



The Greater Washington Community Foundation and Affiliate

**Consolidated Financial Statements with
Supplemental Schedules**
Years Ended March 31, 2020 and 2019

The Greater Washington Community Foundation and Affiliate

Consolidated Financial Statements with Supplemental Schedules
Years Ended March 31, 2020 and 2019

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 Consolidated Financial Statements

We have audited the accompanying 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, 2020 and 2019, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Greater Washington Community Foundation and Affiliate as of March 31, 2020 and 2019, and the change 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.

BDO USA, LLP

McLean, Virginia
January 11, 2021

Consolidated Financial Statements

The Greater Washington Community Foundation and Affiliates

Consolidated Statements of Financial Position

<i>March 31,</i>	2020	2019
Assets		
Cash and cash equivalents	\$ 32,743,626	\$ 26,064,983
Investments	274,278,649	308,317,573
Investments held for others	1,647,668	2,927,841
Notes receivable, net of present value discount of \$38,612 and \$16,014, for 2020 and 2019, respectively	617,900	941,446
Charitable remainder trust receivable, net	379,518	323,444
Accrued interest income and other receivables	633,635	1,352,587
Prepaid expenses and other assets	1,198,088	1,282,350
Total assets	\$ 311,499,084	\$ 341,210,224
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,918,058	\$ 2,001,285
Grants and appropriations payable, net of present value discount of \$18,489 and \$27,314, for 2020 and 2019, respectively	7,001,259	3,023,538
Funds held in trust for others	1,647,668	2,927,841
Total liabilities	10,566,985	7,952,664
Commitments and contingencies		
Net assets		
Without donor restrictions		
Operating funds	8,501,800	9,343,478
Supporting organization funds	2,712,678	3,024,963
Donor-advised and other funds	285,101,993	316,522,355
Total without donor restrictions	296,316,471	328,890,796
With donor restrictions	4,615,628	4,366,764
Total net assets	300,932,099	333,257,560
Total liabilities and net assets	\$ 311,499,084	\$ 341,210,224

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,	2020	2019
Changes in net assets without donor restrictions		
Support and revenue		
Contributions	\$ 61,962,516	\$ 61,199,656
Investment return, net	(18,820,595)	10,995,561
Rental and other income	618,604	316,943
Total support and revenue without donor restrictions	43,760,525	72,512,160
Expenses		
Program grants and appropriations	71,515,199	67,985,861
Supporting services		
Management and general	3,216,826	3,383,328
Fundraising	1,602,825	2,171,412
Total supporting services	4,819,651	5,554,740
Total expenses	76,334,850	73,540,601
Decrease in net assets without donor restrictions	(32,574,325)	(1,028,441)
Changes in net assets with donor restrictions		
Change in value of charitable remainder trusts receivable	56,074	61,205
Change in value of real estate investment	192,790	304,500
Increase in net assets with donor restrictions	248,864	365,705
Change in net assets	(32,325,461)	(662,736)
Net assets at the beginning of the year	333,257,560	333,920,296
Net assets at the end of the year	\$ 300,932,099	\$ 333,257,560

See accompanying notes to the consolidated financial statements.

The Greater Washington Community Foundation and Affiliates

Consolidated Statement of Functional Expenses

<i>Year Ended March 31,</i>	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
Lodging and catering	-	-	503,560	503,560
Other	33,812	87,309	30,306	151,427
Total expenses	\$ 71,515,199	\$ 3,216,826	\$ 1,602,825	\$76,334,850

See accompanying notes to the consolidated financial statements.

The Greater Washington Community Foundation and Affiliates

Consolidated Statement of Functional Expenses

<i>Year Ended March 31,</i>	2019			Total
	Program grants and appropriations	Management and general	Fundraising	
Program grants and appropriations	\$ 66,806,268	\$ -	\$ -	\$66,806,268
Salaries and other benefits	853,956	2,281,044	992,526	4,127,526
Consulting and professional fees	77,755	440,156	90,372	608,283
Office supplies and operations	20,592	55,003	23,933	99,528
Telephone	5,887	15,726	6,843	28,456
Postage and delivery	2,303	6,151	2,676	11,130
Occupancy	88,104	235,339	102,401	425,844
Equipment and maintenance	14,471	38,654	16,819	69,944
Printing and publications	3,135	8,374	3,644	15,153
Insurance	16,020	42,791	18,619	77,430
Travel and meetings	6,873	18,358	7,988	33,219
Development	-	-	47,802	47,802
Technology	47,335	126,439	55,016	228,790
Lodging and catering	-	-	752,607	752,607
Other	43,162	115,293	50,166	208,621
Total expenses	\$ 67,985,861	\$ 3,383,328	\$ 2,171,412	\$73,540,601

See accompanying notes to the consolidated financial statements.

The Greater Washington Community Foundation and Affiliates

Consolidated Statements of Cash Flows

Years Ended March 31,	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (32,325,461)	\$ (662,736)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized and unrealized loss (gain) on investments	27,374,949	(3,237,036)
Change in value of charitable remainder trusts receivable	(56,074)	(61,205)
Change in discount of notes receivable	22,598	(22,047)
Change in discount of grants and appropriations payable	8,825	10,197
Donated investments received	(24,258,832)	(21,802,608)
Changes in operating assets and liabilities:		
Accrued interest income and other receivables	718,952	(661,359)
Prepaid expenses and other assets	84,262	85,471
Accounts payable and accrued expenses	(83,227)	(335,678)
Grants and appropriations payable	3,968,896	(4,783,622)
Funds held in trust for others	(1,280,173)	1,302,458
Total adjustments	6,500,176	(29,505,429)
Net cash used in operating activities	(25,825,285)	(30,168,165)
Cash flows from investing activities:		
Purchases of investments	(165,739,382)	(126,299,909)
Proceeds from sales of investments	197,942,362	153,253,107
Issuance of notes receivable	(500,000)	-
Forgiveness of notes receivable	725,000	-
Payments received under notes receivable	75,948	450,950
Net cash provided by investing activities	32,503,928	27,404,148
Increase (decrease) in cash and cash equivalents	6,678,643	(2,764,017)
Cash and cash equivalents at the beginning of the year	26,064,983	28,829,000
Cash and cash equivalents at the end of the year	\$ 32,743,626	\$ 26,064,983

See accompanying notes to the consolidated financial statements.

The Greater Washington Community Foundation and Affiliate

Notes to the Consolidated Financial Statements

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 in which The Greater Washington Community Foundation has significant control over the functions of the organization. The organization 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.

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

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Notes to the Consolidated Financial Statements

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

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.

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 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, 2020 and 2019, 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

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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.

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.

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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 with 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 consulting and professional fees, office supplies and operations, telephone, postage and delivery, occupancy, equipment and maintenance, printing and publications, insurance, travel and meetings, 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, 2020 and 2019 since The Community Foundation had no significant unrelated business income. The Community Foundation has no temporary timing differences that would give rise to deferred tax assets or liabilities; therefore, The Community Foundation has no deferred taxes at March 31, 2020 or 2019. 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, 2016 and prior. Management has evaluated

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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, 2020 approximate \$33 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 May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This update, along with ASU 2016-08, *Revenue from Contracts with Customers (Topic 606), Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, ASU 2016-10, *Revenue from Contracts with Customers (Topic 606), Identifying Performance Obligations and Licensing*, and ASU 2016-12, *Revenue from Contracts with Customers (Topic 606), Narrow-Scope Improvements and Practical Expedients*, establishes a comprehensive revenue recognition standard. The updates require that revenue should be recognized to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additional disclosure is also required to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Community Foundation adopted these updates (collectively Accounting Standards Codification (ASC) 606) on April 1, 2019 under the modified retrospective method.

The Community Foundation opted to apply the practical expedient which allows for application of the guidance to a portfolio of contracts (or performance obligations) with similar characteristics if the entity reasonably expects that the effects on the financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts (or performance obligations) within the portfolio. An analysis was performed of the various provisions of this standard and no significant changes resulted in the way the Organization recognizes revenue; however, the presentation and disclosures of revenue has been enhanced. As part of the adoption of ASC 606, the Community Foundation elected the practical expedient as it relates to the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period when the performance obligations relate to

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contracts with an expected duration of less than one year. The timing and amount of revenue recognized by the Community Foundation in the financial statements was not materially impacted by the adoption of ASC 606.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. ASU 2018-08 provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution, the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. ASU 2018-08 assists in the determination of the nature of the transaction which then governs the revenue and expense recognition methodology and timing of the transaction. The Community Foundation adopted ASU 2018-08 in 2020 under the modified prospective basis. The adoption of this update did not materially impact contribution revenue in the consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*. The update affects the accounting for equity investments and financial liabilities, and the presentation and disclosure requirements for financial instruments. The adoption of the new standard removed disclosure of the fair value financial instruments in the notes to the consolidated financial statements in 2020. The Community Foundation has adopted the ASU and there was no effect on the change in net assets reported at March 31, 2020 and 2019.

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 June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU will assist 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

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Foundation is currently evaluating the impact of this ASU on the Society's grant 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 for The Community Foundation's financial statements on April 1, 2020. Management is evaluating the effect that adoption of this new standard will have on The Community Foundation's consolidated financial statements.

2. Notes Receivable

As of March 31, 2020 and 2019, 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 matures in December 2020, one note with an initial face value of \$500,000, which is non-interest bearing and matures August 2024.

One note with an initial value of \$1,100,000 was scheduled to originally mature in June 2020 and was noninterest bearing and had an outstanding balance of \$725,000 on May 30, 2019. The outstanding balance on this note was fully forgiven by the Community Foundation for the year ended March 31, 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 1.15% and 2.63% for the years ended March 31, 2020 and 2019, respectively. The recorded estimated fair value of the pledge totaled \$379,518 and \$323,444 at March 31, 2020 and 2019, respectively.

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

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Notes to the Consolidated Financial Statements

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, 2020 are as follows:

Years Ending March 31,

2021	\$ 5,112,748
2022	935,000
2023	507,000
2024	462,000
2025	1,000
Thereafter	2,000
	7,019,748
Less: net present value of interest on grants payable	(18,489)
	\$ 7,001,259

The discount rates used to calculate the present value of grants and appropriations payable range from 0.37% to 2.74% and from 1.21% to 2.74% as of March 31, 2020 and 2019, respectively.

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:

	2020	2019
Donor-advised funds	\$ 230,053,328	\$ 256,524,844
Field of interest funds and other funds	36,614,904	40,303,140
Designated funds	13,882,288	14,587,810
Scholarship funds	4,532,984	5,079,247
	285,083,504	316,495,041
Plus: unallocated net present value of interest on grants payable (see Note 4)	18,489	27,314
	\$ 285,101,993	\$ 316,522,355

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Notes to the Consolidated Financial Statements

7. Net Assets With Donor Restrictions

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

	2020	2019
Time restrictions:		
Real estate investment	\$ 4,236,110	\$ 4,043,320
Charitable remainder trust receivable	379,518	323,444
	<u>\$ 4,615,628</u>	<u>\$ 4,366,764</u>

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 \$117,168 and \$204,281 for the years ended March 31, 2020 and 2019, respectively.

9. Investments

Investments consist of the following as of March 31:

	2020	2019
Investments measured at fair value (Note 9)	\$ 267,082,485	\$ 308,317,573
Investments held for others	1,647,668	2,927,841
Total investments measured at fair value	268,730,153	311,245,414
Mission-related investments	7,196,164	-
	<u>\$ 275,926,317</u>	<u>\$ 311,245,414</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 receivables 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 \$5,021,164 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, 2020. Interest accrues on a 365-day year basis, and accrued interest is payable annually on September 30th of each year. The initial investments in the notes and any unpaid interest may be redeemed at the time of maturity. The note receivables are due as follows: \$0 in 2021, \$5,246,164 in 2022, \$1,850,000 in 2023, \$0 in 2024 and \$100,000 in 2025.

The Greater Washington Community Foundation and Affiliate

Notes to the Consolidated Financial Statements

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.

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 Greater Washington Community Foundation and Affiliate

Notes to the Consolidated Financial Statements

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

The Greater Washington Community Foundation and Affiliate

Notes to the Consolidated Financial Statements

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, 2020			
	Assets Measured At Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Mutual funds				
Large cap funds	\$ 50,381,395	\$ 50,381,395	\$ -	\$ -
Intermediate bonds	33,905,060	32,270,330	1,634,730	-
Corporate bonds	15,312,986	-	15,312,986	-
Other	13,423,282	13,423,282	-	-
Mid cap funds	9,524,130	9,524,130	-	-
International funds	8,239,340	8,239,340	-	-
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	-	-
Total mutual funds	134,172,813	117,204,376	16,968,437	-
Common stocks				
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	-	-
Total common stocks	71,005,324	71,005,324	-	-
U.S. government securities	30,360,466	30,360,466	-	-
Real estate	11,632,174	-	-	11,632,174
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	-	-
Total investments at fair value	260,100,003	225,813,059	18,510,966	15,775,978

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.

Description	As of March 31, 2019			
	Assets Measured At Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Mutual funds				
Large cap funds	\$ 77,316,797	\$ 77,316,797	\$ -	\$ -
Corporate bonds	27,692,713	-	27,692,713	-
Other	21,647,235	21,647,235	-	-
International funds	17,463,447	17,463,447	-	-
Mid cap funds	16,884,005	16,884,005	-	-
Intermediate bonds	6,190,514	-	6,190,514	-
Small cap funds	3,378,481	3,378,481	-	-
Government bonds	827,383	-	827,383	-
REIT/real estate funds	642,243	433,034	209,209	-
Total mutual funds	172,042,818	137,122,999	34,919,819	-
Common stocks				
International stocks	37,707,702	37,707,702	-	-
Consumer	13,585,890	13,585,890	-	-
Finance	5,971,190	5,971,190	-	-
Health	6,060,916	6,060,916	-	-
Technology	4,033,317	4,033,317	-	-
Services and other stocks	2,637,675	2,637,675	-	-
Industrial	2,577,477	2,577,477	-	-
Material	1,631,955	1,631,955	-	-

The Greater Washington Community Foundation and Affiliate

Notes to the Consolidated Financial Statements

Description	As of March 31, 2019			
	Assets Measured At Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Information technology	1,349,192	1,349,192	-	-
Energy	1,059,149	1,059,149	-	-
Utilities	1,017,667	1,017,667	-	-
Small cap stocks	49,681	49,681	-	-
Mid cap stocks	30,090	30,090	-	-
Total common stocks	77,711,901	77,711,901	-	-
U.S. government securities	29,524,784	29,524,784	-	-
Real estate	10,547,195	-	-	10,547,195
Cash and money market accounts	8,032,486	8,032,486	-	-
Private equity	4,318,468	-	-	4,318,468
Commodities	33,890	33,890	-	-
Total investments at fair value	302,211,542	252,426,060	34,919,819	14,865,663
Investments measured at net asset value*:				
Multi-strategy and other funds	7,414,399	-	-	-
Buyout and growth equity funds	149,509	-	-	-
Guaranteed insurance contract	1,469,964	-	-	-
Total investments measured at net asset value*	9,033,872	-	-	-
Total fair value investments	\$ 311,245,414	\$ 252,426,060	\$ 34,919,819	\$ 14,865,663

* 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, 2020 and 2019, there were no significant transfers in or out of Level 3.

The Greater Washington Community Foundation and Affiliate

Notes to the Consolidated Financial Statements

Level 3 gains and losses

The following table sets forth a summary of changes in the fair value of The Community Foundation's Level 3 assets for the years ended March 31, 2020 and 2019:

	Level 3 Assets	
	Real Estate	Private Equity
Balance at March 31, 2018	\$ 11,246,448	\$ 2,744,582
Total realized and unrealized gains	772,869	1,342,686
Purchases	-	690,000
Sales/redemptions	(1,472,122)	(458,800)
Balance at March 31, 2019	10,547,195	4,318,468
Total realized and unrealized gains (losses)	597,595	(158,630)
Purchases	487,384	1,575,086
Sales/redemptions	-	(1,591,120)
Balance at March 31, 2020	\$ 11,632,174	\$ 4,143,804

The following table presents the amount of total gains (losses) for the corresponding year included in the change in net assets attributable to unrealized gains or losses relating to assets held at March 31:

	2020	2019
Private equity	\$ (309,566)	\$ 1,250,925
Real estate	597,595	(199,253)

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	-
Total	\$ 24,406,128	\$ 782,394		

- (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

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, 2019:

<i>Description</i>	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Buyout and growth equity funds (a)	\$ 149,509	\$ 40,610	Annually, Capital Distributions	60
Multi-strategy and other funds (b)	7,414,399	1,072,500	Quarterly, Not Permitted	45
Private equity (c)	4,318,468	-	Quarterly, Not Permitted	60
Real estate (d)	10,547,195	-	Periodically	N/A
Guaranteed insurance contract (e)	1,469,964	-	Death of beneficiary	N/A
Total	\$ 23,899,535	\$ 1,113,110		

- (g) 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 67 percent of the value of these investments is available for redemption at March 31, 2019. Two funds in this category are redeemable as capital distributions as determined by the fund manager.
- (h) 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 79 percent of the value of the investments is available for redemption at March 31, 2019. One fund in this category has a 25 percent redemption rate. Additionally, two funds do not permit withdrawals.
- (i) 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.
- (j) 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.
- (k) 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

Quantitative information as of March 31, 2020 with respect to assets measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) follows:

Description	Fair Value	Principal Valuation Technique	Unobservable Inputs	Weighted Average
Private equity	\$ 4,143,804	Market comparables Discounted cash flow	Discount for lack of marketability	5.00%
			Weighted-average cost of capital	17.00%
Real estate	\$ 11,632,174	Market comparables Income capitalization	Discount for lack of marketability	N/A
			Forecasted gross earnings	N/A
			Market oriented capitalization rate of 6%	N/A

Quantitative information as of March 31, 2019 with respect to assets measured and carried at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) follows:

Description	Fair Value	Principal Valuation Technique	Unobservable Inputs	Weighted Average
Private equity	\$ 4,318,468	Market comparables Discounted cash flow	Discount for lack of marketability	5.00%
			Weighted-average cost of capital	17.00%
Real estate	\$ 10,547,195	Market comparables Income capitalization	Discount for lack of marketability	N/A
			Forecasted gross earnings	N/A
			Market oriented capitalization rate of 6%	N/A

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.

The Greater Washington Community Foundation and Affiliate

Notes to the Consolidated Financial Statements

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 expire 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, 2020:

Years Ending March 31,

2021	\$	534,000
2022		515,000
2023		506,000
2024		518,000
2025		531,000
Thereafter		1,917,000
		<hr/>
	\$	4,521,000

In accordance with authoritative guidance issued by the FASB, The Community Foundation is recognizing 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 \$476,709 and \$425,844 for the years ended March 31, 2020 and 2019, 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 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 \$321,192 and \$211,114 for the years ended March 31, 2020 and 2019, respectively.

The Greater Washington Community Foundation and Affiliate

Notes to the Consolidated Financial Statements

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.

12. 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:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 32,743,626	\$ 26,064,983
Investments	275,926,317	311,245,414
Accounts receivables (contributions receivable within one year)	248,228	963,160
Total financial assets	308,918,171	338,273,557
Less amounts not available for general expenditures within one year:		
Net assets with donor restrictions	(4,615,628)	(4,366,764)
Investments redeemable in more than one year	(17,765,613)	(11,118,460)
Financial assets not available for general expenditures within one year	(22,381,241)	(15,485,224)
Financial assets available to meet cash needs for general expenditures within one year	\$ 286,536,930	\$ 322,788,333

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, 2020.

13. Risk and Uncertainties

On January 30, 2020, the Director-General of the World Health Organization (WHO) declared the novel coronavirus outbreak a public health emergency of international concern (PHEIC), WHO's highest level of alarm. On March 11, 2020, the WHO declared the novel coronavirus a global pandemic.

The Greater Washington Community Foundation and Affiliate

Notes to the Consolidated Financial Statements

As of the date of issuance, this public health emergency stands to substantially impact the global economy, including significant volatility in the financial markets. The coronavirus pandemic and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. While The Community Foundation's investment portfolio experienced an \$18M loss as of March 31, 2020. The portfolio regained (unrealized gain) approximately \$42M through October 2020.

In response to the COVID-19 pandemic, many state, local and foreign governments have put in place, and others in the future may put in place, quarantines, executive orders, shelter-in place orders, and similar government orders and restrictions in order to control the spread of the disease. Such orders or restrictions, or the perception that such order or restrictions could occur, have resulted in business closures, work stoppages, slowdowns and delays, work-from-home policies, and travel restrictions, among other effects that could negatively disrupt The Community Foundation's operations.

To the extent our normal procedures and controls related to our financial close or other reporting processes at any of our locations were adversely impacted by the COVID-19 outbreak, The Community Foundation took appropriate actions and safeguards to reasonably ensure the fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

The Community Foundation's operations are heavily dependent on private and public donations from individuals, foundations, and corporations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. While The Community Foundation's financial condition and liquidity have been impacted, management does not believe this will hinder The Community Foundation's ability to advance its mission. The Community Foundation believes that it has adequate resources to cover its obligations, operations, and core activities. In an effort to assist those affected by the pandemic, The Community Foundation created a COVID-19 emergency response fund that raised significant funds during the pandemic and provided rapid response grants to those in need in the community.

The global pandemic of COVID-19 continues to rapidly evolve, and The Community Foundation continues to monitor the COVID-19 situation closely. The ultimate impact of the COVID-19 pandemic or a similar health epidemic is highly uncertain and subject to change. The Community Foundation does not yet know the full extent of potential delays or impacts on business, operations, or the global economy as a whole, which makes future results difficult to predict. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents potential material uncertainty and risk with respect to The Community Foundation, its performance, and its financial results.

On March 27, 2020, the President of the United States signed into law the "Coronavirus Aid, Relief and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions and technical corrections to tax depreciation methods for qualified improvement property. Subsequent to year end, The Community Foundation applied for funds under the Paycheck Protection Program, as described in Note 14.

The Greater Washington Community Foundation and Affiliate

Notes to the Consolidated Financial Statements

14. Subsequent Events

The Community Foundation has evaluated its March 31, 2020 consolidated financial statements for subsequent events through January 11, 2021, 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 below.

The Foundation has applied for, and has received, funds under the Paycheck Protection Program subsequent to year end March 31, 2020 in the amount of \$612,900. The application for these funds requires 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 requires The Community Foundation to take into account our current business activity and our 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 our future adherence to the forgiveness criteria.

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

January 11, 2021

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
Assets				
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
Total assets	\$ 308,786,406	\$ 2,732,678	\$ (20,000)	\$ 311,499,084
Liabilities				
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
Total liabilities	10,566,985	20,000	(20,000)	10,566,985
Commitments and contingencies				
Net assets				
Without donor restrictions	293,603,793	2,712,678	-	296,316,471
With donor restrictions	4,615,628	-	-	4,615,628
Total net assets	298,219,421	2,712,678	-	300,932,099
Total liabilities and net assets	\$ 308,786,406	\$ 2,732,678	\$ (20,000)	\$ 311,499,084

See independent auditor's report on supplementary information.

The Greater Washington Community Foundation and Affiliates

Consolidating Statement of Financial Position

<i>March 31, 2019</i>	The Greater Washington Community Foundation	The Steinberg Foundation	Eliminations	Consolidated Total
Assets				
Cash and cash equivalents	\$ 26,044,983	\$ 20,000	\$ -	\$ 26,064,983
Investments	305,262,610	3,054,963	-	308,317,573
Investments held for others	2,927,841	-	-	2,927,841
Notes receivable, net	941,446	-	-	941,446
Charitable remainder trusts receivable, net	323,444	-	-	323,444
Accrued interest income and other receivables	1,362,587	-	(10,000)	1,352,587
Prepaid expenses and other assets	1,282,350	-	-	1,282,350
Total assets	\$ 338,145,261	\$ 3,074,963	\$ (10,000)	\$ 341,210,224
Liabilities				
Accounts payable and accrued expenses	\$ 2,001,285	\$ 10,000	\$ (10,000)	\$ 2,001,285
Grants and appropriations payable, net	2,983,538	40,000	-	3,023,538
Funds held in trust for others	2,927,841	-	-	2,927,841
Total liabilities	7,912,664	50,000	(10,000)	7,952,664
Commitments and contingencies				
Net assets				
Without donor restrictions	325,865,833	3,024,963	-	328,890,796
With donor restrictions	4,366,764	-	-	4,366,764
Total net assets	330,232,597	3,024,963	-	333,257,560
Total liabilities and net assets	\$ 338,145,261	\$ 3,074,963	\$ (10,000)	\$ 341,210,224

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
Changes in net assets without donor restrictions				
Support and revenue				
Contributions	\$ 61,972,516	\$ -	\$ (10,000)	\$ 61,962,516
Investment return, net	(18,602,708)	(217,887)	-	(18,820,595)
Investment return, net	618,604	-	-	618,604
Total support and revenue without donor restrictions	43,988,412	(217,887)	(10,000)	43,760,525
Expenses				
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
Total supporting services	4,819,651	-	-	4,819,651
Total expenses	76,250,452	94,398	(10,000)	76,334,850
Decrease in net assets without donor restrictions	(32,262,040)	(312,285)	-	(32,574,325)
Changes in net assets with donor restrictions				
Change in value of charitable remainder trusts receivable	56,074	-	-	56,074
Change in value of real estate investment	192,790	-	-	192,790
	-	-	-	-
Increase in net assets with donor restrictions	248,864	-	-	248,864
Change in net assets	(32,013,176)	(312,285)	-	(32,325,461)
Net assets at the beginning of the year	330,232,597	3,024,963	-	333,257,560
Net assets at the end of the year	\$ 298,219,421	\$ 2,712,678	\$ -	\$ 300,932,099

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, 2019</i>	The Greater Washington Community Foundation	The Steinberg Foundation	Eliminations	Consolidated Total
Changes in net assets without donor restrictions				
Support and revenue				
Contributions	\$ 61,209,656	\$ -	\$ (10,000)	\$ 61,199,656
Investment return, net	10,026,316	969,245	-	10,995,561
Rental and other income	316,943	-	-	316,943
Total support and revenue without donor restrictions	71,552,915	969,245	(10,000)	72,512,160
Expenses				
Program grants and appropriations	67,917,861	78,000	(10,000)	67,985,861
Supporting services				
Management and general	3,383,328	-	-	3,383,328
Fundraising	2,171,412	-	-	2,171,412
Total supporting services	5,554,740	-	-	5,554,740
Total expenses	73,472,601	78,000	(10,000)	73,540,601
Increase (decrease) in net assets without donor restrictions	(1,919,686)	891,245	-	(1,028,441)
Changes in net assets with donor restrictions				
Change in value of charitable remainder trusts receivable	61,205	-	-	61,205
Change in value of real estate	304,500	-	-	304,500
Increase in net assets with donor restrictions	365,705	-	-	365,705
Change in net assets	(1,553,981)	891,245	-	(662,736)
Net assets at the beginning of the year	331,786,578	2,133,718	-	333,920,296
Net assets at the end of the year	\$ 330,232,597	\$ 3,024,963	\$ -	\$ 333,257,560

See independent auditor's report on supplementary information.