



Consolidated Financial Statements  
For the Year Ended December 31, 2013

## *Table of Contents*

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	<i>Page</i>
<b>Independent Auditor's Report</b>	1 - 2
<b>Consolidated Financial Statements:</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 20
<b>Supplementary Information:</b>	
Consolidating Statement of Financial Position	21
Consolidating Statement of Activities	22

***Independent Auditor's Report******Board of Trustees of  
The Seattle Foundation  
Seattle, Washington***

We have audited the accompanying consolidated financial statements of The Seattle Foundation (the Foundation), which comprise the consolidated statement of financial position as of December 31, 2013, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 Foundation as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

# CLARK NUBER

## *Report on Summarized Comparative Information*

We have previously audited the Foundation's 2012 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 22, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

## *Report on Supplementary Information*

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

*Clark Nuber P S*

Certified Public Accountants  
May 15, 2014

**THE SEATTLE FOUNDATION**

**Consolidated Statement of Financial Position**  
**December 31, 2013**  
**(With Comparative Totals for 2012)**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,614,214	\$ 5,864,961
Accounts and other receivables	55,385	17,129
Pledges receivable	2,697,929	1,990,698
Bequests receivable	5,140,013	1,617,306
Beneficial interests held in trust	26,400,676	24,160,443
Investments	755,456,599	648,788,089
Mission related investments	6,486,451	6,351,616
Fixed assets, net of accumulated depreciation	911,862	1,305,044
Other assets	112,642	179,959
<b>Total Assets</b>	<b><u>\$ 802,875,771</u></b>	<b><u>\$ 690,275,245</u></b>
<b>Liabilities and Net Assets</b>		
Unconditional grants payable	\$ 5,326,267	\$ 4,294,069
Other liabilities	595,475	567,810
Funds held for others	48,444,424	42,610,400
Liability for charitable lead and remainder trusts	21,240,796	18,909,065
Liability for charitable gift annuities	3,227,053	3,433,887
<b>Total Liabilities</b>	<b>78,834,015</b>	<b>69,815,231</b>
<b>Net Assets:</b>		
Unrestricted-		
Community / area of interest	86,181,426	78,650,865
Donor advised	312,228,063	250,501,646
Designated	213,786,622	186,717,749
Supporting organizations	51,843,812	53,618,313
Administrative	6,572,216	5,387,122
Total unrestricted	670,612,139	574,875,695
Temporarily restricted	41,324,166	34,883,057
Permanently restricted - perpetual trusts	12,105,451	10,701,262
<b>Total Net Assets</b>	<b><u>724,041,756</u></b>	<b><u>620,460,014</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 802,875,771</u></b>	<b><u>\$ 690,275,245</u></b>

See accompanying notes.

**THE SEATTLE FOUNDATION**

**Consolidated Statement of Activities  
December 31, 2013  
(With Comparative Totals for 2012)**

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2013 Total</i>	<i>2012 Total</i>
<b>Revenues and Support:</b>					
Contributions and agency funds-					
Community / area of interest	\$ 1,439,387	\$ 5,305,811	\$ -	\$ 6,745,198	\$ 4,698,886
Donor advised	63,891,486	1,129,833		65,021,319	40,249,928
Designated	1,455,936	1,957,281		3,413,217	1,622,028
Charitable trusts and beneficial interests		1,245,963		1,245,963	16,778,778
Supporting organizations	1,522,623			1,522,623	2,322,657
Agency	651,215			651,215	1,243,242
Administrative	287,092			287,092	427,618
GiveBIG	11,132,103			11,132,103	7,586,048
	80,379,842	9,638,888		90,018,730	74,929,185
Less agency	(651,215)			(651,215)	(1,243,242)
Less GiveBIG	(11,132,103)			(11,132,103)	(7,586,048)
Total contributions	68,596,524	9,638,888		78,235,412	66,099,895
Dividend and interest income	11,211,276			11,211,276	12,327,759
Gains on investments, net	83,229,554			83,229,554	54,389,427
Change in value of charitable gift annuities and trusts	188,607	5,170,985	1,404,189	6,763,781	2,581,191
Other income	296,621			296,621	152,968
Net assets released from restriction	8,368,764	(8,368,764)			
<b>Total Revenues and Support</b>	<b>171,891,346</b>	<b>6,441,109</b>	<b>1,404,189</b>	<b>179,736,644</b>	<b>135,551,240</b>
<b>Expenses:</b>					
Grants-					
Community / area of interest	7,257,505			7,257,505	7,971,573
Donor advised	43,937,483			43,937,483	40,272,446
Designated	7,158,819			7,158,819	6,965,702
Supporting organizations	7,300,172			7,300,172	12,143,318
Agency	2,093,383			2,093,383	1,623,462
	67,747,362			67,747,362	68,976,501
Less agency	(2,093,383)			(2,093,383)	(1,623,462)
Total grants expense	65,653,979			65,653,979	67,353,039
Investment management and trustee fees	2,634,506			2,634,506	2,601,649
Support expenses	7,866,417			7,866,417	9,268,110
<b>Total Expenses</b>	<b>76,154,902</b>			<b>76,154,902</b>	<b>79,222,798</b>
<b>Change in Net Assets</b>	<b>95,736,444</b>	<b>6,441,109</b>	<b>1,404,189</b>	<b>103,581,742</b>	<b>56,328,442</b>
Net assets, beginning of year	574,875,695	34,883,057	10,701,262	620,460,014	564,131,572
<b>Net Assets, End of Year</b>	<b>\$ 670,612,139</b>	<b>\$ 41,324,166</b>	<b>\$ 12,105,451</b>	<b>\$ 724,041,756</b>	<b>\$ 620,460,014</b>

See accompanying notes.

**THE SEATTLE FOUNDATION**

**Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2013  
(With Comparative Totals for 2012)**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 103,581,742	\$ 56,328,442
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-		
Noncash items included in change in net assets:		
Depreciation and loss on retirement of fixed assets	411,109	413,996
Change in present value adjustment of pledges receivable	51,819	6,143
Net gain on investments	(83,229,554)	(54,389,427)
Net contributions shown as financing activities	(513,346)	(12,673,750)
Noncash contributions of beneficial interests	(732,617)	(3,990,031)
Net gain on charitable gift annuities and trusts	(7,381,062)	(3,480,975)
Noncash change in value of beneficial interest assets	(1,507,616)	(1,412,120)
Noncash change in liability for annuities and trusts	2,124,897	1,283,347
Change in operating accounts:		
Mission related investments	(134,835)	(341,477)
Accounts and other receivables	(38,256)	196,889
Pledges receivable	(759,050)	(1,134,450)
Bequests receivable	(3,522,707)	2,432,268
Other assets	67,317	(56,812)
Funds held for others	5,834,024	(12,286)
Unconditional grants payable	1,032,198	1,470,939
Other liabilities	27,665	(3,082)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>15,311,728</b>	<b>(15,362,386)</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of fixed assets	(17,927)	(41,675)
Purchase of investments	(325,890,224)	(400,376,488)
Proceeds from sale of investments	309,832,330	391,038,408
<b>Net Cash Used in Investing Activities</b>	<b>(16,075,821)</b>	<b>(9,379,755)</b>
<b>Cash Flows from Financing Activities:</b>		
Funds received from charitable gift annuities and trusts	513,346	24,546,979
<b>Net Cash Provided by Financing Activities</b>	<b>513,346</b>	<b>24,546,979</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(250,747)</b>	<b>(195,162)</b>
Cash and cash equivalents, beginning of year	5,864,961	6,060,123
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 5,614,214</b>	<b>\$ 5,864,961</b>
<b>Supplementary Information:</b>		
Noncash liability recognized for new charitable lead trust	\$ -	\$ (11,285,318)
Noncash contributions of beneficial interests	\$ 732,617	\$ 3,990,031

See accompanying notes.

## **THE SEATTLE FOUNDATION**

### **Notes to Consolidated Financial Statements For the Year Ended December 31, 2013**

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#### **Note 1 - Description of Organization and Significant Accounting Policies**

**Organization** - The Seattle Foundation's (the Foundation) mission is to foster powerful, rewarding philanthropy to make King County a stronger, more vibrant community for all. The Foundation is incorporated under the laws of the State of Washington and is authorized to accept gifts, bequests, contributions and grants of property to carry out its organizational purpose. The Foundation generally does not administer programs of its own; instead, it grants funds to a variety of charitable and nonprofit organizations to support their respective programs.

**Financial Statement Presentation** - The Foundation has an economic interest in and control over certain supporting organizations (as defined under Section 509(a)(3) of the Internal Revenue Code). The consolidated financial statements include the accounts of the Foundation and the supporting organizations (collectively referred to as the Foundation). All of the financial activities and balances of these organizations are included in the consolidated financial statements. All significant inter-organization accounts and transactions have been eliminated. In 2013, the supporting organizations consisted of the following nonprofit corporations:

Brotman Foundation	McKibben/Merner Family Foundation
Dabney Point Fund	Seattle International Foundation
Luino and Margaret Dell'Osso Family Foundation	TSF Properties
Dillon Family Foundation	TSF Services
Glenhome Trust	Walker Family Foundation
George P. Hardgrove Foundation	Whitehorse Foundation

The Foundation's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). U.S. GAAP requires the Foundation to present its net assets, revenues, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets on which there are no donor-imposed restrictions for use or on which donor-imposed restrictions have expired.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. Items that affect this net asset category are gifts for which a time restriction has not been met, and income that is not yet available for use as designated by the donor. Temporarily restricted net assets include charitable remainder trusts, charitable lead trusts, pledges, and bequests which will be collected in a future year.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions to be maintained permanently by the Foundation. Permanently restricted net assets consist of perpetual trusts.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restriction.

## ***THE SEATTLE FOUNDATION***

### ***Notes to Consolidated Financial Statements For the Year Ended December 31, 2013***

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#### ***Note 1 - Continued***

**Grants** - Community, area of interest, agency and designated grants are approved by the Board of Trustees of the Foundation in accordance with the Foundation's bylaws and operating guidelines. The Board has delegated authority to certain Foundation senior staff members to approve donor advised fund grant recommendations that are consistent with the Foundation's charitable purposes and policies. Grants are approved by the Board of Trustees of the Foundation or supporting organizations in accordance with their respective bylaws and guidelines. Unconditional grants and distributions are recorded in the consolidated financial statements when approved and communicated to the grantee. Grants approved by the Board of Trustees that are payable upon the performance of specified conditions by the grantee are not reflected in grants payable in the consolidated financial statements until such time as those conditions are satisfied.

**Use of Estimates** - The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Fair Value Measurements** - U.S. GAAP establishes a framework for measuring fair value and requires certain disclosures. To increase consistency and comparability in fair value measurements, fair value is required to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants.

U.S. GAAP utilizes a three-level valuation hierarchy based on observable and unobservable inputs. Observable inputs consist of data obtained from independent sources. Unobservable inputs reflect market assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

Financial assets and liabilities classified as Level 1 have fair values based on unadjusted quoted market prices for identical instruments in active markets. Financial assets and liabilities classified as Level 2 have fair values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and model-derived valuations whose inputs are observable. Financial assets and liabilities classified as Level 3 have fair values based on value drivers that are unobservable.

While this requirement applies to all financial assets recorded on a recurring basis, it primarily applies to the securities held in the Foundation's investment portfolio and certain liabilities.

**Fair Value of Financial Instruments** - Financial instruments reported at fair value on a recurring basis include investments and funds held for others. Financial instruments not reported at fair value on a recurring basis include receivables, mission related investments, payables and liabilities under charitable remainder trusts and charitable gift annuities. The carrying amounts of these financial instruments approximate fair value.

**Cash and Cash Equivalents** - Cash and cash equivalents consist of cash in bank accounts and highly liquid investments with maturities of three months or less at date of acquisition. Cash and cash equivalents on deposit with brokers or in investment pools are considered to be investments.

## ***THE SEATTLE FOUNDATION***

### ***Notes to Consolidated Financial Statements For the Year Ended December 31, 2013***

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#### ***Note 1 - Continued***

**Pledges Receivable** - Pledges receivable (unconditional promises to give) are stated at the amount management expects to receive. Management provides an allowance for probable uncollectible pledges through a charge to contribution revenue and a credit to the allowance account based on its assessment of each pledge. Pledges that are deemed uncollectible are written off through a charge to the allowance and a credit to pledges receivable.

Pledges are recognized as revenues in the period the pledge is received. Pledges receivable over periods in excess of one year are recorded at present value. Amortization of discounts is included in contribution revenue.

**Funds Held for Others** - U.S. GAAP establishes standards for transactions in which a not-for-profit organization accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. U.S. GAAP specifically requires that when a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself or its affiliate as the beneficiary of that designated fund, the community foundation must account for the transfer of such assets as if it is holding the funds as an agent of the donor. Accordingly, the funds are included in the Foundation's assets with an offsetting liability. The liability shown on the consolidated statement of financial position has been established at the fair value of funds estimated by the Foundation. Activities related to these funds held for others do not affect the change in net assets on the consolidated statement of activities. These funds are considered affiliated funds as described in Note 2.

**Investments** - Investments in debt securities and equity securities with readily determinable market values are recorded at fair value. Investments in securities traded on organized securities exchanges are valued at the closing price on the last business day of the fiscal year; securities traded on the over-the-counter markets are valued at the last reported bid price. Real estate investments are recorded at fair value determined by periodic appraisals which are obtained as deemed necessary based upon economic conditions and management's discretion with the assistance of third-party investment managers. The fair value of other investments, principally investments in hedge funds and private equities, for which quoted market prices are not available, are determined by management with the assistance of third-party investment managers using methods it considers appropriate. Securities are generally held in custodial investment accounts administered by certain financial institutions.

Investments are made according to the Investment Objectives and Policies adopted by the Foundation's and supporting organizations' Boards of Trustees. These guidelines provide for investment in equities, fixed income, and other securities with performance measured against appropriate indices. Outside parties are contracted with by the Foundation for the purpose of providing investment management and consulting.

Investment securities, in general, are exposed to various risks, including interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably probable that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

**Mission Related Investments** - The Foundation has made loans, loan guaranties, and equity investments for program purposes. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on the principal outstanding. During the year ended December 31, 2013, the Foundation provided a limited loan guaranty for a local not-for-profit organization in an amount not to exceed \$325,000, which will expire at the end of 2019. The guaranty will enable the not-for-profit organization to restructure its debt and expand its operations. Management has reviewed the collectability of the notes receivable and equity investments and has determined an allowance for impairment is not needed as of December 31, 2013 and 2012.

## **THE SEATTLE FOUNDATION**

### **Notes to Consolidated Financial Statements For the Year Ended December 31, 2013**

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#### **Note 1 - Continued**

**Concentration of Credit Risk** - Investments in cash, mutual funds, and investments held in banks generally exceeded the available federally insured amounts.

During the year ended December 31, 2013, approximately 12% of contributions were from one donor. During the year ended December 31, 2012, approximately 28% of contributions were from two donors.

**Capitalization and Depreciation** - The Foundation capitalizes assets with a cost greater than \$5,000 and an estimated useful life of more than one year. Purchased fixed assets are recorded at cost and donated fixed assets are recorded at fair value on the date received.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the related assets as follows:

Technology, equipment, and software	3 - 5 years
Leasehold improvements	21 - 22 years
Furniture and fixtures	3 - 10 years

The Foundation capitalizes costs of computer software in accordance with U.S. GAAP. Accordingly, software development costs incurred to create a website are capitalized and are amortized on a straight-line basis over its estimated useful life.

**Income Taxes** - The Foundation and its supporting organizations qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. The Foundation is further classified as an organization that is not a private foundation as defined in Section 509(a) of the Code. The Foundation files income tax returns with the federal and several state governments. The Foundation is subject to federal income tax only on "unrelated business taxable income" as defined in Section 512 of the Internal Revenue Code.

Accounting standards require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that, as of December 31, 2013 and 2012, there were no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the tax return. The Foundation is subject to income tax examinations for the current year and certain prior years based on the applicable laws and regulations.

**In-Kind Contributions** - Each year, volunteers give their time and expertise to the Foundation in a wide variety of areas including grants, audit, investment, finance and other activities. These contributions, despite their considerable value to the mission of the Foundation, are not reflected in the consolidated financial statements.

**Comparative Amounts for 2012** - The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended December 31, 2012, from which the summarized information was derived.

**Reclassifications** - Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications have no effect on the change in net assets or net asset balances as previously reported.

## ***THE SEATTLE FOUNDATION***

### ***Notes to Consolidated Financial Statements For the Year Ended December 31, 2013***

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#### ***Note 1 - Continued***

**Subsequent Events** - The Foundation has evaluated subsequent events through May 15, 2014, the date on which the consolidated financial statements were available to be issued.

#### ***Note 2 - Contributions, Donations, Gifts and Bequests***

The Foundation's corporate bylaws and contribution documents grant the Foundation "variance power" that in effect gives the Foundation control over all grant disbursements. Consequently, all contributions are classified as unrestricted if they are available to the Foundation with no restriction as to when the funds are available for expenditure.

Donations, gifts and bequests are recorded as contributions to the appropriate program funds at fair value. These contributions are maintained in the funds until expended as grants, in accordance with the Board of Trustees' authorization. In order to fund operations of the Foundation, a designated percentage of fund assets are transferred to the administrative fund. In addition, a donor may choose to provide direct support to the administrative fund.

A description of each of the Foundation's funds is as follows:

Community - Funds for which donors have neither imposed any restrictions nor reserved any rights to make recommendations regarding distributions. Distributions from these funds are made at the discretion of the Board based on identified community needs.

Area of Interest - Funds designated by donors for use in specific fields of interest or specific geographic areas within the State of Washington.

Donor Advised - Funds for which donors have reserved the right to make nonbinding suggestions to the Board regarding grant distributions and conditions related to the grants.

Designated - Funds designated by the donors for support of specific charitable organizations.

Administrative - Funds which are used to pay the operating costs of the Foundation.

Agency - Funds received under the terms of agreements with certain qualified not-for-profit organizations that specify themselves as the ultimate beneficiary for the funds. Even though these funds are classified as agency funds (funds held for others), the Foundation maintains legal variance power over these assets.

U.S. GAAP requires that assets held in charitable gift annuities and charitable trusts be recorded as follows:

Charitable Gift Annuities - Under its Charitable Gift Annuity (CGA) program, the Foundation has received contributions from donors pursuant to written agreements that stipulate periodic payments will be made to specified beneficiaries. Upon the death of the beneficiaries, the related periodic payments cease and the related remaining funds, decreased by payments to other beneficiaries if stipulated, become available for use by the Foundation.

## ***THE SEATTLE FOUNDATION***

### ***Notes to Consolidated Financial Statements For the Year Ended December 31, 2013***

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#### ***Note 2 - Continued***

The present value of the periodic payments is actuarially determined at year-end based on mortality and discount rate assumptions that meet or exceed those set forth under Washington state law as applicable to issues of charitable gift annuities. It is expected that the investment earnings and a portion of the original contributions will be distributed; however, if for some reason principal is depleted, the Foundation is responsible for continuing the periodic payments.

Upon receipt of a CGA contribution, the Foundation records the fair value of the assets received and the net present value of the actuarially determined liability. The portion of the actuarially determined residuum payable to the Foundation is recorded as a contribution.

Investment income and changes in the estimated liability are recognized in the consolidated statement of activities. As of December 31, 2013, the Foundation had 62 active CGAs. Underlying investments were valued at \$4,913,417 and \$4,932,638 at December 31, 2013 and 2012, respectively. The corresponding liability for payments to other beneficiaries was determined to be \$3,227,053 and \$3,433,887 at December 31, 2013 and 2012, respectively. The Foundation maintains assets equal to the sum of reserves on outstanding agreements and a surplus of ten percent of such reserves, in accordance with Washington state law.

Charitable Trusts - Under the Foundation's Charitable Remainder Trust (CRT) program, a donor establishes and funds a trust with specified distributions to be made to the donor and/or other beneficiaries over the trust's term. The Foundation will receive the amounts remaining in a CRT at the end of the trust's stated term.

Under the Foundation's Charitable Lead Trust (CLT) program, a donor establishes and funds a trust with specified distributions to be made to the Foundation. At the termination of the trust, the amount remaining in the CLT reverts to the donor and/or other beneficiaries.

Upon formation of an irrevocable CRT or CLT when the Foundation is the trustee, the fair value of the assets received and the net present value of the Foundation's actuarially determined charitable interest is recorded as contribution revenue by the Foundation. The difference is recorded as a liability. Subsequently, changes in the fair value of the assets and changes in the estimated liability are recognized in the consolidated statement of activities. Included in investments at December 31, 2013, are CRTs and CLTs with a fair value of \$41,522,340 and a corresponding liability of \$21,240,796. Included in investments at December 31, 2012, are CRTs and CLTs with a fair value of \$37,696,070 and a corresponding liability of \$18,909,065.

When the Foundation has irrevocable rights to a CRT or CLT, but the Foundation is not the trustee and does not hold the assets, the Foundation's interest in the trust assets and specified future distributions is recorded as a beneficial interest held in trust, using actuarial assumptions. The change in value of the Foundation's beneficial interest during the year is recorded as a component of change in value of charitable gift annuities and trusts. At December 31, 2013, beneficial interests in CRTs and CLTs totaled \$8,690,107 and \$4,514,572, respectively. At December 31, 2012, beneficial interests in CRTs and CLTs totaled \$7,960,368 and \$4,527,680, respectively.

## THE SEATTLE FOUNDATION

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2013

#### Note 2 - Continued

The Foundation is a named income beneficiary on various perpetual trusts for which the Foundation does not serve as trustee. Under these arrangements, the Foundation is to receive all income earned on its share of the underlying assets held in perpetuity. Accordingly, contribution revenue and the related asset are recognized at fair value in the period in which the Foundation receives notice that the trust agreement conveys an unconditional, irrevocable right to receive benefits. Subsequent changes in the value of the underlying assets have been recorded in the accompanying consolidated statement of activities as a component of change in value of charitable gift annuities and trusts. At December 31, 2013 and 2012, beneficial interests in perpetual trusts totaled \$13,195,997 and \$11,672,395, respectively. Included in these amounts is a perpetual trust held for others which totaled \$1,090,546 and \$971,133 at December 31, 2013 and 2012, respectively.

The assets held in charitable gift annuities and charitable trusts, for which the Foundation is the trustee, are recorded at fair value using the same valuation method as the Foundation's investments. Beneficial interest held in trusts, for which the Foundation is not the trustee, is based on estimates provided by third party trustees.

Bequests are recorded as contribution revenue when the Foundation is notified of its beneficiary status, the bequest becomes irrevocable, and the Foundation's interest can be estimated. If the value of the Foundation's interest cannot be estimated, contribution revenue is recognized when distributions are received.

#### Note 3 - Investments

Fair values of the Foundation's assets and liabilities measured on a recurring basis, are as follows:

	<i>Fair Value Measurements at December 31, 2013</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Cash	\$ 43,927,760	\$ -	\$ -	\$ 43,927,760
Domestic equities	206,133,006			206,133,006
International equities	62,962,109	107,328,608		170,290,717
Domestic fixed income		111,016,309		111,016,309
International fixed income		27,421,717		27,421,717
Real estate and notes receivable			478,151	478,151
Real estate funds			36,723,230	36,723,230
Real return funds	7,211,057	17,225,120	4,103,091	28,539,268
Hedged strategies			73,030,896	73,030,896
Illiquid fixed income			13,393,339	13,393,339
Private equity			43,512,722	43,512,722
Other assets			989,484	989,484
<b>Total Investments</b>	<b>320,233,932</b>	<b>262,991,754</b>	<b>172,230,913</b>	<b>755,456,599</b>
Beneficial interests held in trust			26,400,676	26,400,676
<b>Total Financial Assets</b>	<b>\$ 320,233,932</b>	<b>\$ 262,991,754</b>	<b>\$ 198,631,589</b>	<b>\$ 781,857,275</b>
Funds held for others	\$ -	\$ -	\$ 48,444,424	\$ 48,444,424
<b>Total Financial Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 48,444,424</b>	<b>\$ 48,444,424</b>

**THE SEATTLE FOUNDATION**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2013**

**Note 3 - Continued**

	<i>Fair Value Measurements at December 31, 2012</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Cash	\$ 33,012,146	\$ -	\$ -	\$ 33,012,146
Domestic equities	173,495,757			173,495,757
International equities	53,022,070	82,598,560		135,620,630
Domestic fixed income		107,755,701		107,755,701
International fixed income		22,325,261		22,325,261
Real estate and notes receivable			795,966	795,966
Real estate funds			39,968,270	39,968,270
Real return funds	8,219,136	18,032,723	2,591,476	28,843,335
Hedged strategies			60,116,620	60,116,620
Private equity			44,480,836	44,480,836
Other assets			2,373,567	2,373,567
<b>Total Investments</b>	<b>267,749,109</b>	<b>230,712,245</b>	<b>150,326,735</b>	<b>648,788,089</b>
Beneficial interests held in trust			24,160,443	24,160,443
<b>Total Financial Assets</b>	<b>\$ 267,749,109</b>	<b>\$ 230,712,245</b>	<b>\$ 174,487,178</b>	<b>\$ 672,948,532</b>
Funds held for others	\$ -	\$ -	\$ 42,610,400	\$ 42,610,400
<b>Total Financial Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42,610,400</b>	<b>\$ 42,610,400</b>

A reconciliation of the beginning and ending balances, by each major category of assets and liabilities, for fair value measurements made using significant unobservable inputs (Level 3) is as follows:

	<i>Fair Value Measurements at December 31,</i>				
	<i>Investments</i>	<i>Beneficial Interests Held in Trust</i>	<i>Funds Held for Others</i>	<i>2013 Total Level 3</i>	<i>2012 Total Level 3</i>
Beginning balance	\$ 150,326,735	\$ 24,160,443	\$ (42,610,400)	\$ 131,876,778	\$ 143,247,189
Total gains - realized and unrealized	24,746,672	4,476,731	(6,158,549)	23,064,854	9,878,643
Interest and dividends, net of fees	(30,584)		(169,239)	(199,823)	(309,032)
Purchases and receipts	14,989,926	732,617	(3,745,403)	11,977,140	19,731,532
Sales and distributions	(17,801,836)	(2,969,115)	4,239,167	(16,531,784)	(40,671,554)
<b>Ending Balance</b>	<b>\$ 172,230,913</b>	<b>\$ 26,400,676</b>	<b>\$ (48,444,424)</b>	<b>\$ 150,187,165</b>	<b>\$ 131,876,778</b>

**THE SEATTLE FOUNDATION**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2013**

**Note 3 - Continued**

The table below summarizes significant terms of the agreements with certain investment companies. There are no significant redemption restrictions or unfunded commitments on other types of investments.

<i>Asset Class</i>	<i>Fair Value</i>	<i>Remaining Life</i>	<i>Unfunded Commitments</i>	<i>Redemption Terms</i>	<i>Redemption Restrictions</i>
Hedged Strategies	\$73.1M	No limit	None	Redemption terms are quarterly with notification periods ranging from 45 to 90 days.	No restrictions.
Private Equity	\$43.5M	Ranging from no limit to 14 years	\$12.2M	Closed end funds not eligible for redemption.	Not redeemable.
Real Estate (Closed End Funds)	\$22.3M	Closed end funds range from 1 to 12 years	\$11.1M	Closed end funds not eligible for redemption.	Not redeemable.
Real Estate (REITs)	\$14.4M	No specified lifespan	None	REITs provide for redemptions quarterly with 90 days' notice.	No restrictions.
Real Return Funds	\$4.1M	Ranging from 9 to 12 years	\$7M	Closed end funds not eligible for redemption.	Not redeemable.
Other Assets	\$1.0M	No limit	None	Closely held interests not eligible for redemption.	Not redeemable.

Hedged Strategies - Managers in this category strictly utilize long/short equity strategies in pursuit of investment returns. Investments may be made directly to the managers' funds or to a fund of funds vehicle.

Private Equity - Includes closed end fund of funds that make direct investments in venture capital and buy-out managers. The funds have a predetermined lifespan and redemptions during the life of the fund are not allowed.

Real Estate (Closed End Funds) - Closed end funds have predetermined lifespans and redemptions during the life of the funds are not allowed.

Real Estate (REITs) - The REITs allow for quarterly redemption requests, subject to approval by the REIT management.

Real Return Funds - Includes investments in commingled trusts that, in turn, provide exposure to Treasury Inflation Protected Securities (TIPS), commodities, natural resources and other inflation hedging strategies.

Other Assets - Includes closely held stock, life insurance annuities and life insurance cash values.

The Foundation has various sources of liquidity at its disposal, including cash, cash equivalents, marketable debt securities and marketable equity securities. Had it been necessary to generate liquid funds to meet short-term needs on December 31, 2013, management estimates that it could have liquidated approximately \$541.7 million.

## THE SEATTLE FOUNDATION

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2013

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#### Note 4 - Pledges Receivable

Pledges receivable are expected to be received as follows at December 31:

	<u>2013</u>	<u>2012</u>
Due within one year	\$ 1,358,500	\$ 1,698,950
Due within two to five years	<u>1,400,000</u>	<u>300,500</u>
	2,758,500	1,999,450
Less discount to present value (3%)	<u>(60,571)</u>	<u>(8,752)</u>
<b>Net Pledges Receivable</b>	<b><u><u>\$ 2,697,929</u></u></b>	<b><u><u>\$ 1,990,698</u></u></b>

#### Note 5 - Fixed Assets

Fixed assets consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Technology, equipment and software	\$ 3,161,165	\$ 3,169,449
Leasehold improvements	330,354	330,354
Furniture and fixtures	<u>383,010</u>	<u>384,673</u>
	3,874,529	3,884,476
Less accumulated depreciation	<u>(2,962,667)</u>	<u>(2,579,432)</u>
<b>Net Fixed Assets</b>	<b><u><u>\$ 911,862</u></u></b>	<b><u><u>\$ 1,305,044</u></u></b>

Depreciation expense totaled \$411,109 and \$413,996 for the years ended December 31, 2013 and 2012, respectively.

#### Note 6 - Unconditional Grants Payable

Unconditional grants payable are scheduled to be disbursed as follows at December 31:

	<u>2013</u>	<u>2012</u>
Due within one year	\$ 2,902,292	\$ 1,917,990
Due within two to five years	2,307,632	2,198,382
Thereafter	<u>116,343</u>	<u>177,697</u>
<b>Total Unconditional Grants Payable</b>	<b><u><u>\$ 5,326,267</u></u></b>	<b><u><u>\$ 4,294,069</u></u></b>

The discount for present value was immaterial at December 31, 2013 and 2012.

## THE SEATTLE FOUNDATION

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2013

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#### Note 7 - Revolving Line of Credit Agreement

The Foundation renewed a revolving line of credit agreement on August 31, 2013, that provides for borrowings of up to \$10,000,000 and bears interest, at the option of the Foundation, of either: (1) the Prime Rate, or (2) LIBOR plus 1.75%. The Foundation incurred an annual commitment fee for the line of credit equal to 0.15%.

The credit agreement contains various customary restrictive covenants that limit the Foundation's ability to, among other things, incur additional indebtedness or guarantees; make loans or advances; make additional investments in fixed assets; and incur operating lease expense. The covenants require the Foundation to, among other things, maintain a minimum unrestricted cash and investment balance. The Foundation has complied with all covenants as of December 31, 2013. There were no outstanding balances owed on the line at December 31, 2013 or 2012.

#### Note 8 - GiveBIG

The Foundation's annual GiveBIG campaign, which began in 2011, is a one-day, online giving event designed to inspire people to give generously to nonprofit organizations in the King County community. Each contribution is increased proportionally by a pool of stretch funds provided by both the Foundation and GiveBIG sponsors.

GiveBIG contributions are made through the Foundation's online Giving Center, which includes information and evaluations of more than 1,400 nonprofit organizations working on a broad range of issues. Donors contribute through a secure third-party service provider, and the contributions are forwarded directly to the nonprofit organizations. The Foundation does not collect personal or payment information from any GiveBIG donor. In order for the nonprofit organizations to receive maximum benefit, no fees are charged by the Foundation.

Contributions and other information consist of the following at December 31:

	<u>2013</u>	<u>2012</u>	<i>(Unaudited)</i> <u>2011</u>
Online contributions	\$ 11,132,103	\$ 7,586,048	\$ 3,500,000
Stretch pool	980,905	800,124	500,000
<b>Total GiveBIG Contributions</b>	<b><u>\$ 12,113,008</u></b>	<b><u>\$ 8,386,172</u></b>	<b><u>\$ 4,000,000</u></b>
Number of donors	29,834	22,539	12,700
Number of gifts	54,432	38,339	18,800
Number of nonprofit recipient organizations	1,344	1,241	904

## THE SEATTLE FOUNDATION

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2013

#### Note 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for future periods. They consist of the following at December 31:

	<u>2013</u>	<u>2012</u>
Charitable remainder and lead trusts	\$ 33,486,224	\$ 31,275,053
Pledges receivable	2,697,929	1,990,698
Bequests receivable	<u>5,140,013</u>	<u>1,617,306</u>
<b>Total Temporarily Restricted Net Assets</b>	<b><u>\$ 41,324,166</u></b>	<b><u>\$ 34,883,057</u></b>

#### Note 10 - Endowments

The Foundation's endowments consist of funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (quasi-endowments). As required by U.S. GAAP, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. However, because of the Foundation's variance power as described in Note 2, all endowments are classified as unrestricted.

**Interpretation of Relevant Law** - The Prudent Management of Institutional Funds Act (PMIFA) was enacted by Washington state as of July 2009. Early application was allowed and in June 2009 the Board elected immediate application of PMIFA to all the Foundation's endowment funds. PMIFA eliminates the historic dollar value threshold, an amount below which an organization could not spend from the fund, and establishes a set of prudent management and investment standards for boards to follow when managing endowment funds. Under PMIFA, the Foundation may spend as much of an endowment fund as it considers prudent, regardless of whether the fund is below its historic dollar value. The donor's intent that the fund be perpetual in nature must still be considered and the fund managed accordingly. The Foundation's organizing documents set forth the power to modify any restrictions or conditions on distributions from funds if, in the Foundation's judgment, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the area being served. As a result of this variance power, the Foundation classifies as unrestricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

As of December 31, 2013 and 2012, endowment net assets consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
Donor-restricted endowment funds	\$ 96,572,564	\$ -	\$ -	\$ 96,572,564	\$ 81,216,463
Board designated quasi- endowment funds	<u>204,194,373</u>			<u>204,194,373</u>	<u>182,587,655</u>
<b>Endowment Net Assets</b>	<b><u>\$ 300,766,937</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 300,766,937</u></b>	<b><u>\$ 263,804,118</u></b>

**THE SEATTLE FOUNDATION**

**Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2013**

**Note 10 - Continued**

Changes to endowment net assets are as follows for the years ended December 31:

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>2013 Total</i>	<i>2012 Total</i>
Endowment net assets, beginning of year	\$263,804,118	\$ -	\$ -	\$263,804,118	\$241,414,098
Endowment investment return- Interest and dividends, net of fees	5,100,727			5,100,727	5,411,886
Total net gains and losses	<u>35,585,785</u>			<u>35,585,785</u>	<u>26,261,280</u>
Total investment returns	40,686,512			40,686,512	31,673,166
Contributions	6,265,347			6,265,347	2,317,011
Net transfer from endowments	<u>(9,989,040)</u>			<u>(9,989,040)</u>	<u>(11,600,157)</u>
<b>Endowment Net Assets, End of Year</b>	<b><u>\$300,766,937</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$300,766,937</u></b>	<b><u>\$263,804,118</u></b>

**Funds with Deficiencies** - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the total amount of the gifts made to the endowment by the donor. Deficiencies of this nature that are reported in unrestricted net assets were \$277,651 and \$838,680 as of December 31, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations in prior years.

**Return Objectives and Risk Parameters** - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation has been instructed to hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that, over time, will provide a real rate of return equal to the spending rate while assuming a reasonable level of investment risk. The Foundation expects its endowment funds, over time, to provide an average real rate of return of approximately 4.5 percent annually. Currently, the expected nominal rate of return is approximately 8 percent. Actual returns in any given year may vary from these amounts.

**Strategies Employed for Achieving Objectives** - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

## THE SEATTLE FOUNDATION

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2013

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#### Note 10 - Continued

**Spending Policy and How the Investment Objectives Relate to Spending Policy** - The Foundation has a general policy of appropriating for distribution each year 4.5 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at a rate equal to inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity.

#### Note 11 - Support Expenses

The detail of support expenses is as follows for the years ended December 31:

	<u>2013</u>	<u>2012</u>
Administrative fund	\$ 5,568,089	\$ 5,836,352
Program and support services for other funds	2,285,780	3,034,412
Change in allowance for loss from uncollectible amounts	<u>12,548</u>	<u>397,346</u>
<b>Total Support Expenses</b>	<b><u>\$ 7,866,417</u></b>	<b><u>\$ 9,268,110</u></b>

Fundraising expenses were immaterial for the years ended December 31, 2013 and 2012.

#### Note 12 - Retirement Plans

The Foundation maintains a defined contribution retirement plan that complies with Internal Revenue Code Section 403(b). All regular employees are eligible to participate in the retirement plan immediately upon commencing employment. Although employee contributions can be made to the plan immediately, an employee is not eligible to receive matching contributions from the Foundation until completion of the orientation period, which is currently 90 days.

The Foundation matches employee contributions based on years of service as follows:

<u>Years of Service</u>	<u>Matching Percentage</u>
0 - 4 years	5.0%
5 - 9 years	7.5%
10 or more	10.0%

Total matching expense was \$176,960 and \$177,156 for the years ended December 31, 2013 and 2012, respectively. All contributions under the plan vest with employees at the time contributions are made.

## THE SEATTLE FOUNDATION

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2013

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#### Note 12 - Continued

The Foundation also maintains a nonqualified deferred compensation plan covered under Section 457(b) of the Internal Revenue Code. Only employees specifically designated by the Board of Trustees are eligible. The maximum salary deferral under the 457(b) plan was \$17,500 and \$17,000 (plus a catch-up provision of \$5,500 for eligible participants) for the years ended December 31, 2013 and 2012, respectively. There are no matching provisions. The nonqualified deferred compensation plan is administered by the Foundation. As of December 31, 2013 and 2012, there were three and two participants in the 457(b) plan, respectively. Total assets in the plan were \$102,601 and \$48,039 as of December 31, 2013 and 2012, respectively. Assets in the plan are held by the Foundation on a nontrust basis and are subject to the claims of its creditors.

#### Note 13 - Leases

Operations of the Foundation are conducted in leased office space in Seattle, Washington. The lease for office space expires in December 2016. According to the terms of the lease, the Foundation has two five-year renewal options. The Seattle International Foundation, a supporting organization of the Foundation, also leases office space in Seattle. The lease for this space expires in July 2016.

Rent expense includes the base rent plus a proportionate share of the actual operating costs of the building as specified in the lease agreement. Rent expense was \$342,330 and \$315,699 for the years ended December 31, 2013 and 2012, respectively.

The Foundation also leases copier equipment. Future minimum lease payments under all noncancelable leases for office space and equipment existing at December 31, 2013, are as follows:

<u>For the Year Ending December 31,</u>	<u>Office Space</u>	<u>Equipment Leases</u>	<u>Total</u>
2014	\$ 349,655	\$ 30,692	\$ 380,347
2015	372,177	24,681	396,858
2016	317,278	4,236	321,514
<b>Total Lease Payments</b>	<b>\$ 1,039,110</b>	<b>\$ 59,609</b>	<b>\$ 1,098,719</b>

***SUPPLEMENTARY INFORMATION***

**THE SEATTLE FOUNDATION**

**Consolidating Statement of Financial Position  
December 31, 2013**

	<i>The Seattle Foundation</i>	<i>Supporting Organizations</i>	<i>Eliminations</i>	<i>Consolidated Total</i>
<b>Assets</b>				
Cash and cash equivalents	\$ 5,126,638	\$ 487,576	\$ -	\$ 5,614,214
Accounts and other receivables	28,575	26,810		55,385
Pledges receivable	2,697,929			2,697,929
Bequests receivable	5,140,013			5,140,013
Beneficial interests held in trust	26,400,676			26,400,676
Investments	703,805,006	51,651,593		755,456,599
Mission related investments	5,286,451	1,200,000		6,486,451
Fixed assets, net of accumulated depreciation	911,862			911,862
Other assets and liabilities	106,541	6,101		112,642
<b>Total Assets</b>	<b>\$ 749,503,691</b>	<b>\$ 53,372,080</b>	<b>\$ -</b>	<b>\$ 802,875,771</b>
<b>Liabilities and Net Assets</b>				
Unconditional grants payable	\$ 4,052,516	\$ 1,273,751	\$ -	\$ 5,326,267
Other liabilities	340,958	254,517		595,475
Funds held for others	48,444,424			48,444,424
Liability for charitable lead and and remainder trusts	21,240,796			21,240,796
Liability for charitable gift annuities	3,227,053			3,227,053
<b>Total Liabilities</b>	<b>77,305,747</b>	<b>1,528,268</b>		<b>78,834,015</b>
<b>Net Assets:</b>				
Unrestricted-				
Community / area of interest	86,181,426			86,181,426
Donor advised	312,228,063			312,228,063
Designated	213,786,622			213,786,622
Supporting organizations		51,843,812		51,843,812
Administrative	6,572,216			6,572,216
Total unrestricted	618,768,327	51,843,812		670,612,139
Temporarily restricted	41,324,166			41,324,166
Permanently restricted - perpetual trusts	12,105,451			12,105,451
<b>Total Net Assets</b>	<b>672,197,944</b>	<b>51,843,812</b>		<b>724,041,756</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 749,503,691</b>	<b>\$ 53,372,080</b>	<b>\$ -</b>	<b>\$ 802,875,771</b>

See independent auditor's report.

**THE SEATTLE FOUNDATION**

**Consolidating Statement of Activities  
For the Year Ended December 31, 2013**

	<i>The Seattle Foundation</i>	<i>Supporting Organizations</i>	<i>Eliminations</i>	<i>Consolidated Total</i>
<b>Unrestricted</b>				
<b>Revenues and Support:</b>				
Contributions and agency funds	\$ 80,796,822	\$ 1,522,623	\$ (1,939,603)	\$ 80,379,842
Less agency and GiveBIG	(11,783,318)			(11,783,318)
Total contributions	69,013,504	1,522,623	(1,939,603)	68,596,524
Dividend and interest income	10,209,374	1,001,902		11,211,276
Gains on investments, net	77,469,848	5,759,706		83,229,554
Change in value of charitable gift annuities and trusts	188,607			188,607
Other income	258,768	637,557	(599,704)	296,621
Net assets released from restriction	8,368,764			8,368,764
<b>Total Revenues and Support</b>	<b>165,508,865</b>	<b>8,921,788</b>	<b>(2,539,307)</b>	<b>171,891,346</b>
<b>Expenses:</b>				
Grants	58,094,304	9,499,278	(1,939,603)	65,653,979
Investment management and trustee fees	2,089,257	545,249		2,634,506
Support expenses	6,825,029	1,641,092	(599,704)	7,866,417
<b>Total Expenses</b>	<b>67,008,590</b>	<b>11,685,619</b>	<b>(2,539,307)</b>	<b>76,154,902</b>
<b>Change in Unrestricted Net Assets</b>	<b>98,500,275</b>	<b>(2,763,831)</b>		<b>95,736,444</b>
<b>Temporarily Restricted</b>				
<b>Revenues and Support:</b>				
Contributions	9,638,888			9,638,888
Change in value of charitable gift annuities and trusts	5,170,985			5,170,985
Net assets released from restriction and transfers	(9,358,094)	989,330		(8,368,764)
<b>Change in Temporarily Restricted Net Assets</b>	<b>5,451,779</b>	<b>989,330</b>		<b>6,441,109</b>
<b>Permanently Restricted</b>				
<b>Revenues and Support:</b>				
Change in value of charitable gift annuities and trusts	1,404,189			1,404,189
<b>Change in Permanently Restricted Net Assets</b>	<b>1,404,189</b>			<b>1,404,189</b>
<b>Total Change in Net Assets</b>	<b>105,356,243</b>	<b>(1,774,501)</b>		<b>103,581,742</b>
Net assets, beginning of year	566,841,701	53,618,313		620,460,014
<b>Net Assets, End of Year</b>	<b>\$ 672,197,944</b>	<b>\$ 51,843,812</b>	<b>\$ -</b>	<b>\$ 724,041,756</b>

See independent auditor's report.