



Report of Independent Auditors and
Consolidated Financial Statements

Santa Fe Community Foundation and Subsidiaries

December 31, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
Santa Fe Community Foundation and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Santa Fe Community Foundation and its subsidiaries (Foundation), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Baker Tilly US, LLP

Albuquerque, New Mexico
August 21, 2025

Consolidated Financial Statements

Santa Fe Community Foundation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 24,958,455	\$ 26,010,807
Interest receivable	75,179	95,309
Rent receivable	4,724	18,895
Program related investments, net	1,619,414	2,508,804
Investments		
Charitable gift annuities	276,650	255,841
Endowment and other	114,859,724	99,198,591
Total investments	115,136,374	99,454,432
Property and equipment, net	2,025,178	2,089,083
Prepaid expenses	133,183	95,303
Other assets	118,984	115,694
TOTAL ASSETS	\$ 144,071,491	\$ 130,388,327
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued expenses	\$ 462,200	\$ 499,192
Charitable gift annuities payable	103,874	103,874
Funds held for agencies	4,710,043	4,719,821
Total liabilities	5,276,117	5,322,887
NET ASSETS		
Without donor restrictions	10,617,793	9,684,927
With donor restrictions	128,177,581	115,380,513
Total net assets	138,795,374	125,065,440
TOTAL LIABILITIES AND NET ASSETS	\$ 144,071,491	\$ 130,388,327

See accompanying notes to these financial statements.

Santa Fe Community Foundation and Subsidiaries
Consolidated Statements of Activities and Changes in Net Assets
Year Ended December 31, 2024

	For the Year Ended December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER INCOME			
Contributions	\$ 623,230	\$ 19,473,851	\$ 20,097,081
Event income	52,086	18,085	70,171
Interest and dividends	964,891	2,046,230	3,011,121
Net realized and unrealized gain	598,455	8,801,439	9,399,894
Other income	-	8,655	8,655
Program income	3,125	-	3,125
Rental income from tenants	56,686	-	56,686
Change in split interest agreements	-	(13,960)	(13,960)
Fund management fees	1,850,076	(1,804,251)	45,825
Net assets released from restriction	15,766,310	(15,766,310)	-
	<u>19,914,859</u>	<u>12,763,739</u>	<u>32,678,598</u>
Contributions of nonfinancial assets	<u>10,000</u>	<u>33,329</u>	<u>43,329</u>
Total revenue, gains, and other income	<u>19,924,859</u>	<u>12,797,068</u>	<u>32,721,927</u>
EXPENSES			
Program services			
Grants	13,604,697	-	13,604,697
Program expenses	3,662,932	-	3,662,932
	<u>17,267,629</u>	<u>-</u>	<u>17,267,629</u>
SUPPORTING SERVICES			
General and administrative	859,508	-	859,508
Development and donor services	864,856	-	864,856
	<u>1,724,364</u>	<u>-</u>	<u>1,724,364</u>
Total expenses	<u>18,991,993</u>	<u>-</u>	<u>18,991,993</u>
CHANGE IN NET ASSETS	932,866	12,797,068	13,729,934
NET ASSETS, beginning of year	<u>9,684,927</u>	<u>115,380,513</u>	<u>125,065,440</u>
NET ASSETS, end of year	<u>\$ 10,617,793</u>	<u>\$ 128,177,581</u>	<u>\$ 138,795,374</u>

See accompanying notes to these financial statements.

Santa Fe Community Foundation and Subsidiaries
Consolidated Statements of Activities and Changes in Net Assets
Year Ended December 31, 2023

	For the Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER INCOME			
Contributions	\$ 807,858	\$ 17,132,590	\$ 17,940,448
Event income	16,675	12,373	29,048
Interest and dividends	978,680	1,824,515	2,803,195
Net realized and unrealized gain	719,218	8,288,370	9,007,588
Other income	26,520	-	26,520
Program income	4,605	-	4,605
Rental income from tenants	56,686	-	56,686
Change in split interest agreements	-	(13,945)	(13,945)
Fund management fees	1,594,909	(1,548,683)	46,226
Net assets released from restriction	11,332,531	(11,332,531)	-
	<u>15,537,682</u>	<u>14,362,689</u>	<u>29,900,371</u>
Contributions of nonfinancial assets	<u>8,420</u>	<u>6,659</u>	<u>15,079</u>
Total revenue, gains, and other income	<u>15,546,102</u>	<u>14,369,348</u>	<u>29,915,450</u>
EXPENSES			
Program services			
Grants	10,191,216	-	10,191,216
Program expenses	<u>3,067,530</u>	<u>-</u>	<u>3,067,530</u>
	<u>13,258,746</u>	<u>-</u>	<u>13,258,746</u>
SUPPORTING SERVICES			
General and administrative	935,166	-	935,166
Development and donor services	<u>741,181</u>	<u>-</u>	<u>741,181</u>
	<u>1,676,347</u>	<u>-</u>	<u>1,676,347</u>
Total expenses	<u>14,935,093</u>	<u>-</u>	<u>14,935,093</u>
CHANGE IN NET ASSETS	<u>611,009</u>	<u>14,369,348</u>	<u>14,980,357</u>
NET ASSETS, beginning of year	<u>9,073,918</u>	<u>101,011,165</u>	<u>110,085,083</u>
NET ASSETS, end of year	<u><u>\$ 9,684,927</u></u>	<u><u>\$ 115,380,513</u></u>	<u><u>\$ 125,065,440</u></u>

See accompanying notes to these financial statements.

Santa Fe Community Foundation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 13,729,934	\$ 14,980,357
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	96,616	107,736
Net realized and unrealized gain on investments	(9,399,894)	(9,007,588)
Change in split interest agreements	13,960	13,945
Contributions restricted for endowment	(5,787,750)	(10,936,856)
Changes in assets and liabilities		
Interest receivable	20,130	(87,349)
Rent receivable	14,171	(4,724)
Prepaid expenses	(37,880)	11,663
Other assets	(3,290)	(8,090)
Accrued expenses	(36,992)	96,319
Funds held for agencies	(9,778)	180,516
Net cash used by operating activities	<u>(1,400,773)</u>	<u>(4,654,071)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	31,812,218	40,118,625
Purchases of investments	(38,105,466)	(46,209,188)
Proceeds from program related investments	900,590	38,651
Payments to program related investments	-	(495,000)
Acquisition of property and equipment	(32,711)	-
Net cash used by investing activities	<u>(5,425,369)</u>	<u>(6,546,912)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment	5,787,750	10,936,856
Payments on charitable gift annuities	(13,960)	(13,945)
Net cash provided by financing activities	<u>5,773,790</u>	<u>10,922,911</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(1,052,352)	(278,072)
CASH AND CASH EQUIVALENTS, beginning of year	<u>26,010,807</u>	<u>26,288,879</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 24,958,455</u></u>	<u><u>\$ 26,010,807</u></u>

See accompanying notes to these financial statements.

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 – Nature of the Organization

The Santa Fe Community Foundation (Foundation), formed in 1981, is a philanthropic organization deeply rooted in the multiple cultures and values of New Mexico, applying our diverse resources strategically and economically to advance equitable access to opportunities in Santa Fe and our surrounding communities.

Our Mission: The Santa Fe Community Foundation inspires philanthropic generosity, strengthens nonprofits, and fosters positive change to build a more vibrant, healthy, and resilient region.

Our Vision: A thriving northern New Mexico, where all people can find opportunity, build connections, and contribute to the well-being of their communities.

The Foundation oversees a thoughtful community grants process and stewards fields of interest funds in the following areas:

- Health
- Education
- Civic & Economic Opportunity
- Environment
- Arts and Culture
- Animal Welfare

The Foundation is both a leader in strategic philanthropy and an advocate for purposeful giving in our communities. The Foundation's discretionary grants are made to 501(c)(3) organizations who primarily provide programs within the counties of Mora, Rio Arriba, San Miguel, and Santa Fe. Additionally, the Foundation offers a comprehensive philanthropic platform to accomplish positive change in our communities that includes:

- Building and managing endowment funds, to award grants;
- Helping nonprofits operate more effectively;
- Convening area residents to discuss issues of critical importance to the community; and
- Providing leadership for key community initiatives.

Out of reverence for this unique place we call home, the Foundation values:

Equity We recognize the systemic injustice in our community and commit to prioritizing equity and belonging in how we operate and the work we do.	Perseverance While responsive to immediate challenges, we stay committed to long-term strategies and investments that strengthen our region's capacity to navigate social, economic, and ecological change.
Listening As a trusted learning organization, we initiate and engage in authentic, respectful dialogue to understand, include, and respond to the rich diversity of voices and ideas in our region.	Generosity We strive to expand the understanding and practice of philanthropy and to engage the generosity of wealth, knowledge, and spirit of all people in Northern New Mexico.

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

When community needs arise beyond our field of interest areas or geographic footprint, the Foundation may respond with appropriate leadership efforts, programmatic activities, or investment initiatives.

Note 2 – Summary of Significant Accounting Policies Principles of Consolidation and Basis of Accounting

The consolidated financial statements of the Foundation and its wholly owned, single-member LLCs (SFCF, LLC) have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. All significant inter-entity accounts and transactions have been eliminated in the consolidation. SFCF, LLC holds the building on Halona Street in which the Foundation resides.

Basis of Presentation and Net Asset Classification

The Foundation's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations (GAAP). The Financial Accounting Standards Board (FASB) has established the Accounting Standards Codification (ASC) as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets, and changes therein, are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions include the investment in property and equipment, net of depreciation. The Foundation's Board of Directors may designate donor gifts without restrictions at its discretion. The Board of Directors has designated net assets without donor restrictions for use in its grant-making and in its administrative support.

Net Assets with Donor Restrictions – Net assets that consist of contributions and endowment investment earnings subject to donor restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Foundation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law. Board application of variance power or expirations of donor-imposed restrictions on net assets, that is, the donor-imposed stipulated purpose has been accomplished and/or the stipulated period has elapsed, are reported as reclassifications between the applicable classes of net assets.

The State of New Mexico adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 1, 2009. As required by UPMIFA, and on the advice of legal counsel, the Board of Directors has determined most of the Foundation's contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Foundation.

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Under the terms of the governing documents, the Board of Directors can distribute as much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board of Directors, in its sole discretion, shall determine. As a result of the ability to distribute corpus, all contributions not classified as donor restricted are classified as without donor restrictions for consolidated financial statement purposes.

In accordance with UPMIFA, The Foundation considers funds that are not wholly expendable in one year as endowment. Funds considered perpetual endowments as well as non-perpetual funds that are not subject to the Foundation's spending policy and spend variable amounts yearly are reported as endowments.

Endowment Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funds for programs supported by its endowments, while seeking long-term growth of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

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 income (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 parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds for grant making and administration. During 2018, the Foundation's Board of Directors approved a distribution policy of 5% for all agency, designated, and donor-advised perpetual endowments and 4% for all other perpetual endowments, which remains in effect through 2024. This is consistent with the Foundation's objective for long-term growth of endowment assets, as well as to provide additional real growth through new gifts and investment return. Certain endowments are not subject to the Foundation's spending policy. They are subject to the gift instruments or specific agreements with the Foundation.

From time to time, the fair value of assets associated with endowed funds may fall below the level of the contribution value of that fund that is classified with donor restrictions for a perpetual duration. The Foundation's spending policy permits spending from underwater funds, unless otherwise precluded by donor intent, relevant laws, or regulations.

Funds Held for Agencies

GAAP established standards for transactions in which a community foundation 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. These standards specifically require that if a Not-for-Profit Organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments.

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

The Foundation maintains variance power and legal ownership of agency endowment funds, and as such, continues to report the funds as assets of the Foundation. However, a liability has been established for the fair value of the funds.

Use of Estimates

The preparation of consolidated financial statements, in conformity 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 the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash in financial institutions and highly liquid investments with maturity dates of three months or less.

Promises to Give and Contributions

Contributions and unconditional promises to give are recorded as revenues in the period when the donor makes the commitment. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair market value at the date of donation.

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Investments

The Foundation carries its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Investment transactions, including transfers between the levels of fair value inputs, are recognized as of the date of the event. The absolute return fund investments and other complementary strategies, which are not readily marketable, are valued using the net asset value (NAV) practical expedient (see Note 6 for definition). The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of these investments. These estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Program Related Investing

The Foundation has adopted a local impact investing initiative as part of its overall investment policy. The managing principles for these investments require both a social impact and a financial return, in alignment with the Foundation's Investment Policy, and must reasonably appear to create a positive economic and social impact in New Mexico. Investments may be made through intermediaries or may be made directly should the investment meet a pre-determined set of criteria. Investments may be made to both nonprofit and for-profit entities. In 2012, the Board of Directors established the initial amount for investment at \$1.5 million. During 2017, the Board of Directors agreed to increase the amount to \$4.5 million. An allowance account for a loan loss reserve is established for each loan investment.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives for furniture and equipment range from three to seven years and building and improvements range from seven to thirty-nine years.

Long-Lived Assets

The Foundation reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Foundation has not recognized any impairment of long-lived assets during 2024 or 2023.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Other Assets

Other assets include artwork which is recorded at fair value at the date of donation and will be sold when feasible.

Contributions of Nonfinancial Assets

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills that are performed by people with those skills and would otherwise be purchased by the Foundation. Volunteers provided valuable services throughout the year that are not recognized as contributions in the consolidated financial statements because the recognition criteria were not met.

Allocation of Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

The consolidated financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses, excluding grant disbursements, are allocated based on estimates from an extensive business model analysis.

Income Taxes

The Foundation is a non-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is subject to the accounting standard on accounting for uncertainty in income taxes that addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate 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.

Management evaluated the tax positions for the Foundation and concluded that the Foundation had taken no uncertain income tax positions that require adjustments to the consolidated financial statements to comply with the provisions of this guidance.

Cash Concentrations

In March 2023, to manage deposit concentration risk, the Foundation signed a demand deposit agreement with Enterprise Bank and Trust to place cash in deposit accounts divided into amounts under the standard Federal Deposit Insurance Corporation (FDIC) insurance maximum of \$250,000 at several other network banks. At December 31, 2024 and 2023, there were no cash deposits with financial institutions in excess of the FDIC limit.

Reclassifications

Certain amounts presented in the prior year consolidated financial statements have been reclassified to conform to the current year presentation. Such reclassifications had no net effect on total assets, liabilities, net assets, changes in net assets, or cash flows from the amounts previously presented.

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Evaluation of Subsequent Events

Subsequent events are events or transactions that occur after the consolidated statement of financial position date, but before the consolidated financial statements are issued. The Foundation recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Foundation's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after that date and before the consolidated financial statements are available to be issued. The Foundation has evaluated subsequent events through August 21, 2025, the date the consolidated financial statements were available to be issued.

Note 3 – Liquidity

Financial assets available for operations and other expenses within one year of the dates of the consolidated statements of financial position are as follows at December 31, 2024 and 2023:

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 24,958,455	\$ 26,010,807
Interest receivable	75,179	95,309
Rent receivable	4,724	18,895
Investments		
Charitable gift annuities	276,650	255,841
Program related investments	1,619,414	2,508,804
Endowment and other	114,859,724	99,198,591
Total financial assets at year-end	141,794,146	128,088,247
Less financial assets unavailable for general expenditure within one year due to		
Perpetual endowments and accumulated earnings subject to appropriation beyond one year	(77,864,622)	(67,559,324)
Board-designated endowments	(7,216,756)	(6,918,580)
Funds subject to donor recommendations or specific purposes	(50,678,474)	(48,206,376)
Financial assets and liquidity resources available to meet cash needs and general expenditures within one year	<u>\$ 6,034,294</u>	<u>\$ 5,403,967</u>

As part of the Foundation's liquidity management, financial assets are structured to be available as general expenses, liabilities, and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds.

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Funds with donor restrictions are not available for general operating expenses. Those funds include permanently endowed funds and funds restricted for a specific purpose. Amounts for expenses and grants for these funds are calculated based upon the individual fund agreements.

As described in Note 2, the Foundation's Board of Directors approved an endowment spending policy of 5% of the trailing twelve-quarter average balance of the endowments value for agency, designated, and donor-advised perpetual endowment funds, and 4% for all other perpetual endowment funds. For donor advised endowments that are not perpetual, the Foundation's Board of Directors grants Donor Advisors the privilege to recommend the spendable rate on a yearly basis.

The amount available from endowments held for administrative support for 2024 and 2023 totaled \$87,726 and \$133,920, respectively.

Note 4 – Management Fees

The Foundation assesses an annual management fee to each fund held within the Foundation to support the operating and administrative expenses of the Foundation. The Foundation utilizes a tiered fee schedule and typically assess fees on total assets within each fund, though in certain circumstances assesses fees based on revenues by fund. Effective annual fees as a percentage of fund assets range from 0.5% to 11.0%, depending on the size, type, activity, and administrative requirements of the fund. In 2024 and 2023, the Foundation assessed total management and administrative fees of \$2,072,147 and \$1,779,278, respectively, to be used to support the operations of the Foundation. Overall, administrative fees as percentage of total Foundation assets were 1.4% and 1.3% for 2024 and 2023, respectively.

The total operating budget approved by the Foundation board of Directors in 2024 and 2023 was \$3,428,787 and \$3,177,550, respectively.

Although the Foundation does not intend to spend from its board-designated endowments (other than the amounts appropriated per the spending policy), these amounts could be made available, if necessary.

Note 5 – Charitable Gift Annuities (Split Interest Agreements)

The Foundation is the recipient of various charitable gift annuities from donors. A charitable gift annuity is an arrangement in which a donor contributes assets to the Foundation in exchange for distributions of a fixed amount for a specified period to a donor-designated annuitant(s).

After satisfying the Foundation's annuity obligations, any net remaining value shall be directed to the charitable fund(s) selected by the donor. Assets are reported at fair market value in the Foundation's consolidated statement of financial position and included in the Foundation's investment account balances. The present value of estimated future payments is calculated using discount rates ranging from 2.2% to 4.2%.

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Note 6 – Fair Value Measurements

In determining fair value, the Foundation uses various valuation approaches within the fair value measurement framework of accounting standards. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

Accounting standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The standards define levels within the hierarchy based on the reliability of inputs as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.

Level 3 – Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no changes in the methodologies used at December 31, 2024 and 2023.

U.S. treasury notes, equities (common stocks), and preferred securities are valued at the closing price reported on the major market on which the individual securities are traded. Common stocks, REITs, money market annuities, certificates of deposit, and U.S. Treasury notes are generally classified within Level 1 of the valuation.

Real estate investment trusts (REITs), government agency bonds, taxable municipal bonds, corporate bonds, hedge funds, equity exchange-traded funds and bond and equity mutual funds are valued at market rates, such as quoted prices for similar assets or liabilities. They may also be valued by quoted prices in markets that are not active. These have been classified within Level 2 of the valuation hierarchy.

The estimated shares of hedge funds, managed futures and commodities funds, global alternatives funds, active income funds, absolute return funds, and long/short equity funds are based on fund net asset value. The use of net asset value as fair value is deemed appropriate, as the investments do not have finite lives, unfunded commitments, or significant restrictions on redemptions.

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2024 and 2023:

	December 31, 2024			
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
U.S. Treasury notes	\$ 2,675,996	\$ -	\$ -	\$ 2,675,996
Equities	34,213,173	-	-	34,213,173
Real estate investments	-	10,849	-	10,849
Government agency bonds	-	827,955	-	827,955
Taxable municipal bonds	-	75,111	-	75,111
Corporate bonds	-	4,502,819	-	4,502,819
Preferred securities	6,853	-	-	6,853
Hedge funds	-	2,582,383	-	2,582,383
Equity exchange-traded funds	-	28,593,236	-	28,593,236
Bond mutual funds	-	14,780,095	-	14,780,095
Equity mutual funds	-	5,088,554	-	5,088,554
Total assets in the fair value hierarchy	<u>\$ 36,896,022</u>	<u>\$ 56,461,002</u>	<u>\$ -</u>	<u>93,357,024</u>
Investments measured at NAV-practical expedient				<u>21,779,350</u>
				<u>\$ 115,136,374</u>

	December 31, 2023			
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
U.S. Treasury notes	\$ 2,800,552	\$ -	\$ -	2,800,552
Equities	33,240,206	-	-	33,240,206
Real estate investments	-	33,223	-	33,223
Government agency bonds	-	903,014	-	903,014
Taxable municipal bonds	-	68,973	-	68,973
Corporate bonds	-	3,606,488	-	3,606,488
Preferred securities	35,013	-	-	35,013
Hedge funds	-	2,334,289	-	2,334,289
Equity exchange-traded funds	-	17,624,639	-	17,624,639
Bond mutual funds	-	13,564,767	-	13,564,767
Equity mutual funds	-	5,518,670	-	5,518,670
Total assets in the fair value hierarchy	<u>\$ 36,075,771</u>	<u>\$ 43,654,063</u>	<u>\$ -</u>	<u>79,729,834</u>
Investments measured at NAV-practical expedient				<u>19,724,598</u>
				<u>\$ 99,454,432</u>

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

The following summarizes information related to the investment whose fair value is determined based upon NAV practical expedient and has redemption restrictions as of December 31, 2024:

	<u>Commitment Amount</u>	<u>Contributions to Date</u>	<u>Remaining Commitments</u>	<u>Estimate Fair Value of Invested Funds</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Investments at NAV						
Hedge Funds				\$ 7,938,775	Quarterly	20-90 Days
Private Equity	\$ 18,009,923	\$ 13,242,901	\$ 6,181,446	<u>13,840,575</u>		
Total NAV				<u>\$ 21,779,350</u>		

The following summarizes information related to the investment whose fair value is determined based upon NAV practical expedient and has redemption restrictions as of December 31, 2023:

	<u>Commitment Amount</u>	<u>Contributions to Date</u>	<u>Remaining Commitments</u>	<u>Estimate Fair Value of Invested Funds</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Investments at NAV						
Hedge Funds				\$ 6,670,624	Quarterly	20-90 Days
Private Equity	\$ 15,509,923	\$ 11,281,168	\$ 5,013,691	<u>13,053,974</u>		
Total NAV				<u>\$ 19,724,598</u>		

These represent investments in hedge funds, managed futures and commodities platform, a global alternatives fund, an active income fund, an absolute return fund, a private investment, and a long/short equity fund.

Note 7 – Program Related Investments

In 2023 the Foundation made a loan of \$250,000 to Ramel Family Farms to support economic development in Northern New Mexico and provided collateral for the Coalition to End Homelessness to secure a bank line of credit. The Foundation also extended the loan maturity date and schedule of principal payments for Growing Up New Mexico.

The reserve against program related investments totaled \$68,125 and \$79,325 at December 31, 2024 and 2023, respectively.

At the end of 2024, the Foundation had invested \$1,900,000 in the form of 8 programmatic loans outstanding with an average carrying amount of \$210,942. These loans carry interest rates from 2%-3% and loan terms vary from 3 to 10 years. The entities to whom loans were made serve a variety of purposes including providing affordable housing, clean energy and environmental sustainability, economic security, economic development, and job growth.

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Note 8 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 465,676	\$ 448,275
Building and improvements	<u>2,858,874</u>	<u>2,833,689</u>
	3,324,550	3,281,964
Accumulated depreciation	<u>(1,299,372)</u>	<u>(1,192,881)</u>
Property and equipment, net	<u><u>\$ 2,025,178</u></u>	<u><u>\$ 2,089,083</u></u>

Depreciation expense totaled \$96,616 and \$107,736 for the years ended December 31, 2024 and 2023, respectively.

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Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Note 9 – Classification of Net Assets

In addition to endowment net assets, the Foundation also manages other non-endowed funds. The following table summarizes all Foundation net assets for the year ended December 31, 2024:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds			
Administrative endowments	\$ -	\$ 1,465,616	\$ 1,465,616
Donor designated and agency endowment funds	-	12,954,429	12,954,429
Donor advised endowments	-	52,997,299	52,997,299
Discretionary endowments	173	83,594	83,767
Emergency endowments	-	880,318	880,318
Scholarship endowments	-	2,513,647	2,513,647
Field of interest endowments	351	39,255,347	39,255,698
Unrestricted endowments	2,697,146	3,172,305	5,869,451
Special projects endowments	-	161,284	161,284
Board-designated endowments	7,216,756	-	7,216,756
Total endowment funds	9,914,426	113,483,839	123,398,265
Non-endowment funds			
Donor advised	-	6,408,996	6,408,996
Special projects	-	568,540	568,540
Emergency	-	249,295	249,295
Field of interest	-	7,168,406	7,168,406
Scholarship	-	112,988	112,988
Board-designated	352	-	352
Unrestricted	703,015	13,615	716,630
Total non-endowment funds	703,367	14,521,840	15,225,207
Split interest agreements	-	171,902	171,902
Total net assets	\$ 10,617,793	\$ 128,177,581	\$ 138,795,374

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Net assets composition by type of fund for the year ended December 31, 2023, follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds			
Administrative endowments	\$ -	\$ 1,414,149	\$ 1,414,149
Donor designated and agency endowment funds	-	11,302,543	11,302,543
Donor advised endowments	-	50,263,724	50,263,724
Discretionary endowments	158	82,667	82,825
Emergency endowments	-	846,549	846,549
Scholarship endowments	-	2,588,080	2,588,080
Field of interest endowments	-	36,796,829	36,796,829
Unrestricted endowments	2,729,934	2,821,863	5,551,797
Special projects endowments	-	164,991	164,991
Board-designated endowments	6,918,580	-	6,918,580
Total endowment funds	9,648,672	106,281,395	115,930,067
Non-endowment funds			
Donor advised	-	4,392,632	4,392,632
Special projects	-	767,251	767,251
Emergency	-	271,694	271,694
Field of interest	-	3,476,277	3,476,277
Scholarship	-	22,710	22,710
Board-designated	341	-	341
Unrestricted	35,914	14,615	50,529
Total non-endowment funds	36,255	8,945,179	8,981,434
Split interest agreements	-	153,939	153,939
Total net assets	\$ 9,684,927	\$ 115,380,513	\$ 125,065,440

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

The changes in endowment net assets for the years ended December 31, 2024 and 2023, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, end of 2022	\$ 9,059,510	\$ 91,933,728	\$ 100,993,238
Contributions	8,600	10,928,256	10,936,856
Investment returns, net	197,650	10,865,447	11,063,097
Grants and scholarships	(5,961)	(6,559,018)	(6,564,979)
Other changes	388,873	(887,018)	(498,145)
Change in endowment net assets	589,162	14,347,667	14,936,829
Endowment net assets, end of year 2023	9,648,672	106,281,395	115,930,067
Contributions	-	5,787,750	5,787,750
Investment returns, net	767,149	11,283,157	12,050,306
Grants and scholarships	(266,210)	(7,808,931)	(8,075,141)
Other changes	(235,185)	(2,059,532)	(2,294,717)
Change in endowment net assets	265,754	7,202,444	7,468,198
Endowment net assets, end of year 2024	\$ 9,914,426	\$ 113,483,839	\$ 123,398,265

A summary of underwater endowment funds is as follows at December 31:

	2024	2023
Fair value of underwater endowment funds	\$ 7,476,082	\$ 13,849,408
Original endowment gift amount	8,424,710	15,069,915
Deficiencies of underwater endowment funds	\$ (948,628)	\$ (1,220,507)

Note 10 – Retirement Plan

The Foundation maintains a 401(k) retirement plan that covers all employees. The plan was updated in 2022 to include a provision under which eligible employee's salary deferrals of up to 5% are eligible for a 100% match by the Foundation. Salary deferral and the Foundation's match are allowed after ninety days of employment, at which time employees are fully vested. Matching contributions to the plan are discretionary. The Foundation's matching contributions to the plan were \$71,295 and \$58,024 for the years ended December 31, 2024 and 2023, respectively.

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Note 11 – Transactions in Funds Held for Agencies

The Foundation had 82 and 77 designated endowment funds and 55 and 56 agency endowment funds on December 31, 2024 and 2023, respectively. The agency endowments require accounting as funds held for agencies and had a combined value of \$4,710,043 and \$4,719,821 on December 31, 2024 and 2023, respectively. The financial effects of transactions related to agency funds are recorded as changes in the funds held for agencies liability and are not included in the 2024 or 2023 consolidated statement of activities and changes in net assets.

	<u>2024</u>
Funds held for agencies at December 31, 2023	\$ 4,719,821
Additions	
Investment income	21,600
Realized gains	125,365
Unrealized gains	<u>267,387</u>
Total additions	<u>414,352</u>
Deductions	
Distributions - grants	<u>424,130</u>
Total deductions	<u>424,130</u>
Funds held for agencies at December 31, 2024	<u><u>\$ 4,710,043</u></u>
	<u>2023</u>
Funds held for agencies at December 31, 2022	\$ 4,539,305
Additions	
Contributions	25,783
Investment income	23,025
Realized gains	<u>489,561</u>
Total additions	<u>538,369</u>
Deductions	
Distributions - grants	278,571
Unrealized losses	<u>79,282</u>
Total deductions	<u>357,853</u>
Funds held for agencies at December 31, 2023	<u><u>\$ 4,719,821</u></u>

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Note 12 – Related-Party Transactions

The Foundation established SFCF, LLC in July of 2011 and has an intercompany operating agreement with SFCF, LLC. This entity holds the title to the building on Halona Street purchased in July of 2011, in which the Foundation and its community programs reside. The purchase price of the 11,000 square foot building was \$2,190,000. As part of its community leadership initiative, funds from the endowments held by the Foundation were used to invest in the purchase of the building. Principal payments, in amounts to be determined by the Board of Directors, will be made over the term of the note. The term of the note is 15 years. The related effects of these transactions are eliminated upon consolidation of the financial statements. In August 2014, the interest rate on the note was reviewed and lowered to 3.5% effective September 1, 2014.

Members of the Board of Directors contributed \$79,850 and \$58,896 during 2024 and 2023, respectively. Certain board members are fund advisors of funds held at the Foundation. As of December 31, 2024 and 2023, the value of these funds was \$633,796 and \$611,360, respectively.

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Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Note 13 – Schedules of Functional Expenses

The following schedule presents the natural classification of the summarized costs in the consolidated statement of activities and changes in net assets for 2024:

	For the Year Ended December 31, 2024			
	Program	General and Administrative	Development and Donor Services	Total
Grants	\$ 13,604,697	\$ -	\$ -	\$ 13,604,697
Other expenses				
Salaries and wages	827,833	529,662	444,132	1,801,627
Seminars and events	28,259	5,946	8,919	43,124
Consulting services	72,426	15,776	23,664	111,866
Professional Services	1,742,327	12,409	18,614	1,773,350
Legal Services	74,769	13,937	20,906	109,612
In-Kind	10,000	-	-	10,000
Technology	96,647	36,693	55,040	188,380
Other employee benefits	108,786	57,549	56,451	222,786
Travel	46,678	10,033	15,049	71,760
Payroll taxes	63,659	43,445	34,497	141,601
Depreciation	48,308	19,323	28,985	96,616
Property expenses	26,956	10,782	16,173	53,911
Supplies	45,227	8,172	12,258	65,657
Printing and publications	32,129	5,547	8,320	45,996
401(k) plan contributions	31,448	21,340	18,507	71,295
Pinon award expenses	14,220	-	-	14,220
Insurance	25,109	9,305	13,958	48,372
Dues & subscriptions	32,847	5,077	7,616	45,540
Accounting fees	26,390	10,556	15,834	52,780
Bank charges and fees	18,889	7,312	10,968	37,169
Occupancy	21,199	8,480	12,719	42,398
Workshop expenses	103,843	-	-	103,843
Public relations	33,069	11,572	17,358	61,999
Postage and shipping	8,710	2,390	3,585	14,685
Professional development	19,657	6,729	10,094	36,480
Donor development	85,041	7,548	11,322	103,911
Miscellaneous	18,506	(75)	(113)	18,318
Subtotal other expenses	3,662,932	859,508	864,856	5,387,296
Total expenses	\$ 17,267,629	\$ 859,508	\$ 864,856	\$ 18,991,993

Santa Fe Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

The following schedule presents the natural classification of the summarized costs in the consolidated statement of activities and changes in net assets for 2023:

	For the Year Ended December 31, 2023			
	Program	General and Administrative	Development and Donor Services	Total
Grants	\$ 10,191,216	\$ -	\$ -	\$ 10,191,216
Other expenses				
Salaries and wages	747,487	612,083	368,129	1,727,699
Seminars and events	41,195	8,729	13,130	63,054
Consulting services	47,815	17,596	26,394	91,805
Professional Services	1,389,644	25,306	37,806	1,452,756
Legal Services	22,749	5,048	7,572	35,369
In-Kind	8,420	-	-	8,420
Technology	109,396	42,093	63,139	214,628
Other employee benefits	81,860	56,230	39,451	177,541
Travel	45,412	13,218	19,827	78,457
Payroll taxes	62,285	52,776	30,657	145,718
Depreciation	53,868	21,547	32,321	107,736
Property expenses	28,489	11,207	16,809	56,505
Supplies	10,720	3,944	5,968	20,632
Printing and publications	31,145	5,182	7,773	44,100
401(k) plan contributions	24,771	21,345	11,908	58,024
Pinon award expenses	29,267	-	-	29,267
Insurance	13,626	4,384	6,646	24,656
Dues & subscriptions	15,789	4,489	6,735	27,013
Accounting fees	20,246	8,099	12,148	40,493
Bank charges and fees	10,823	4,068	6,100	20,991
Occupancy	25,133	2,483	3,724	31,340
Workshop expenses	143,925	-	-	143,925
Public relations	35,981	11,840	18,019	65,840
Postage and shipping	3,841	1,299	1,948	7,088
Professional development	605	242	363	1,210
Donor development	27,621	1,154	3,408	32,183
Miscellaneous	35,417	804	1,206	37,427
Subtotal other expenses	3,067,530	935,166	741,181	4,743,877
Total expenses	\$ 13,258,746	\$ 935,166	\$ 741,181	\$ 14,935,093

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