

Consolidated Financial Statements

With Independent Auditors' Report

December 31, 2025 and 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Foundation for Monterey County
Monterey, California

Opinion

We have audited the accompanying consolidated financial statements of Community Foundation for Monterey County (a nonprofit organization) (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditors' 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 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 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 financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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.



April 28, 2026

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	**$ 37,487,997**	$ 33,639,461
Contributions receivable	**523,539**	441,408
Prepaid expenses	**45,811**	12,744
Property and equipment, net	**2,320,242**	2,553,163
Investments	**401,536,120**	340,753,047
Properties held for sale	**2,939,013**	10,383,039
Programmatic loans receivable	**6,255,014**	6,417,160
Right-of-use asset - operating lease, net	**49,825**	66,020
Charitable gift annuities	**5,771,902**	4,775,027
Beneficial interest in remainder trusts administered by other trustees	**965,655**	907,701
Investments held in charitable remainder trusts	**20,256,929**	20,248,345
Total assets	**$ 478,152,047**	$ 420,197,115
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	**$ 757,471**	$ 465,156
Grants payable	**2,189,210**	3,037,519
Deferred revenue	**8,250**	--
Notes payable	**690,902**	2,123,003
Operating lease liability	**51,163**	68,895
Liabilities under charitable gift annuities	**2,501,244**	2,247,037
Liabilities under charitable remainder trusts	**6,269,790**	7,222,260
Liabilities under split-interest agreements	**3,552,367**	3,627,909
Funds held for others	**82,086,478**	68,495,641
Total liabilities	**98,106,875**	87,287,420
NET ASSETS		
Without donor restrictions	**123,916,067**	96,569,024
With donor restrictions	**256,129,105**	236,340,671
Total net assets	**380,045,172**	332,909,695
	$ 478,152,047	$ 420,197,115

The notes to financial statements are an integral part of these statements.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Contributions	$ 53,670,922	$ 9,671,719	**$ 63,342,641**
Amounts received on behalf of others	(10,777,387)	(6,740,528)	**(17,517,915)**
Total support	42,893,535	2,931,191	**45,824,726**
Revenue:			
Management fees, net of expenses	587,066	--	**587,066**
Miscellaneous income	104,728	--	**104,728**
Rental income	1,375,350	--	**1,375,350**
Gain on sale of property	--	5,197,736	**5,197,736**
Net investment income	11,589,674	47,742,762	**59,332,436**
Net investment income allocated to funds held for others	--	(11,107,086)	**(11,107,086)**
Net assets released from restrictions	24,976,169	(24,976,169)	**--**
Total revenue	38,632,987	16,857,243	**55,490,230**
Total support and revenue	81,526,522	19,788,434	**101,314,956**
EXPENSES			
Program services:			
Grants awarded	56,938,832	--	**56,938,832**
Amounts distributed on behalf of others	(10,777,387)	--	**(10,777,387)**
Net grants awarded	46,161,445	--	**46,161,445**
Special programs	2,864,466	--	**2,864,466**
Grant making	911,360	--	**911,360**
Philanthropic services	277,888	--	**277,888**
Support services:			
Administration	2,882,197	--	**2,882,197**
Development	1,070,544	--	**1,070,544**
Fund management	11,579	--	**11,579**
Total program and support services	54,179,479	--	**54,179,479**
Increase in net assets	27,347,043	19,788,434	**47,135,477**
Net Assets, beginning	96,569,024	236,340,671	**332,909,695**
Net Assets, ending	$ 123,916,067	$ 256,129,105	**$ 380,045,172**

The notes to financial statements are an integral part of this statement.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Contributions	$ 67,631,459	$ 24,540,783	**$ 92,172,242**
Donated property held for sale	--	8,249,898	**8,249,898**
Amounts received on behalf of others	(21,745,493)	(19,045,188)	**(40,790,681)**
Total support	45,885,966	13,745,493	**59,631,459**
Revenue:			
Management fees, net of expenses	561,168	--	**561,168**
Miscellaneous income	180,887	--	**180,887**
Rental income	240,245	--	**240,245**
Net investment income	6,017,520	25,080,941	**31,098,461**
Net investment income allocated to funds held for others	--	(6,279,033)	**(6,279,033)**
Net assets released from restrictions	9,244,418	(9,244,418)	**--**
Total revenue	16,244,238	9,557,490	**25,801,728**
Total support and revenue	62,130,204	23,302,983	**85,433,187**
EXPENSES			
Program services:			
Grants awarded	66,143,193	--	**66,143,193**
Amounts distributed on behalf of others	(21,745,493)	--	**(21,745,493)**
Net grants awarded	44,397,700	--	**44,397,700**
Special programs	1,268,163	--	**1,268,163**
Grant making	945,796	--	**945,796**
Philanthropic services	278,685	--	**278,685**
Support services:			
Administration	2,547,683	--	**2,547,683**
Development	1,088,578	--	**1,088,578**
Fund management	11,629	--	**11,629**
Total program and support services	50,538,234	--	**50,538,234**
Increase in net assets	11,591,970	23,302,983	**34,894,953**
Net Assets, beginning	84,977,054	213,037,688	**298,014,742**
Net Assets, ending	$ 96,569,024	$ 236,340,671	**$ 332,909,695**

The notes to financial statements are an integral part of this statement.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2025

	Program Services					Support Services				
	Grants Awarded	Special Programs	Grant Making	Philanthropic Services	Total Program Services	Administration	Development	Fund Management	Total Support Services	Total
EXPENSES										
Grants awarded	$ 56,938,832	$ --	$ --	$ --	$ 56,938,832	$ --	$ --	$ --	$ --	**$ 56,938,832**
Amounts distributed on behalf of others	(10,777,387)	--	--	--	(10,777,387)	--	--	--	--	**(10,777,387)**
Net allocations	46,161,445	--	--	--	46,161,445	--	--	--	--	**46,161,445**
Advertising and promotion	--	5,063	14,959	3,801	23,823	33,180	11,218	160	44,558	**68,381**
Bank charges	--	147,388	5,078	1,290	153,756	11,263	3,808	54	15,125	**168,881**
Depreciation	--	14,038	67,784	17,222	99,044	125,136	50,834	724	176,694	**275,738**
Donor development	--	92,005	50,002	12,704	154,711	11,750	37,498	534	49,782	**204,493**
Dues/library	--	4,561	18,356	4,664	27,581	40,716	13,766	196	54,678	**82,259**
Events	--	--	--	--	--	99,113	--	--	99,113	**99,113**
Insurance	--	1,018	4,915	1,249	7,182	10,901	3,686	52	14,639	**21,821**
Office supplies	--	1,186	4,819	1,224	7,229	10,690	3,614	51	14,355	**21,584**
Other fund management expense	--	646,489	266	68	646,823	589	199	3	791	**647,614**
Payroll taxes and benefits	--	99,417	127,500	42,556	269,473	423,744	180,512	1,767	606,023	**875,496**
Printing and postage	--	27,161	16,464	4,183	47,808	36,518	12,347	176	49,041	**96,849**
Professional development	--	4,898	4,348	1,105	10,351	9,689	3,261	46	12,996	**23,347**
Professional fees	--	299,749	19,966	5,073	324,788	44,287	14,973	213	59,473	**384,261**
Properties held for sale	--	1,020,551	--	--	1,020,551	--	--	--	--	**1,020,551**
Property taxes	--	82	394	100	576	874	296	4	1,174	**1,750**
Rent	--	1,965	9,488	2,411	13,864	24,746	7,115	101	31,962	**45,826**
Repairs and maintenance	--	14,676	70,867	18,005	103,548	394,784	53,145	757	448,686	**552,234**
Salaries and wages	--	469,982	453,842	151,482	1,075,306	1,508,116	642,540	6,289	2,156,945	**3,232,251**
Staff expense	--	6,477	4,841	1,230	12,548	10,739	3,631	52	14,422	**26,970**
Telephone	--	2,543	12,278	3,120	17,941	27,233	9,208	131	36,572	**54,513**
Utilities	--	5,217	25,193	6,401	36,811	58,129	18,893	269	77,291	**114,102**
	$ 46,161,445	$ 2,864,466	$ 911,360	$ 277,888	$ 50,215,159	$ 2,882,197	$ 1,070,544	$ 11,579	$ 3,964,320	**$ 54,179,479**

The notes to financial statements are an integral part of this statement.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024

	Program Services					Support Services				
	Grants Awarded	Special Programs	Grant Making	Philanthropic Services	Total Program Services	Administration	Development	Fund Management	Total Support Services	Total
EXPENSES										
Grants awarded	$ 66,143,193	$ --	$ --	$ --	$ 66,143,193	$ --	$ --	$ --	$ --	**$ 66,143,193**
Amounts distributed on behalf of others	(21,745,493)	--	--	--	(21,745,493)	--	--	--	--	**(21,745,493)**
Net allocations	44,397,700	--	--	--	44,397,700	--	--	--	--	**44,397,700**
Advertising and promotion	--	3,925	14,246	3,620	21,791	32,024	10,684	152	42,860	**64,651**
Bank charges	--	230,867	5,770	1,466	238,103	12,798	4,327	62	17,187	**255,290**
Depreciation	--	9,378	45,282	11,505	66,165	100,436	33,959	483	134,878	**201,043**
Donor development	--	80,103	46,982	11,937	139,022	104,204	35,232	502	139,938	**278,960**
Dues/library	--	3,753	17,157	4,359	25,269	38,075	12,866	183	51,124	**76,393**
Insurance	--	1,399	6,753	1,716	9,868	14,978	5,064	72	20,114	**29,982**
Office supplies	--	1,424	5,683	1,444	8,551	12,606	4,262	61	16,929	**25,480**
Other fund management expense	--	71,107	16,989	4,316	92,412	37,683	12,740	181	50,604	**143,016**
Payroll taxes and benefits	--	94,298	124,889	39,671	258,858	400,924	172,118	1,650	574,692	**833,550**
Printing and postage	--	22,171	16,197	4,115	42,483	35,925	12,147	173	48,245	**90,728**
Professional development	--	3,980	5,696	1,447	11,123	12,634	4,272	61	16,967	**28,090**
Professional fees	--	262,557	41,003	10,418	313,978	92,068	30,750	438	123,256	**437,234**
Properties held for sale	--	91,765	--	--	91,765	--	--	--	--	**91,765**
Property taxes	--	64	309	78	451	686	231	3	920	**1,371**
Rent	--	1,965	9,488	2,411	13,864	21,045	7,116	101	28,262	**42,126**
Repairs and maintenance	--	14,724	71,097	18,064	103,885	157,696	53,318	759	211,773	**315,658**
Salaries and wages	--	357,692	478,852	152,107	988,651	1,386,487	659,942	6,328	2,052,757	**3,041,408**
Staff expense	--	9,601	3,767	957	14,325	8,371	2,825	40	11,236	**25,561**
Telephone	--	2,601	12,560	3,191	18,352	27,859	9,419	134	37,412	**55,764**
Utilities	--	4,789	23,076	5,863	33,728	51,184	17,306	246	68,736	**102,464**
	$ 44,397,700	$ 1,268,163	$ 945,796	$ 278,685	$ 46,890,344	$ 2,547,683	$ 1,088,578	$ 11,629	$ 3,647,890	**$ 50,538,234**

The notes to financial statements are an integral part of this statement.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2025 and 2024

	2025	2024
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	**$ 47,135,477**	$ 34,894,953
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Depreciation	**275,738**	201,043
Net realized and unrealized gains on investments	**(42,074,526)**	(18,047,551)
Gain from sale of property	**(5,197,736)**	--
Noncash expenses related to property held for sale	**314,309**	--
Contributions of stock	**(16,883,827)**	(13,849,085)
Contributions of properties held for sale	**--**	(8,249,898)
Contributions restricted for endowments	**(2,622,081)**	(4,993,910)
Contributions to charitable remainder trusts	**(17,542)**	--
Contributions to charitable gift annuities	**(291,569)**	(51,763)
Terminations of charitable remainder trusts	**391,754**	311,629
Change in value of split interest agreements	**(1,977,000)**	(658,591)
Right-of-use asset - operating lease, net	**16,195**	40,985
(Increase) decrease in:		
Contributions receivable	**(82,131)**	3,192,692
Prepaid expenses	**(33,067)**	(105)
Increase (decrease) in:		
Accounts payable and accrued expenses	**292,315**	155,188
Grants payable	**(848,309)**	1,021,818
Deferred revenue	**8,250**	(8,295)
Operating lease liability	**(17,732)**	(41,249)
Funds held for others	**13,590,837**	3,086,088
Net cash used by operating activities	**(7,963,506)**	(2,996,051)

The notes to financial statements are an integral part of these statements.

COMMUNITY FOUNDATION FOR MONTEREY COUNTY

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid to purchase property and equipment	**(42,817)**	(513,629)
Cash paid to purchase investments	**(47,626,385)**	(11,996,609)
Cash received from sale of property	**10,962,835**	--
Cash received from sale of investments	**67,121,194**	17,452,510
Change in balance of cash and money market funds held for long-term investment purposes	**(21,319,529)**	1,697,800
Investment in programmatic loans	**(1,872,500)**	(3,317,275)
Cash received on repayment of programmatic loans	**2,034,646**	316,971
Net cash provided by investing activities	**9,257,444**	3,639,768
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowments	**2,622,081**	4,993,910
Repayment of notes notes payable	**(67,483)**	(10,138)
Net cash provided by financing activities	**2,554,598**	4,983,772
Net increase in cash and cash equivalents	**3,848,536**	5,627,489
Cash and Cash Equivalents, beginning	**33,639,461**	28,011,972
Cash and Cash Equivalents, ending	**$ 37,487,997**	$ 33,639,461

The notes to financial statements are an integral part of these statements.

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Community Foundation for Monterey County (the "Foundation") is a California nonprofit organization that administers 681 funds for philanthropic purposes. The Foundation was organized to receive gifts and bequests from individuals, foundations, private and public corporations and to make grants to projects benefiting Monterey County.

Basis of accounting and presentation: The consolidated financial statements have been prepared on the accrual basis of accounting, under which revenues are recognized when they are earned and expenses are recognized when the related liability is incurred.

Description of net assets: The Foundation reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Use of estimates: Preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Principles of consolidation: These financial statements consolidate the statements of Community Foundation for Monterey County Real Estate #1 LLC, which is wholly owned by the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and cash equivalents: Cash and cash equivalents include all cash balances and highly liquid investments with original maturities of three months or less at acquisition which are not managed as part of long-term investment strategies and are not legally restricted. As of December 31, 2025 and 2024, the Foundation held $5,769,830 and $6,302,155, respectively, in cash that is designated primarily for use toward the Monterey County Gives Campaign grant program.

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents (continued): Concentrations of market risks exist for cash and cash equivalents. Cash and cash equivalents are held in major financial institutions and in the regular course of business, the Foundation may maintain operating cash balances at a bank in excess of federally insured limits. The Foundation believes it mitigates the risk of concentration by depositing at major financial institutions. The Foundation has not experienced any losses in such accounts.

Contributions receivable: Promises to give and bequests that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are discounted using a rate commensurate with the market risks involved applicable to the years in which the promises were received. As of December 31, 2025 and 2024, all contributions receivable are scheduled to be collected within one year and are recorded at net realizable value. Amortization of these discounts is included in contributions revenue in the accompanying consolidated statements of activities. No amounts have been recorded for uncollectible contributions, as management believes all amounts to be collectible.

Programmatic loans receivable: The programmatic loans receivable are carried at outstanding principal balance, less an allowance for loan losses. Interest income is accrued on the principal loan balance. Management's determination of the level of allowance for loan losses rests upon various judgements and assumptions, including current and projected economic conditions. As of December 31, 2025 and 2024, the allowance for loan losses was $0. Additional information about programmatic loans, including maturity, interest rates, and collateral, is provided in Note 3 to the financial statements.

Real estate held for sale: Real estate / property that has been contributed by a donor is recorded at its fair value at the contribution date based on an independent valuation, less any assets received and liabilities assumed. Due to the inherent uncertainties of the real estate valuation, the appraised values reflected in the accompanying consolidated financial statements may differ significantly from values that would be determined by negotiations between parties in sales transactions, resulting in differences that could be material.

Property and equipment: Property and equipment purchased are recorded at cost and donated property and equipment are recorded at estimated fair value on the date contributed to the Foundation. The cost of property and equipment purchased in excess of $1,000 is capitalized. Maintenance and repairs which do not extend the useful life of the respective assets are expensed as incurred. Depreciation is provided on the straight-line method over the estimated useful lives of the assets of five to thirty-nine years.

Assets donated with explicit restrictions regarding their use and contributions of cash that are restricted to property and equipment purchases are reported as restricted support. Absent donor stipulations regarding how long those donated assets are to be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in their specified service, at which time the net assets with donor restrictions are reclassified as net assets without donor restrictions.

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments: Alternative investments are carried at fair value based on net asset value per share as a practical expedient. All fixed income and equity securities with readily determinable fair values are carried at fair value based on quoted market prices. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales or maturities are calculated on a cost basis. Dividend and interest income are accrued when earned. To address market risk of investments, the Foundation maintains a formal investment policy that sets out performance criteria and investment guidelines. The Foundation has custody agreements with selected banks which process disbursements at the direction of authorized staff.

Charitable gift annuities: Charitable gift annuities require periodic payment of a fixed sum to designated beneficiaries and are terminated upon the death of the designated beneficiaries. Upon termination, the remaining assets of the annuity are then available for use by the Foundation in accordance with the donors' intent. The Foundation recognizes assets and donor restricted contribution revenue for its charitable gift annuities at the date the agreements are established, net of the liability recorded for the present value of the estimated future payments to be made to the donors and other beneficiaries based upon their life expectancies using IRS mortality tables and the appropriate discount rates. The carrying value of the assets is adjusted to fair value at the end of the year. Subsequent changes to the fair value of the assets and liabilities are reflected in the consolidated statements of activities and changes in net assets as a change in value of split-interest agreements.

Beneficial interest in remainder trusts administered by other trustees: The Foundation is a remainder beneficiary in various trusts administered by other trustees. A receivable is recorded at the present value of the amount held by the trustee that is due to the Foundation, which is calculated using the life expectancy of the income beneficiaries. The Foundation uses a discount rate commensurate with the risks involved to discount the contribution receivable. Valuations are reviewed annually by management by updating life expectancy of the income beneficiary, discount rates and the fair value of the underlying investments. The discount rates used for the years ended December 31, 2025 and 2024 were 4.6% and 5.0%, respectively. Subsequent changes to the fair value of the assets and liabilities are reflected in the consolidated statements of activities and changes in net assets as a change in value of split-interest agreements.

Charitable remainder trusts: The Foundation has been designated as the trustee for several irrevocable charitable remainder trusts. The trust agreements generally require the Foundation to make annual payments to the trust beneficiaries based on stipulated payment rates ranging from 5% to 10%, applied to the fair value of the trust assets, as determined annually. Upon the death of the beneficiaries, or other termination of the trusts as may be defined in the individual agreements, the remaining trust assets will be distributed by the Foundation to itself and to other beneficiaries, as stipulated in the trust agreements.

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Charitable remainder trusts (continued): The Foundation records the assets held in these trusts at their fair value based on quoted market values. A corresponding liability, liabilities under charitable remainder trusts, has been recorded to reflect the present value of required lifetime payments and remaining obligation to the named beneficiaries using discount rates commensurate with the risks involved, which were in existence at the date of gift, ranging from 1.6% to 7.4% for the years ended December 31, 2025 and 2024. Valuations are calculated annually by management by updating life expectancy of the income beneficiaries and investment values.

Liabilities under split-interest agreements represent the present value of the investments held in charitable remainder trusts owed to outside remainder beneficiaries at the settlement of the trust. These liabilities are calculated as a percentage of the present value of the investments held in charitable remainder trusts.

The difference between the fair value of the assets received and liabilities under charitable remainder trusts and under split-interest agreements is recognized as contribution revenue in the year the agreement is signed. Realized and unrealized gains and losses, interest and dividend income from the investments and changes in actuarial assumptions and accretions of the liabilities are recorded as changes to split-interest agreements in the accompanying consolidated statements of financial position.

Funds held for others: The Foundation accepts funds from unrelated nonprofit organizations which desire to have the Foundation provide efficient investment management, programmatic expertise and technical assistance. A liability is recorded at the readily determinable estimated fair value of assets deposited with the Foundation by nonprofit organizations. The Foundation refers to such funds as restricted purpose, designated and stewardship funds. In addition, related amounts received or distributed, investment income or loss and expenses are presented separately on the accompanying consolidated statement of activities. Restricted purpose and designated funds provide a permanent stream of operating income for agencies that donors wish to support over time. Stewardship funds are similar to restricted purpose and designated funds; however, the agency has the option of withdrawing a portion of its funds' principal at any time upon written request by the Board of Directors of the nonprofit agency and evidence of a board vote authorizing the distribution.

Financial instruments: Financial instruments included in the Foundation's consolidated statements of financial position include cash and cash equivalents, contributions receivable, prepaid expenses, investments, programmatic loans receivable, charitable gift annuities, beneficial interest in remainder trusts administered by other trustees, investments held in charitable remainder trusts, accounts payable and accrued expenses, grants payable, deferred revenue, liabilities under charitable gift annuities, liabilities under charitable remainder trusts, liabilities under split-interest agreements and funds held for others.

For cash and cash equivalents, contributions receivable, prepaid expenses, programmatic loans receivable, accounts payable and accrued expenses, grants payable, deferred revenue and funds held for others, the carrying value approximates fair value.

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued): Investments, charitable gift annuities, beneficial interest in remainder trusts administered by other trustees, investments held in charitable remainder trusts, liabilities under charitable gift annuities, liabilities under charitable remainder trusts and liabilities under split-interest agreements are reflected in the accompanying consolidated statements of financial position at their estimated fair values using methodologies described below.

Fair value measurements: Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, the Foundation considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability.

The three-level hierarchy for fair value measurements is defined as follows:

Level 1: Valuation is based on observable inputs using quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Valuation is based on inputs from sources other than quoted prices in active markets that are either directly or indirectly observable as of the reporting date. This may include quoted prices for similar assets in an active market, quoted prices for similar assets in a market that is not active or valuation methods using models, interest rates and yield curves as observable inputs.

Level 3: Valuation is based on unobservable inputs for the assets, reflecting the Foundation's consideration about the assumptions that a market participant would use in pricing the asset or liability, to the extent that observable inputs (Levels 1 and 2) are not available. Level 3 assets and liabilities include situations where there is little or no market activity for the asset or liabilities, and significant management judgment or estimates are required.

Investments are classified as Level 1, Level 2 or Level 3, depending on the nature of the composition. Beneficial interest in remainder trusts administered by other trustees, liabilities under charitable gift annuities, liabilities under charitable remainder trusts and liabilities under split-interest agreements are measured on a recurring basis and are classified as Level 3 since observable inputs are minimal.

While the Foundation believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such assets and liabilities existed, or had such assets and liabilities been liquidated, and these differences could be material to the consolidated financial statements.

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition: Contributions received are recognized as revenue when received or unconditionally promised. Contributions of assets other than cash are recorded at their estimated fair values. Contributions of public stock are recorded at the high-low average of the quoted price on the date of donation.

Functional expense allocation: Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Operating expenses are allocated based on a time study, with contract services, legal and other fund management expenses allocated to the specific function related to the expense.

Grants expense: Grant expenditures are recognized in the period the grant is approved provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee meets the terms of the conditions. Grants are returned to the Foundation if certain conditions are not met. Returned grants are included in miscellaneous income in the accompanying consolidated statements of activities.

Income tax status: The Foundation is a tax-exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Act and is classified as other than a private foundation.

The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

Leases: The Foundation has adopted FASB Accounting Standard codification (ASC 842), Leases. For leases with a lease term greater than one year, the Foundation recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Foundation determines whether an arrangement is or contains a lease at contract inception. Operating leases with a duration greater than one year are included in operating lease right-of-use assets and operating lease liabilities in the Organization's statement of financial position.

Operating lease right-of-use (ROU) assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Foundation uses a risk-free rate of a period comparable with that of the lease term. The Foundation considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Foundation is reasonably certain to exercise the option, (2) terminate the lease if the Foundation is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor.

The operating lease right-of-use assets also include any lease payments made and exclude lease incentives received or receivable. Lease expense is recognized on a straight-line basis over the expected lease term. Variable lease expenses are recorded when incurred.

NOTE 2. AVAILABILITY AND LIQUIDITY

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the availability of funding for grants from these endowments is based on the annual spending policy. In addition, the Foundation receives support without donor restrictions; in 2025 and 2024 such support was represented by approximately 99% and 77%, respectively, of non-endowed grants and contributions to fund operating needs, with the remainder funded by investment income without donor restrictions and management fees.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, development and fund management expenses, and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative, general, and development expenses, plus an amount that represents the next expected payment for grant commitments.

NOTE 2. AVAILABILITY AND LIQUIDITY (Continued)

The table below presents financial assets available for general expenditures within one year at December 31:

	2025	2024
Financial assets at year end:		
Cash and cash equivalents	$ 37,487,997	$ 33,639,461
Contributions receivable	523,539	441,408
Investments	401,536,120	340,753,047
Charitable gift annuities	5,771,902	4,775,027
Investments held in charitable remainder trusts	20,256,929	20,248,345
Total financial assets	465,576,487	399,857,288
Less amounts not available to be used within one year:		
Investments in non-liquid securities	11,698,755	11,717,095
Investments held in charitable gift annuities	5,771,902	4,775,027
Investments held in charitable remainder trusts	20,256,929	20,248,345
Portion of donor-restricted endowment to be retained in perpetuity	183,080,749	180,414,323
Financial assets not available to be used within one year	220,808,335	217,154,790
Financial assets available to meet general expenditures within one year	$ 244,768,152	$ 182,702,498

NOTE 3. PROGRAMMATIC LOANS RECEIVABLE

Since 2019, the Foundation has invested in various community impact loans. The loans require interest only payments over the term of the loans, with the principal due upon maturity. The loans bear interest between 2.5% and 4.38% and mature on various dates between 2026 and 2034. Interest income on the loans is recognized over the term of the loans and is calculated using the simple-interest method on principal amounts outstanding. During the years ended December 31, 2025 and 2024, interest income of $235,931 and $200,419 was recognized, respectively.

NOTE 4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following at December 31:

	2025	2024
Land	$ 461,627	$ 461,627
Building	1,083,488	1,083,488
Building and leasehold improvements	777,712	777,712
Furniture and equipment	387,344	396,252
Software	936,037	933,337
	3,646,208	3,652,416
Less accumulated depreciation	(1,325,966)	(1,099,253)
	$ 2,320,242	$ 2,553,163

Depreciation expense totaled $275,738 and $201,043 for the years ended December 31, 2025 and 2024, respectively.

NOTE 5. INVESTMENTS AND FAIR VALUE DISCLOSURES

The following table presents the fair value measurements of investments on the accompanying consolidated statements of financial position at December 31, by fair value hierarchy:

2025	Total	Level 1	Level 2	Level 3
Mutual funds	$ 254,240,074	$ 254,240,074	$ --	$ --
Fixed income securities	100,973,738	100,973,738	--	--
Alternative investments	7,211,762	7,211,762	--	--
Cash and money market funds	27,411,791	27,411,791	--	--
Total recurring fair value measurements	389,837,365	$ 389,837,365	$ --	$ --
Alternative investments measured at net asset value	11,698,755			
Total investments	$ 401,536,120			

NOTE 5. INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued)

2024	Total	Level 1	Level 2	Level 3
Mutual funds	$ 207,835,037	$ 207,835,037	$ --	$ --
Fixed income securities	88,766,550	88,766,550	--	--
Alternative investments	12,177,632	12,177,632	--	--
Cash and money market funds	20,256,733	20,256,733	--	--
Total recurring fair value measurements	329,035,952	$ 329,035,952	$ --	$ --
Alternative investments measured at net asset value	11,717,095			
Total investments	$ 340,753,047			

Investments include certain reserved balances required to be kept in separate investment accounts or to be used for specific purposes as designated by donors.

Alternative investments measured at net asset value: The Foundation holds certain alternative investments, including interests in private equity funds, that are measured at fair value using net asset value (NAV) per share (or its equivalent) as a practical expedient in accordance with ASC 820-10-35-59. These investments are not classified within the fair value hierarchy (Levels 1, 2, or 3) and are instead presented as a reconciling item to total investments. The NAV is based on the funds' reported net assets, calculated in a manner consistent with ASC 946, and represents the Foundation's proportionate interest in the funds' net assets.

The Foundation holds an investment in a core real estate fund. The ASB Allegiance Real Estate Fund ("ASB"), is stated at fair value as estimated in a privately traded market. The fair value of the Foundation's interest, or units, in ASB is determined based upon the most recent NAV information provided by ASB. ASB is a real estate private equity investment vehicle that invests in office, multifamily, retail and industrial properties in major urban markets in the United States. ASB's real estate investment values are estimated based on appraisals prepared externally by independent real estate appraisers, as well as income, cost, and sales comparisons. While this investment may create indirect exposure to the Foundation, the Foundation's risk is limited to its capital balance in its investment. The sale, exchange, assign, transfer, convey, pledge, grant a security interest in or otherwise dispose of any or all of the Foundation's interest in ASB requires written consent at the sole discretion of the member manager.

The Foundation holds an investment in a core property fund. The Harrison Street Core Property Fund ("HSCPF"), is stated at fair value, as estimated in a privately traded market. The fair value of the Foundation's interest, or units, in HSCPF was determined based upon the most recent NAV information provided by HSCPF.

NOTE 5. INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued)

Net investment income: Net investment income consists of the following at December 31:

	2025	2024
Interest and dividend income	$ 15,675,745	$ 12,687,120
Realized gains, net	9,435,193	8,760,289
Unrealized gains, net	32,639,333	9,287,262
Change in value of split-interest agreements	1,977,000	603,281
Net investment income before external investment fees	59,727,271	31,337,952
External investment fees	(394,835)	(242,635)
Net investment income	$ 59,332,436	$ 31,095,317

NOTE 6. CHARITABLE GIFT ANNUITIES AND FAIR VALUE DISCLOSURES

The following table presents the fair value measurements of charitable gift annuities on the accompanying consolidated statements of financial position at December 31, by fair value hierarchy:

2025	Level 1	Level 2	Level 3	Total
Investments held in charitable gift annuities	$ 5,771,902	$ --	$ --	$ 5,771,902
Liabilities under charitable gift annuities	$ --	$ --	2,501,244	$ 2,501,244

2024	Level 1	Level 2	Level 3	Total
Investments held in charitable gift annuities	$ 4,775,027	$ --	$ --	$ 4,775,027
Liabilities under charitable gift annuities	$ --	$ --	$ 2,247,037	$ 2,247,037

NOTE 6. CHARITABLE GIFT ANNUITIES AND FAIR VALUE DISCLOSURES

The following table provides a roll forward of the liabilities listed above measured at fair value using significant unobservable inputs (Level 3) during the periods ended December 31:

Liabilities under charitable gift annuities	2025	2024
Beginning balance	$ 2,247,037	$ 2,272,125
Additions	397,316	73,316
Terminations	(25,120)	--
Payments to income beneficiaries	(242,576)	(229,006)
Increase in value of liabilities under charitable gift annuities	124,587	130,602
Ending balance	$ 2,501,244	$ 2,247,037

NOTE 7. BENEFICIAL INTEREST IN REMAINDER TRUSTS ADMINISTERED BY OTHER TRUSTEES AND FAIR VALUE DISCLOSURES

The following table presents the fair value measurements of beneficial interest in remainder trusts administered by other trustees on the accompanying consolidated statements of financial position at December 31, by fair value hierarchy:

	2025 (Level 3)	2024 (Level 3)
Beneficial interest in remainder trusts administered by other trustees	965,655	907,701

The following table provides a roll forward of the assets listed above measured at fair value using significant unobservable inputs (Level 3) during the periods ended December 31:

	2025	2024
Beginning balance	$ 907,701	$ 860,500
Increase due to change in market values and actuarial life expectancy	57,954	47,201
Ending balance	$ 965,655	$ 907,701

NOTE 8. CHARITABLE REMAINDER TRUSTS AND FAIR VALUE DISCLOSURES

Investments held in charitable remainder trusts consist of the following at December 31:

	2025	2024
Marketable securities - equities	$ 13,184,944	$ 13,428,830
Marketable securities - debt	5,944,147	6,260,405
Money market funds and cash	1,127,838	559,110
	$ 20,256,929	$ 20,248,345

The following tables present the fair value of investments held in charitable remainder trusts on the accompanying consolidated statements of financial position at December 31, by fair value hierarchy.

2025	Level 1	Level 2	Level 3	Total
Investments held in charitable remainder trusts	$ 20,256,929	$ --	$ --	$ 20,256,929
Liabilities under charitable remainder trusts	$ --	$ --	$ 6,269,790	$ 6,269,790
Liabilities under split-interest agreements	$ --	$ --	$ 3,552,367	$ 3,552,367

2024	Level 1	Level 2	Level 3	Total
Investments held in charitable remainder trusts	$ 20,248,345	$ --	$ --	$ 20,248,345
Liabilities under charitable remainder trusts	$ --	$ --	$ 7,222,260	$ 7,222,260
Liabilities under split-interest agreements	$ --	$ --	$ 3,627,909	$ 3,627,909

NOTE 8. CHARITABLE REMAINDER TRUSTS AND FAIR VALUE DISCLOSURES (Continued)

The following tables provide a roll forward of the liabilities listed above measured at fair value using significant unobservable inputs (Level 3) during the periods ended December 31:

Liabilities under charitable remainder trusts	2025	2024
Beginning balance	$ 7,222,260	$ 7,958,561
Contribution to trust at present value	51,702	--
Termination of trust	--	(307,085)
Decrease in value due to change in market value and actuarial value of assets	(1,004,172)	(429,216)
Ending balance	$ 6,269,790	$ 7,222,260

Liabilities under split-interest agreements	2025	2024
Beginning balance	$ 3,627,909	$ 4,030,838
Additions	52,626	--
Termination of trust	(1,175,259)	(574,885)
Increase due to change in value of liabilities under charitable remainder trusts	1,047,091	171,956
Ending balance	$ 3,552,367	$ 3,627,909

NOTE 9. GRANTS PAYABLE

As of December 31, 2025, the balance included in grants payable is expected to be paid as follows:

2026	$ 2,036,210
2027	128,000
2028	25,000
	$ 2,189,210

NOTE 10. FUNDS HELD FOR OTHERS

At December 31, 2025 and 2024, the Foundation held 289 and 139 nonprofit funds for others, respectively, with balances as follows:

	2025	2024
Stewardship funds	$ 71,063,047	$ 59,417,594
Agency designated funds	11,023,431	9,078,047
	$ 82,086,478	$ 68,495,641

The following table summarizes the activity in these funds for the years ended December 31:

	2025	2024
Beginning balance	$ 68,495,641	$ 65,409,553
Amounts raised in contributions or transferred in	14,002,528	19,653,943
Dividend and interest income	3,046,652	2,508,425
Net realized and unrealized gains	8,060,434	3,770,607
Fees	(583,795)	(577,492)
Grants	(10,934,982)	(22,269,395)
Ending balance	$ 82,086,478	$ 68,495,641

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, as of December 31, consist of the following:

	2025	2024
Endowment funds	$ 238,519,007	$ 213,123,765
Investments held in charitable remainder trusts	20,256,929	20,248,345
Charitable gift annuities	5,771,902	4,775,027
Beneficial interest in remainder trusts administered by other trustees	965,655	907,701
Properties held for sale	2,939,013	10,383,039
Liabilities under charitable gift annuities	(2,501,244)	(2,247,037)
Liabilities under charitable remainder trusts	(6,269,790)	(7,222,260)
Liabilities under split-interest agreements	(3,552,367)	(3,627,909)
Ending balance	$ 256,129,105	$ 236,340,671

NOTE 12. ENDOWMENT DISCLOSURES

As of December 31, 2025 and 2024, the Foundation's endowment funds are comprised of 316 and 316 individual funds, respectively, established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The Board of Directors of the Foundation has interpreted the Uniform Prudent Management and Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Endowment investment policy: The Foundation has adopted investment and spending policies for endowment assets that attempt to achieve a growth in principal that will support a rise in charitable distributions that keep pace with inflation, avoid a high degree of risk and ensure endowment funds will operate in perpetuity. Endowment assets include those assets that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that attempts to achieve an average annual total return equal to or greater than the policy index. The investments are diversified based upon a target portfolio mix approved and adjusted from time to time by the Foundation's Investment Committee which will assist in achieving operating goals while minimizing exposure to risk. The portfolio mix is reviewed not less than quarterly and performance is measured against relevant indices. To satisfy its long-term return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment spending policy: For the year ended December 31, 2025, the Foundation distributed a payout of 4.50% for funds above their historic balance and including a collared payout rate of 3.95% for funds at 99% of their historic balance, 3.65% for funds at 98% of their historic balance, 3.35% for funds at 97% of their historic balance, and 3.0% for funds below 97% of their historic balance.

For the year ended December 31, 2024, the Foundation distributed a payout of 4.25% for funds above their historic balance and including a collared payout rate of 3.95% for funds at 99% of their historic balance, 3.65% for funds at 98% of their historic balance, 3.35% for funds at 97% of their historic balance, and 3.0% for funds below 97% of their historic balance.

NOTE 12. ENDOWMENT DISCLOSURES (Continued)

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level required by the donor or law, or the historical value of endowment gifts as a result of unfavorable market fluctuations. As of December 31, 2025, funds with original gift values of $144,617, fair values of $50,064, and deficiencies of $94,552 were reported in net assets with donor restrictions. As of December 31, 2024, funds with original gift values of $2,596,732, fair values of $2,557,832, and deficiencies of $38,900 were reported in net assets with donor restrictions.

During the years ended December 31, 2025 and 2024, endowment net asset activity was as follows:

	With Donor Restrictions
Endowment net assets, December 31, 2023	$ 200,602,546
Investment income (dividends and interest)	7,366,542
Net realized and unrealized gains	10,832,006
Total investment income	18,198,548
Contributions	5,023,838
Miscellaneous income	4,832
Appropriated for spending	(7,468,175)
Administration fees	(2,863,105)
Net endowment activity	12,895,938
Transfers of income to (from) endowment, net	(374,719)
Endowment net assets, December 31, 2024	213,123,765
Investment income (dividends and interest)	9,029,502
Net realized and unrealized gains	25,629,174
Total investment income	34,658,676
Contributions	2,665,097
Miscellaneous income	12,070
Appropriated for spending	(8,125,156)
Administration fees	(3,129,271)
Net endowment activity	26,081,416
Transfers of income to (from) endowment, net	(686,174)
Endowment net assets, December 31, 2025	$ 238,519,007

NOTE 13. MANAGEMENT FEES

The Foundation assesses a 0.5% to 2.00% annual management fee, depending on the size and type of fund, to each fund held within the Foundation.

In addition, the Foundation receives fees for the administration of charitable remainder trusts. The amount charged is two-tenths of one percent of the value of the trust assets, payable quarterly. These fees amounted to $40,700 and $42,775 for 2025 and 2024, respectively.

NOTE 14. RETIREMENT PLAN

The Foundation maintains a 403(b) plan covering all employees. Eligible employees may make voluntary contributions subject to certain limits. The plan provides for a discretionary contribution from the Foundation which is determined each year by the Board of Directors. Participants are eligible for the Foundation contribution when hired and have a six-month vesting period. Contributions by the Foundation charged to expense were $243,543 and $226,896 in 2025 and 2024, respectively.

NOTE 15. OPERATING LEASE

The Foundation leases office space in Salinas, California under a non-cancelable operating lease that expires July 2026, and requires monthly payments of $3,594, which escalates 3% annually in August. Rent expense amounted to $42,125 for each of the years ended December 31, 2025 and 2024.

The Foundation entered into a five year lease for copiers/printers in December 2025. The lease includes monthly payments of $468.

Other Information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$	43,662
ROU assets obtained in exchange for new operating lease liabilities	$	25,259
Weighted-average remaining lease term in years for operating leases		3
Weighted-average discount rate for operating leases		2.50%

NOTE 15. OPERATING LEASE (Continued)

Maturity Analysis December 31,	
2026	$ 31,527
2027	5,616
2028	5,616
2029	5,616
2030	5,148
Total undiscounted cash flows	53,523
Less: present value discount	(2,360)
Total lease liabilities	$ 51,163

NOTE 16. INTERFUND BORROWING

In December 2011, the Foundation purchased the building they were renting in Monterey, California. The total purchase price for the building and land was $1,545,115. The Foundation paid for the purchase using operating funds borrowed from their general endowment. The operating fund is paying the general endowment back on a monthly basis over 231 months, at an interest rate equal to 4% per annum. Monthly payments started at $7,500 and increase by 3% annually each January.

Future commitments for the operating fund repaying the general endowment as of December 31, 2025 are as follows:

2026	$ 136,240
2027	140,268
2028	144,480
2029	148,812
2030	153,276
Thereafter	38,650
	761,726
Amount representing interest	(77,444)
	$ 684,282

NOTE 17. RELATED PARTY TRANSACTIONS

Approximately $23,611 and $96,341 in donations were received from members of the Board of Directors during the years ended December 31, 2025 and 2024, respectively.

NOTE 18. NOTES PAYABLE

During the year ended December 31, 2024, the Foundation received a donation consisting of the sole membership interests in two LLCs, which held certain assets and liabilities, including two notes payable. As part of this transaction, the fair value of the acquired assets and liabilities was recorded in accordance with generally accepted accounting principles (GAAP).

During the year ended December 31, 2025, one of the notes payable was repaid in full in connection with the sale of the related LLC property. As of December 31, 2025, one note payable remains outstanding with a balance of $690,902.

The remaining note payable bears interest at 3.95% per annum and matures on February 1, 2050. Principal and interest payments are due monthly. The note is secured and is collateralized by rental income and the LLC's properties. The note payable remains a financial obligation of the Foundation, and management continues to assess its financial impact and repayment strategy.

Interest expense related to the notes for the years ended December 31, 2025 and 2024 was $109,174 and $14,017, respectively, and is included in property held for sale expenses on the statement of functional expenses. Future minimum principal payments on the note payable as of December 31, 2025 are as follows:

2026	$ 17,440
2027	18,141
2028	18,871
2029	19,630
2030	20,419
Thereafter	596,401
	$ 690,902

Management has evaluated the financial impact of the note payable on the Foundation and believes that sufficient resources are available to meet its obligations as they become due.

NOTE 19. SUBSEQUENT EVENTS

Management has evaluated its December 31, 2025 and 2024 consolidated financial statements for subsequent events through April 28, 2026, the date of issuance of the consolidated financial statements. The Foundation is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements.