Report of Independent Auditors and
Consolidated Financial Statements

Santa Fe Community Foundation and Subsidiary

December 31, 2025 and 2024

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Report of Independent Auditors

The Board of Directors
Santa Fe Community Foundation and Subsidiary

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Santa Fe Community Foundation and Subsidiary (the Foundation), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, 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, 2025 and 2024, 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 24, 2026

Consolidated Financial Statements

Santa Fe Community Foundation and Subsidiary
Consolidated Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 22,701,077	$ 24,958,455
Interest receivable	118,656	75,179
Rent receivable	-	4,724
Program related investments, net	1,444,041	1,619,414
Investments		
Charitable gift annuities	298,392	276,650
Endowment and other	138,895,683	114,859,724
Total investments	139,194,075	115,136,374
Property and equipment, net	1,928,046	2,025,178
Prepaid expenses	99,964	133,183
Other assets	113,984	118,984
TOTAL ASSETS	$ 165,599,843	$ 144,071,491
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued expenses	$ 558,676	$ 462,200
Charitable gift annuities payable	103,874	103,874
Funds held for agencies	5,188,230	4,710,043
Total liabilities	5,850,780	5,276,117
NET ASSETS		
Without donor restrictions	11,732,280	10,617,793
With donor restrictions	148,016,783	128,177,581
Total net assets	159,749,063	138,795,374
TOTAL LIABILITIES AND NET ASSETS	$ 165,599,843	$ 144,071,491

See accompanying notes to these financial statements.

Santa Fe Community Foundation and Subsidiary
Consolidated Statements of Activities and Changes in Net Assets
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER INCOME			
Contributions	$ 504,283	$ 22,496,773	$ 23,001,056
Event income	21,705	909	22,614
Interest and dividends	945,425	2,557,461	3,502,886
Net realized and unrealized gain	678,526	13,394,207	14,072,733
Other income	2,527	-	2,527
Program income	-	4,412	4,412
Rental income from tenants	56,686	-	56,686
Change in split interest agreements	-	(13,960)	(13,960)
Fund management fees	1,988,076	(1,942,768)	45,308
Net assets released from restriction	16,659,027	(16,659,027)	-
	20,856,255	19,838,007	40,694,262
Contributions of nonfinancial assets	10,000	1,195	11,195
Total revenue, gains, and other income	20,866,255	19,839,202	40,705,457
EXPENSES			
Program services			
Grants	15,024,538	-	15,024,538
Program expenses	3,019,418	-	3,019,418
	18,043,956	-	18,043,956
Supporting services			
General and administrative	875,074	-	875,074
Development and donor services	832,738	-	832,738
	1,707,812	-	1,707,812
Total expenses	19,751,768	-	19,751,768
CHANGE IN NET ASSETS	1,114,487	19,839,202	20,953,689
NET ASSETS, beginning of year	10,617,793	128,177,581	138,795,374
NET ASSETS, end of year	$ 11,732,280	$ 148,016,783	$ 159,749,063

See accompanying notes to these financial statements.

Santa Fe Community Foundation and Subsidiary
Consolidated Statements of Activities and Changes in Net Assets
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)	-
	19,914,859	12,763,739	32,678,598
Contributions of nonfinancial assets	10,000	33,329	43,329
Total revenue, gains, and other income	19,924,859	12,797,068	32,721,927
EXPENSES			
Program services			
Grants	13,604,697	-	13,604,697
Program expenses	3,662,932	-	3,662,932
	17,267,629	-	17,267,629
Supporting services			
General and administrative	859,508	-	859,508
Development and donor services	864,856	-	864,856
	1,724,364	-	1,724,364
Total expenses	18,991,993	-	18,991,993
CHANGE IN NET ASSETS	932,866	12,797,068	13,729,934
NET ASSETS, beginning of year	9,684,927	115,380,513	125,065,440
NET ASSETS, end of year	$ 10,617,793	$ 128,177,581	$ 138,795,374

See accompanying notes to these financial statements.

Santa Fe Community Foundation and Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 20,953,689	$ 13,729,934
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	113,897	96,616
Net realized and unrealized gain on investments	(14,072,733)	(9,399,894)
Change in split interest agreements	13,960	13,960
Contributions restricted for endowment	(15,219,415)	(5,787,750)
Changes in assets and liabilities		
Interest receivable	(43,477)	20,130
Rent receivable	4,724	14,171
Prepaid expenses	33,219	(37,880)
Other assets	5,000	(3,290)
Accrued expenses	96,476	(36,992)
Funds held for agencies	478,187	(9,778)
Net cash from operating activities	(7,636,473)	(1,400,773)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	72,843,833	31,812,218
Purchases of investments	(82,819,801)	(38,105,466)
Proceeds from program related investments	166,373	900,590
Acquisition of property and equipment	(16,765)	(32,711)
Net cash from investing activities	(9,826,360)	(5,425,369)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment	15,219,415	5,787,750
Payments on charitable gift annuities	(13,960)	(13,960)
Net cash from financing activities	15,205,455	5,773,790
CHANGE IN CASH AND CASH EQUIVALENTS	(2,257,378)	(1,052,352)
CASH AND CASH EQUIVALENTS, beginning of year	24,958,455	26,010,807
CASH AND CASH EQUIVALENTS, end of year	$ 22,701,077	$ 24,958,455

See accompanying notes to these financial statements.

Note 1 – Nature of the Organization

The Santa Fe Community Foundation (the 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 and 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.

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 – Significant Accounting Policies, Principles of Consolidation, and Basis of Accounting

The consolidated financial statements of the Foundation and its wholly owned, single-member LLC (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 received are subject to other gift instruments or are subject to specific agreements with the Foundation.

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 2024, the Foundation's Board of Directors approved a distribution policy of 4% or 5% for all agency, designated, and donor-advised perpetual endowments and 4% for all other perpetual endowments, which remains in effect through 2025. 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.

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 and changes in net assets.

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.

Program Related Investments

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. The Foundation evaluates its program-related loan investments for expected credit losses in accordance with ASC 326, *Financial Instruments – Credit Losses.* An allowance account for credit loss is established based on management's estimate of expected credit losses, considering historical experience, current economic conditions, and reasonable and supportable forecasts. The allowance is evaluated periodically and adjusted as necessary.

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 2025 or 2024.

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 and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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, 2025 and 2024, there were no cash deposits with financial institutions in excess of the FDIC limit.

Reclassifications

Certain prior-year amounts included in the schedule of functional expenses have been reclassified to conform to the current-year presentation. These reclassifications had no effect on total expenses, changes in net assets, or net assets previously reported.

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 24, 2026, 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, 2025 and 2024:

	2025	2024
Financial assets		
Cash and cash equivalents	$ 22,701,077	$ 24,958,455
Interest receivable	118,656	75,179
Rent receivable	-	4,724
Investments		
Charitable gift annuities	298,392	276,650
Program related investments	1,444,041	1,619,414
Endowment and other	138,895,683	114,859,724
Total financial assets at year-end	163,457,849	141,794,146
Less financial assets unavailable for general expenditure within one year due to		
Perpetual endowments and accumulated earnings subject to appropriation beyond one year	(95,694,568)	(77,864,622)
Board-designated endowments	(7,651,343)	(7,216,756)
Donor-advised funds (subject to donor recommendations) or funds restricted for specific purposes	(51,712,105)	(50,678,474)
Financial assets and liquidity resources available to meet cash needs and general expenditures within one year	$ 8,399,833	$ 6,034,294

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.

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% or 4% of the trailing 12-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 2025 and 2024 totaled $85,436 and $87,726, 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 assesses 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 2025 and 2024, the Foundation assessed total management and administrative fees of $2,214,020 and $2,072,147, respectively, to be used to support the operations of the Foundation. Overall, administrative fees as percentage of total Foundation assets were 1.3% and 1.4% for 2025 and 2024, respectively.

The total operating budget approved by the Foundation board of Directors in 2025 and 2024 was $3,708,359 and $3,428,787, 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%.

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 statements 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, 2025 and 2024.

U.S. treasury notes, equities (common stocks), and preferred securities are valued using quoted prices in active markets for identical assets and are classified within Level 1 of the fair value hierarchy.

Government agency bonds, taxable municipal bonds, corporate bonds, equity exchange-traded funds, bond mutual funds, equity mutual funds, certain hedge fund investments, and real estate investments are valued using observable market inputs, including quoted prices for similar assets in active markets or quoted prices for identical or similar assets in markets that are not active. Accordingly, these investments are classified within Level 2 of the fair value hierarchy.

Certain investments, including certain hedge funds, managed futures and commodities funds, global alternatives funds, active income funds, absolute return funds, long/short equity funds, and private equity funds, are measured at fair value using the net asset value (NAV) practical expedient. In accordance with ASC 820 – *Fair Value Measurement*. Investments measured using NAV practical expedient are not categorized within the fair value hierarchy. The Foundation has determined that NAV, as reported by the respective investment managers, is an appropriate estimate of fair value.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2025 and 2024:

	December 31, 2025			
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
U.S. Treasury notes	$ 4,164,573	$ -	$ -	$ 4,164,573
Equities	36,474,773	-	-	36,474,773
Government agency bonds	-	1,905,184	-	1,905,184
Taxable municipal bonds	-	75,416	-	75,416
Corporate bonds	-	5,801,839	-	5,801,839
Preferred securities	5,146	-	-	5,146
Hedge funds	-	2,868,996	-	2,868,996
Equity exchange-traded funds	-	40,157,837	-	40,157,837
Bond mutual funds	-	17,507,330	-	17,507,330
Equity mutual funds	-	7,145,137	-	7,145,137
Total assets in the fair value hierarchy	$ 40,644,492	$ 75,461,739	$ -	116,106,231
Investments measured at NAV-practical expedient				23,087,844
				$ 139,194,075

	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	$ 36,896,022	$ 56,461,002	$ -	93,357,024
Investments measured at NAV-practical expedient				21,779,350
				$ 115,136,374

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, 2025:

	Commitment Amount	Contributions to Date	Remaining Commitments	Estimate Fair Value of Invested Funds	Redemption Frequency	Redemption Notice Period
Investments at NAV						
Hedge Funds				$ 8,446,383	Quarterly	20-90 Days
Private Equity	$ 19,509,923	$ 15,314,608	$ 6,222,694	14,641,461		
			Total NAV	$ 23,087,844		

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:

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

These investments consist of hedge funds, managed futures, commodities funds, global alternative funds, active income funds, absolute return funds, long/short equity funds, and private equity funds.

Private equity commitments represent contractual capital commitments to investment partnerships. Remaining commitments are determined in accordance with the terms of each partnership agreement and may differ from the original commitment amounts due to recallable (recyclable) distributions, commitment adjustments, foreign exchange effects, and other partnership-specific provisions.

Note 7 – Program-Related Investments

At December 31, 2025 and 2024, the Foundation had invested $1,750,000 in the form of seven program-related loans with carrying amounts of $1,444,041 and $1,619,414, respectively. These loans carry interest rates from 2% to 3% and loan terms vary from three to ten 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.

The allowance for credit losses on program- related investments totaled $77,125 and $68,125 at December 31, 2025 and 2024, respectively.

Note 8 – Property and Equipment

Property and equipment consist of the following at December 31:

	2025	2024
Furniture and equipment	$ 464,955	$ 465,676
Building and improvements	2,876,360	2,858,874
	3,341,315	3,324,550
Accumulated depreciation	(1,413,269)	(1,299,372)
Property and equipment, net	$ 1,928,046	$ 2,025,178

Depreciation expense totaled $113,897 and $96,616 for the years ended December 31, 2025 and 2024, respectively.

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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 as of December 31:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds			
Administrative endowments	$ -	$ 1,569,739	$ 1,569,739
Donor designated and agency endowment funds	-	16,548,986	16,548,986
Donor advised endowments	-	61,314,443	61,314,443
Discretionary endowments	202	88,254	88,456
Emergency endowments	-	986,874	986,874
Scholarship endowments	-	579,117	579,117
Field of interest endowments	401	49,579,339	49,579,740
Unrestricted endowments	2,644,214	3,527,782	6,171,996
Special projects endowments	-	137,596	137,596
Board-designated endowments	7,651,343	-	7,651,343
Total endowment funds	10,296,160	134,332,130	144,628,290
Non-endowment funds			
Donor advised	-	5,672,168	5,672,168
Special projects	-	659,806	659,806
Emergency	-	354,880	354,880
Field of interest	-	6,773,253	6,773,253
Scholarship	-	12,659	12,659
Board-designated	355	-	355
Unrestricted	1,435,765	13,615	1,449,380
Total non-endowment funds	1,436,120	13,486,381	14,922,501
Split interest agreements	-	198,272	198,272
Total net assets	$ 11,732,280	$ 148,016,783	$ 159,749,063

	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

The Foundation's endowment funds consist of several classes established to support its charitable mission. Administrative endowments provide funding for the Foundation's operations and administrative support. Donor designated and agency endowment funds support one or more specific charitable organizations designated by the donor or represent agency endowments held on behalf of other nonprofit organizations. Donor advised endowments provide donors or their appointed advisors the privilege to recommend grants to qualified charitable organizations in accordance with the Foundation's policies. Discretionary endowments support the Foundation's discretionary grantmaking activities to address current and emerging community needs. Emergency endowments provide resources for emergency and disaster response. Scholarship endowments provide educational scholarships in accordance with donor-established criteria. Field of interest endowments support charitable activities within donor-designated areas of interest. Unrestricted endowments provide flexible resources that may be used in accordance with donor intent or Board-approved spending policies. Special projects endowments support specific charitable initiatives or programs. Board-designated endowments consist of net assets without donor restrictions that the Board of Directors has designated to function as endowment funds.

The changes in endowment net assets for the years ended December 31, 2025 and 2024, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, end of 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
Contributions	3,850	15,219,415	15,223,265
Investment returns, net	862,363	15,928,251	16,790,614
Grants and scholarships	(259,314)	(8,035,014)	(8,294,328)
Other changes	(225,165)	(2,264,361)	(2,489,526)
Change in endowment net assets	381,734	20,848,291	21,230,025
Endowment net assets, end of year 2025	$ 10,296,160	$ 134,332,130	$ 144,628,290

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

	2025	2024
Fair value of underwater endowment funds	$ 2,239,103	$ 7,476,082
Original endowment gift amount	2,652,401	8,424,710
Deficiencies of underwater endowment funds	$ (413,298)	$ (948,628)

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 90 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 $73,909 and $71,295 for the years ended December 31, 2025 and 2024, respectively.

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Note 11 – Transactions in Funds Held for Agencies

The Foundation had 85 and 82 designated endowment funds and 55 and 55 agency endowment funds on December 31, 2025 and 2024, respectively. The agency endowments require accounting as funds held for agencies and had a combined value of $5,188,230 and $4,710,043 on December 31, 2025 and 2024, 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 2025 or 2024 consolidated statements of activities and changes in net assets.

	2025
Funds held for agencies at December 31, 2024	$ 4,710,043
Additions	
Contributions	108,833
Investment income	36,048
Realized gains	432,920
Unrealized gains	94,225
Total additions	672,026
Deductions	
Distributions - grants	193,839
Total deductions	193,839
Funds held for agencies at December 31, 2025	$ 5,188,230

	2024
Funds held for agencies at December 31, 2023	$ 4,719,821
Additions	
Investment income	21,600
Realized gains	125,365
Unrealized gains	267,387
Total additions	414,352
Deductions	
Distributions - grants	424,130
Total deductions	424,130
Funds held for agencies at December 31, 2024	$ 4,710,043

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 $87,706 and $79,850 during 2025 and 2024, respectively. Certain board members are fund advisors of funds held at the Foundation. As of December 31, 2025 and 2024, the value of these funds was $701,630 and $633,796, respectively.

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Note 13 – Schedules of Functional Expenses

The following schedule presents the natural classification of the summarized costs in the consolidated statements of activities and changes in net assets for 2025:

	Year Ended December 31, 2025			
	Program	General Administrative, Investment Fees, and Services	Development and Donor Services	Total
Grants	$ 15,024,538	$ -	$ -	$ 15,024,538
Other expenses				
Salaries and wages	832,733	550,878	437,741	1,821,352
Seminars and events	33,988	7,603	11,404	52,995
Consulting services	52,806	8,097	12,145	73,048
Professional services	1,242,744	6,366	9,548	1,258,658
Legal services	36,967	5,402	8,104	50,473
In-kind	10,000	-	-	10,000
Technology	113,917	31,736	47,604	193,257
Other employee benefits	93,710	56,547	48,703	198,960
Travel	47,728	15,179	22,768	85,675
Payroll taxes	73,377	50,351	39,101	162,829
Depreciation	56,949	22,779	34,169	113,897
Property expenses	36,457	14,523	21,784	72,764
Supplies	33,826	12,455	18,682	64,963
Printing and publications	25,692	3,048	4,571	33,311
401(k) plan contributions	32,380	24,111	17,418	73,909
Insurance	27,446	10,044	15,066	52,556
Dues and subscriptions	27,947	6,357	9,534	43,838
Accounting fees	25,031	10,012	15,019	50,062
Bank charges and fees	10,728	4,148	6,221	21,097
Occupancy	15,720	6,221	9,332	31,273
Workshop expenses	1,264	-	-	1,264
Public relations	35,684	13,524	20,285	69,493
Postage and shipping	5,362	1,806	2,708	9,876
Professional development	38,637	12,520	18,781	69,938
Donor development	107,256	1,035	1,552	109,843
Miscellaneous	1,069	332	498	1,899
Subtotal other expenses	3,019,418	875,074	832,738	4,727,230
Total expenses	$ 18,043,956	$ 875,074	$ 832,738	$ 19,751,768

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

	Year Ended December 31, 2024			
	Program	General Administrative, Investment Fees, and Services	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	1,837,866	12,409	18,614	1,868,889
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
Insurance	25,109	9,305	13,958	48,372
Dues and 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	8,304	-	-	8,304
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	99,261	7,548	11,322	118,131
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