housing units for low income individuals across the region. The balance consists of eight notes receivable, stated at the amount of unpaid principal (i.e. cost basis). The notes range from two-year to five-year notes, with initial investments ranging from \$25,000 to \$5,096,688 and interest rates ranging from 1.5% to 2.5%. The Community Foundation reviews the notes receivable annually for impairment. No indicators of impairment were identified as of March 31, 2021 and 2020, respectively. Interest accrues on a 365-day year basis, and accrued interest is payable annually on September 30<sup>th</sup> of each year. The initial investments in the notes and any unpaid interest may be redeemed at the time of maturity. The notes receivables are due as follows: \$5,321,688 in 2022, \$1,850,000 in 2023, \$200,000 in 2024, \$100,000 in 2025 and \$100,000 in 2026.

### 10. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset or transfer the liability with the price that maximizes the amount that would be received or minimizes the amount that would be paid. Fair value is based on assumptions market participants would make in pricing the asset or liability. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Community Foundation reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

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ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the use of observable inputs when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable input (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- **Level 1** - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that The Community Foundation has the ability to access.
- **Level 2** - Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
  - If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- **Level 3** - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The valuation methodologies The Community Foundation uses to measure its assets at fair value are described below:

### ***Investments***

In general, and where applicable, The Community Foundation uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments. If quoted prices in active markets for identical assets are not available to determine fair value, then The Community Foundation uses quoted prices for similar assets or inputs other than the quoted prices that are observable either directly or indirectly. These investments are included in Level 2. The Community Foundation's Level 3 assets primarily include certain investments in real estate interests and private equity. Real estate investments and investments in privately held entities are reported at the fair value of the investment as determined by the most recent appraisal or prices used in current transactions. The Community Foundation values its interest in other business entities and hedge funds using significant unobservable inputs including information from fund managers or general partners based on quoted market prices, if available, or other valuation methods. Management reviews and evaluates the values provided by the fund managers and general partners and agrees with the valuation methods and assumptions used in determining the fair value of the

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

alternative investments. Unobservable inputs used in these models are significant to the fair value of the investments.

### *Fair value on a recurring basis*

The following tables set forth by level, within the fair value hierarchy, The Community Foundation's assets recorded at fair value:

<i>Description</i>	As of March 31, 2021			
	Assets Measured At Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
<b>Mutual funds</b>				
Large cap funds	\$ 72,084,701	\$ 72,084,701	\$ -	\$ -
International funds	67,548,960	67,548,960	-	-
Other	45,075,044	45,075,044	-	-
Intermediate bonds	31,245,994	31,245,994	-	-
Small cap funds	17,961,282	17,961,282	-	-
Mid cap funds	14,438,305	14,438,305	-	-
Government bonds	4,298,551	4,298,551	-	-
Corporate bonds	1,297,228	1,297,228	-	-
REIT/real estate funds	453,282	453,282	-	-
Mortgage-backed securities	395,335	-	395,335	-
Governmental mutual funds	22,185	22,185	-	-
<b>Total mutual funds</b>	<b>254,820,867</b>	<b>254,425,532</b>	<b>395,335</b>	<b>-</b>
<b>Common stocks</b>				
Consumer	14,015,015	14,015,015	-	-
Health	7,383,340	7,383,340	-	-
Services and other stocks	4,478,438	4,478,438	-	-
Technology	4,329,967	4,329,967	-	-
International stocks	4,138,118	4,138,118	-	-
Finance	3,130,123	3,130,123	-	-
Information technology	2,216,785	2,216,785	-	-
Industrial	2,039,752	2,039,752	-	-
Energy	1,130,701	1,130,701	-	-
Material	641,114	641,114	-	-
Utilities	555,841	555,841	-	-
<b>Total common stocks</b>	<b>44,059,194</b>	<b>44,059,194</b>	<b>-</b>	<b>-</b>
Cash and money market accounts	12,477,390	12,477,390	-	-
Real estate	9,271,717	-	-	9,271,717
U.S. government securities	6,973,022	6,973,022	-	-
Corporate bonds	6,825,853	-	6,825,853	-
Private equity	4,055,616	-	-	4,055,616
Commodities	149,802	149,802	-	-

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

<i>Description</i>	As of March 31, 2021			
	Assets Measured At Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Total investments at fair value	338,633,461	318,084,940	7,221,188	13,327,333
Investments measured at net asset value*:				
Multi-strategy and other funds	9,554,242	-	-	-
Guaranteed insurance contract	1,972,817	-	-	-
Buyout and growth equity funds	174,033	-	-	-
Total investments measured at net asset value*	11,701,092	-	-	-
<b>Total fair value investments</b>	<b>\$ 350,334,553</b>	<b>\$ 318,084,940</b>	<b>\$ 7,221,188</b>	<b>\$ 13,327,333</b>

\* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

Description	As of March 31, 2020			
	Assets Measured At Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
<b>Mutual funds</b>				
Large cap funds	\$ 50,381,395	\$ 50,381,395	\$ -	\$ -
Intermediate bonds	33,905,060	32,270,330	1,634,730	-
Other	13,423,282	13,423,282	-	-
Mid cap funds	9,524,130	9,524,130	-	-
International funds	8,239,340	8,239,340	-	-
Corporate bonds	5,959,672	5,959,672	-	-
Government bonds	1,329,707	1,329,707	-	-
Small cap funds	1,163,680	1,163,680	-	-
REIT/real estate funds	482,357	461,636	20,721	-
Mortgage backed securities	410,876	410,876	-	-
<b>Total mutual funds</b>	<b>124,819,499</b>	<b>123,164,048</b>	<b>1,655,451</b>	<b>-</b>
<b>Common stocks</b>				
International stocks	36,082,536	36,082,536	-	-
Consumer	9,971,051	9,971,051	-	-
Health	5,753,389	5,753,389	-	-
Large cap stocks	3,865,395	3,865,395	-	-
Finance	3,315,604	3,315,604	-	-
Technology	3,201,533	3,201,533	-	-
Industrial	2,458,458	2,458,458	-	-
Services and other stocks	2,002,527	2,002,527	-	-
Information technology	1,061,398	1,061,398	-	-
Utilities	854,245	854,245	-	-
Mid cap stocks	796,403	796,403	-	-
Material	761,068	761,068	-	-
Small cap stocks	456,502	456,502	-	-
Energy	425,215	425,215	-	-
<b>Total common stocks</b>	<b>71,005,324</b>	<b>71,005,324</b>	<b>-</b>	<b>-</b>
U.S. government securities	30,360,466	30,360,466	-	-
Real estate	11,632,174	-	-	11,632,174
Corporate bonds	9,353,314	-	9,353,314	-
Cash and money market accounts	6,955,529	6,955,529	-	-
Private equity	4,143,804	-	-	4,143,804
Certificates of deposit	1,542,529	-	1,542,529	-
Commodities	287,364	287,364	-	-
<b>Total investments at fair value</b>	<b>260,100,003</b>	<b>231,772,731</b>	<b>12,551,294</b>	<b>15,775,978</b>



# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

Description	As of March 31, 2020			
	Assets Measured At Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Investments measured at net asset value*:				
Multi-strategy and other funds	7,149,916	-	-	-
Guaranteed insurance contract	1,291,190	-	-	-
Buyout and growth equity funds	107,081	-	-	-
Hedge fund of funds	81,963	-	-	-
Total investments measured at net asset value*	8,630,150	-	-	-
Total fair value investments	\$ 268,730,153	\$ 225,813,059	\$ 18,510,966	\$ 15,775,978

\* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

### Changes in fair value levels

To assess the appropriate classification of investments within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another. The Community Foundation's management evaluates the significance of transfers between levels based upon the nature of the investment. For the years ended March 31, 2021 and 2020, there were no significant transfers in or out of Level 3.

The following table presents The Community Foundation's activity for assets measured at fair value on a recurring basis using significant unobservable inputs as defined in ASC 820 for the years ended March 31:

	2021	2020
Purchases	\$ 815,043	\$ 2,062,470
Settlements	\$ (810,058)	\$ (1,591,120)

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

The major categories of The Community Foundation's investments that are valued at net asset value or its equivalent or are measured at Level 3 that have unfunded commitments and/or redemption gates are listed as follows at March 31, 2021:

<i>Description</i>	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Buyout and growth equity funds (a)	\$ 174,033	\$ 39,894	Annually, Capital Distributions	60
Multi-strategy and other funds (b)	9,554,242	742,500	Quarterly, Not Permitted Quarterly, Periodically, Not Permitted	45
Private equity (c)	4,055,616	-	Periodically	60
Real estate (d)	9,271,717	-	Periodically	N/A
Guaranteed insurance contract (e)	1,972,817	-	Death of beneficiary	N/A
<b>Total</b>	<b>\$ 25,028,425</b>	<b>\$ 782,394</b>		

(a) This category is comprised of investments in private equity funds and private equity funds of funds in the U.S. and outside of the U.S. whose mandates include leveraged buyouts and growth equity investments in companies. Certain funds in this category do not permit redemptions. Another fund only allows redemptions at calendar year end. Approximately 71 percent of the value of these investments is available for redemption at March 31, 2021. Two funds in this category are redeemable as capital distributions as determined by the fund manager.

(b) This category is comprised of investments in hedge funds that are not exclusively global macro or hedged equity and other funds. Strategies include relative value, event driven, and arbitrage. Underlying investments are typically the same markets as the types invested in both the public equity and fixed income commingled categories as well as derivatives. The funds include short positions as well as long positions and use leverage. Some funds may invest in private investments which are typically segregated into side pockets (a separate share class) and are not available for redemption until the investment is liquidated by the fund manager. Approximately 71 percent of the value of the investments is available for redemption at March 31, 2021. One fund in this category has a 25 percent redemption rate. Additionally, two funds do not permit withdrawals.

(c) This category is comprised of investments in shares of privately held corporations. Redemption of these investments is subject to the Corporation's notification to its stockholders and approval by the board of the Corporation.

(d) This category is comprised of investments in limited liability companies that invest in real estate properties. Redemption of these investments is subject to the terms of the partnership agreements.

(e) The Community Foundation is the owner and beneficiary of a single life insurance contract with a contract value of \$1,000,000.

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

The major categories of The Community Foundation's investments that are valued at net asset value or its equivalent or are measured at Level 3 that have unfunded commitments and/or redemption gates are listed as follows at March 31, 2020:

<i>Description</i>	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Buyout and growth equity funds (a)	\$ 107,081	\$ 39,894	Annually, Capital Distributions	60
Multi-strategy and other funds (b)	7,149,916	742,500	Quarterly, Not Permitted	45
Private equity (c)	4,143,804	-	Quarterly, Periodically, Not Permitted	60
Real estate (d)	11,632,174	-	Periodically	N/A
Guaranteed insurance contract (e)	1,291,190	-	Death of beneficiary	N/A
Hedge fund of funds (f)	81,963	-	Withdrawals not permitted	-
<b>Total</b>	<b>\$ 24,406,128</b>	<b>\$ 782,394</b>		

(a) This category is comprised of investments in private equity funds and private equity funds of funds in the U.S. and outside of the U.S. whose mandates include leveraged buyouts and growth equity investments in companies. Certain funds in this category do not permit redemptions. Another fund only allows redemptions at calendar year end. Approximately 64 percent of the value of these investments is available for redemption at March 31, 2020. Two funds in this category are redeemable as capital distributions as determined by the fund manager.

(b) This category is comprised of investments in hedge funds that are not exclusively global macro or hedged equity and other funds. Strategies include relative value, event driven, and arbitrage. Underlying investments are typically the same markets as the types invested in both the public equity and fixed income commingled categories as well as derivatives. The funds include short positions as well as long positions and use leverage. Some funds may invest in private investments which are typically segregated into side pockets (a separate share class) and are not available for redemption until the investment is liquidated by the fund manager. Approximately 76 percent of the value of the investments is available for redemption at March 31, 2020. One fund in this category has a 25 percent redemption rate. Additionally, two funds do not permit withdrawals.

(c) This category is comprised of investments in shares of privately held corporations. Redemption of these investments is subject to the Corporation's notification to its stockholders and approval by the board of the Corporation.

(d) This category is comprised of investments in limited liability companies that invest in real estate properties. Redemption of these investments is subject to the terms of the partnership agreements.

(e) The Community Foundation is the owner and beneficiary of a single life insurance contract with a contract value of \$1,000,000.

(f) This category is invested in a fund of hedge funds. Underlying hedge fund strategies primarily include hedge equity, multi-strategy, relative value, event driven and arbitrage strategies.

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

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### *Valuation process for Level 3 instruments*

In estimating fair value of the investments in Level 3, management may use third-party pricing sources or appraisers. In substantiating the reasonableness of the pricing data provided by third parties, Management evaluates a variety of factors including review of methods and assumptions used by external sources, recently executed transactions, existing contracts, economic conditions, industry and market developments, and overall credit ratings.

## 11. Commitments

### *Operating leases*

The Greater Washington Community Foundation leases office space in Washington, D.C. under the terms of a noncancelable operating lease that commenced in July 2017 and expires in 2028. In addition, The Greater Washington Community Foundation leases office space for its affiliate funds in Montgomery County and Prince Georges County under the terms of noncancelable operating leases that expired in June 2020 and in December 2021, respectively. These lease agreements contain escalation clauses and provisions for the payment of taxes and operating expenses.

The following is a schedule by year of the future minimum lease payments required under the operating leases as of March 31, 2021:

### *Years Ending March 31,*

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2022	\$	515,000
2023		506,000
2024		518,000
2025		531,000
2026		545,000
Thereafter		1,372,000
	\$	3,987,000

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In accordance with authoritative guidance issued by the FASB, The Community Foundation recognizes the total cost of its office lease ratably over the lease period. The difference between rent paid and that expensed is reflected as deferred rent, which is included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position, and is being amortized over the term of the lease.

Rent expense totaled \$470,473 and \$476,709 for the years ended March 31, 2021 and 2020, respectively.

### *Lease of donated property*

In November 1997, The Greater Washington Community Foundation received donated property located in the District of Columbia (the District) that it leased to the D.C. Metropolitan Police Department to establish a police substation, in accordance with the donor's instruction. The original lease term was ten years and The Greater Washington Community Foundation received rental payments thereon of \$1 per year. Under the terms of the donor agreement, upon termination of the

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

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lease, The Greater Washington Community Foundation had the option to sell or lease the property at its fair market value. The Greater Washington Community Foundation exercised this option upon the expiration of the original lease. The property is still being leased to the D.C. Metropolitan Police Department as a police sub-station in Ward 8 of the District. The Greater Washington Community Foundation has renewed the lease for a fourth extended term which expires on January 31, 2022. Rental income totaled \$273,657 and \$321,192 for the years ended March 31, 2021 and 2020, respectively.

### *Contingencies*

The Greater Washington Community Foundation is a defendant in a lawsuit wherein substantial amounts are claimed. In the opinion of The Greater Washington Community Foundation's legal counsel, The Greater Washington Community Foundation's argument for dismissal and factual defenses are strong and the plaintiff's damages claim is grossly overstated and speculative. Management of The Greater Washington Community Foundation has concluded that the lawsuit is without substantial merit and is not expected to result in a judgment, which, in the aggregate, would have a material adverse effect on The Community Foundation's consolidated financial statements. Subsequent to year end the lawsuit concluded in favor of the Community Foundation.

### **12. Notes Payable - Payroll Protection Program (PPP) Loan**

The Community Foundation applied for and received on May 5, 2020, funds under the Paycheck Protection Program in the amount of \$612,900. The Community Foundation received additional loan proceeds in the amount of \$700,028 on March 2021 under the PPP. The application for these funds required The Community Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of The Community Foundation. This certification further required The Community Foundation to take into account its current business activity and the ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on The Community Foundation having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. The PPP loans accrue interest at a rate of 1.00% per annum for a term of 5 years and any principal amounts that do not qualify for forgiveness, along with accrued interest, will be repaid in equal monthly payments of principal and interest after the forgiveness decision has been made. Subsequent to year end, The Community Foundation received approval that the PPP loans were fully forgiven and paid by the Small Business Administration.

The Small Business Administration (SBA) has stated that all PPP loans in excess of \$2 million, and other PPP loans as appropriate, will be subject to review by the SBA for compliance with program requirements. If the SBA determines in the course of its review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan request or the subsequent use of loan proceeds, the SBA will seek repayment of the PPP loan, including interest and potential penalties. While The Community Foundation believes the PPP loan was properly obtained, there can be no assurance regarding the outcome of an SBA review. As such, in accordance with FASB Accounting Standards Codification (ASC) 470, *Debt*, no amounts for loan forgiveness will be recognized until a legal release is received.

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

### 13. Liquidity and Availability of Resources

The following represents The Community Foundation's financial assets available within one year of the consolidated statement of financial position date for general expenditures:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 34,734,761	\$ 32,743,626
Investments	357,906,241	275,926,317
Accounts receivables (contributions receivable within one year)	399,689	248,228
Total financial assets	393,040,691	308,918,171
Less amounts not available for general expenditures within one year:		
Net assets with donor restrictions	(4,503,121)	(4,615,628)
Investments redeemable in more than one year	(12,018,331)	(17,765,613)
Financial assets not available for general expenditures within one year	(16,521,452)	(22,381,241)
Financial assets available to meet cash needs for general expenditures within one year	\$ 376,519,239	\$ 286,536,930

The Community Foundation analyzes its cash position regularly and believes its available resources and future earnings will provide more than adequate resources to meet their financial obligations for the year following the consolidated statement of financial position date of March 31, 2021. Financial assets available within one year include \$294 million of donor-advised funds that are subject to component fund requirements, including a variance power provision. These assets are subject to donor intent which the Community foundation intends to uphold. Other funds totaling \$69 million include designated funds, field of interest funds and scholarship funds. For these types of funds, the original purpose of these funds will be continued, unless or until the original purpose is no longer capable of being fulfilled.

### 14. Risk and Uncertainties - COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency due to a new strain of coronavirus ("COVID-19") and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as pandemic, based on the rapid increase in exposure globally.

The extent of the impact of the COVID-19 outbreak on the operational and financial performance of The Community Foundation has been minimized by management's active measures to manage costs to projected cash inflows. At this time, no significant disruption has been experienced or is anticipated. The fluidity of this situation precludes any prediction as to any potential material adverse impact of COVID-19. Liquidity remains strong as does investment performance. However,

# The Greater Washington Community Foundation and Affiliate

## Notes to the Consolidated Financial Statements

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The Community Foundation believes it has adequate resources to cover its obligations, operations and core activities.

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide certain relief as a result of the COVID-19 outbreak. The Community Foundation applied for and received loan proceeds under the Paycheck Protection Program (PPP) during fiscal year 2021. See Note 12.

On December 27, 2020, the Consolidated Appropriations Act, 2021 (the Act) was passed, which includes \$900 billion in stimulus relief as a result of the COVID-19 pandemic. The Community Foundation believes that the Act will have no impact on its operations.

### **15. Subsequent Events**

The Community Foundation has evaluated its March 31, 2021 consolidated financial statements for subsequent events through February 14, 2022, the date the consolidated financial statements were available to be issued. The Community Foundation is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements, except as described in Note 11, Note 12 and below.

Subsequent to year end, The Community Foundation no longer has controlling financial interest over the Steinberg Foundation; accordingly under U.S. GAAP the Community Foundation derecognized the assets, liabilities and net assets of the Steinberg Foundation effective June 30, 2021.

## Supplementary Information

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## Independent Auditor's Report on Supplementary Information

Board of Trustees  
The Greater Washington Community Foundation and Affiliate  
Washington, D.C.

Our audits of the consolidated financial statements of The Greater Washington Community Foundation and Affiliate included in the preceding section of this report were conducted for the purpose of forming an opinion on those consolidated statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*BDO USA, LLP*

February 14, 2022

# The Greater Washington Community Foundation and Affiliates

## Consolidating Statement of Financial Position

<i>March 31, 2021</i>	The Greater Washington Community Foundation	The Steinberg Foundation	Eliminations	Consolidated Total
<b>Assets</b>				
Cash and cash equivalents	\$ 34,734,761	\$ -	\$ -	\$ 34,734,761
Investments	352,131,599	2,687,244	-	354,818,843
Investments held for others	3,087,398	-	-	3,087,398
Notes receivable, net	533,947	-	-	533,947
Charitable remainder trust receivable, net	486,121	-	-	486,121
Accrued interest income and other receivables	687,582	-	(18,026)	669,556
Prepaid expenses and other assets	1,116,244	-	-	1,116,244
<b>Total assets</b>	<b>\$ 392,777,652</b>	<b>\$ 2,687,244</b>	<b>\$ (18,026)</b>	<b>\$ 395,446,870</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 3,299,001	\$ 18,026	\$ (18,026)	\$ 3,299,001
Notes payable - PPP loans	1,312,928	-	-	1,312,928
Grants and appropriations payable, net	5,386,733	-	-	5,386,733
Funds held in trust for others	3,087,398	-	-	3,087,398
<b>Total liabilities</b>	<b>13,086,060</b>	<b>18,026</b>	<b>(18,026)</b>	<b>13,086,060</b>
<b>Commitments and contingencies</b>				
<b>Net assets</b>				
Without donor restrictions	375,188,471	2,669,218	-	377,857,689
With donor restrictions	4,503,121	-	-	4,503,121
<b>Total net assets</b>	<b>379,691,592</b>	<b>2,669,218</b>	<b>-</b>	<b>382,360,810</b>
<b>Total liabilities and net assets</b>	<b>\$ 392,777,652</b>	<b>\$ 2,687,244</b>	<b>\$ (18,026)</b>	<b>\$ 395,446,870</b>

*See independent auditor's report on supplementary information.*

# The Greater Washington Community Foundation and Affiliates

## Consolidating Statement of Financial Position

<i>March 31, 2020</i>	The Greater Washington Community Foundation	The Steinberg Foundation	Eliminations	Consolidated Total
<b>Assets</b>				
Cash and cash equivalents	\$ 32,743,626	\$ -	\$ -	\$ 32,743,626
Investments	271,545,971	2,732,678	-	274,278,649
Investments held for others	1,647,668	-	-	1,647,668
Notes receivable, net	617,900	-	-	617,900
Charitable remainder trust receivable, net	379,518	-	-	379,518
Accrued interest income and other receivables	653,635	-	(20,000)	633,635
Prepaid expenses and other assets	1,198,088	-	-	1,198,088
<b>Total assets</b>	<b>\$ 308,786,406</b>	<b>\$ 2,732,678</b>	<b>\$ (20,000)</b>	<b>\$ 311,499,084</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 1,918,058	\$ -	\$ -	\$ 1,918,058
Grants and appropriations payable, net	7,001,259	20,000	(20,000)	7,001,259
Funds held in trust for others	1,647,668	-	-	1,647,668
<b>Total liabilities</b>	<b>10,566,985</b>	<b>20,000</b>	<b>(20,000)</b>	<b>10,566,985</b>
<b>Commitments and contingencies</b>				
<b>Net assets</b>				
Without donor restrictions	293,603,793	2,712,678	-	296,316,471
With donor restrictions	4,615,628	-	-	4,615,628
<b>Total net assets</b>	<b>298,219,421</b>	<b>2,712,678</b>	<b>-</b>	<b>300,932,099</b>
<b>Total liabilities and net assets</b>	<b>\$ 308,786,406</b>	<b>\$ 2,732,678</b>	<b>\$ (20,000)</b>	<b>\$ 311,499,084</b>

*See independent auditor's report on supplementary information.*

# The Greater Washington Community Foundation and Affiliates

## Consolidating Statement of Activities and Change in Net Assets

<i>Year Ended March 31, 2021</i>	The Greater Washington Community Foundation	The Steinberg Foundation	Eliminations	Consolidated Total
<b>Change in net assets without donor restrictions</b>				
<b>Support and revenue</b>				
Contributions	\$ 101,530,807	\$ -	\$ 20,000	\$ 101,550,807
Grants	3,342,021	-	-	3,342,021
Investment return, net	92,942,513	(6,953)	-	92,935,560
Rental and other income	850,174	-	(18,026)	832,148
<b>Total support and revenue without donor restrictions</b>	<b>198,665,515</b>	<b>(6,953)</b>	<b>1,974</b>	<b>198,660,536</b>
<b>Expenses</b>				
Program grants and appropriations	111,694,151	18,480	20,000	111,732,631
Supporting services				
Management and general	4,361,092	18,026	(18,026)	4,361,092
Fundraising	1,025,595	-	-	1,025,595
<b>Total supporting services</b>	<b>5,386,687</b>	<b>18,026</b>	<b>(18,026)</b>	<b>5,386,687</b>
<b>Total expenses</b>	<b>117,080,838</b>	<b>36,506</b>	<b>1,974</b>	<b>117,119,318</b>
<b>Increase (decrease) in net assets without donor restrictions</b>	<b>81,584,677</b>	<b>(43,459)</b>	<b>-</b>	<b>81,541,218</b>
<b>Change in net assets with donor restrictions</b>				
Change in value of charitable remainder trusts receivable	106,603	-	-	106,603
Change in value of real estate investment	(219,110)	-	-	(219,110)
<b>Decrease in net assets with donor restrictions</b>	<b>(112,507)</b>	<b>-</b>	<b>-</b>	<b>(112,507)</b>
<b>Change in net assets</b>	<b>81,472,170</b>	<b>(43,459)</b>	<b>-</b>	<b>81,428,711</b>
Net assets at the beginning of the year	298,219,421	2,712,678	-	300,932,099
<b>Net assets at the end of the year</b>	<b>\$ 379,691,591</b>	<b>\$ 2,669,219</b>	<b>\$ -</b>	<b>\$ 382,360,810</b>

*See independent auditor's report on supplementary information.*

# The Greater Washington Community Foundation and Affiliates

## Consolidating Statement of Activities and Change in Net Assets

<i>Year Ended March 31, 2020</i>	The Greater Washington Community Foundation	The Steinberg Foundation	Eliminations	Consolidated Total
<b>Change in net assets without donor restrictions</b>				
<b>Support and revenue</b>				
Contributions	\$ 61,972,516	\$ -	\$ (10,000)	\$ 61,962,516
Investment return, net	(18,602,708)	(217,887)	-	(18,820,595)
Rental and other income	618,604	-	-	618,604
<b>Total support and revenue without donor restrictions</b>	<b>43,988,412</b>	<b>(217,887)</b>	<b>(10,000)</b>	<b>43,760,525</b>
<b>Expenses</b>				
Program grants and appropriations	71,430,801	94,398	(10,000)	71,515,199
Supporting services				
Management and general	3,216,826	-	-	3,216,826
Fundraising	1,602,825	-	-	1,602,825
<b>Total supporting services</b>	<b>4,819,651</b>	<b>-</b>	<b>-</b>	<b>4,819,651</b>
<b>Total expenses</b>	<b>76,250,452</b>	<b>94,398</b>	<b>(10,000)</b>	<b>76,334,850</b>
<b>Decrease in net assets without donor restrictions</b>	<b>(32,262,040)</b>	<b>(312,285)</b>	<b>-</b>	<b>(32,574,325)</b>
<b>Change in net assets with donor restrictions</b>				
Change in value of charitable remainder trusts receivable	56,074	-	-	56,074
Change in value of real estate investment	192,790	-	-	192,790
<b>Increase in net assets with donor restrictions</b>	<b>248,864</b>	<b>-</b>	<b>-</b>	<b>248,864</b>
<b>Change in net assets</b>	<b>(32,013,176)</b>	<b>(312,285)</b>	<b>-</b>	<b>(32,325,461)</b>
Net assets at the beginning of the year	330,232,597	3,024,963	-	333,257,560
<b>Net assets at the end of the year</b>	<b>\$ 298,219,421</b>	<b>\$ 2,712,678</b>	<b>\$ -</b>	<b>\$ 300,932,099</b>

*See independent auditor's report on supplementary information.*