

Central Valley Community Foundation and Supporting Organizations | Fresno, CA

Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2022



**CENTRAL
VALLEY
COMMUNITY
FOUNDATION**



PRICE PAIGE & COMPANY
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Central Valley Community Foundation
Fresno, California

Opinion

We have audited the accompanying consolidated financial statements of Central Valley Community Foundation (a nonprofit organization) and Supporting Organizations (the Foundation), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Central Valley Community Foundation and Supporting Organizations as of December 31, 2023 and 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 audit. 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 Consolidated 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 consolidated 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.

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Auditor's Responsibilities for the Audit of the Consolidated 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 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 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 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 consolidated 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 consolidated 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 consolidated 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.

Report on Supplementary Information

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



Clovis, California
December 10, 2024

CONSOLIDATED FINANCIAL STATEMENTS

CENTRAL VALLEY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATIONS | DECEMBER 31, 2023 AND 2022
Consolidated Statements of Financial Position

	2023	Restated 2022
ASSETS		
Cash and cash equivalents	\$ 22,965,884	\$ 24,209,543
Investment securities	100,658,928	90,522,942
Investments in other entities	35,119,116	35,727,369
Assessment fees and other receivables	886,509	226,744
Prepaid expenses and other assets	202,121	492,537
Taxes receivable	431,090	98,534
Contributions receivable, net	5,449,989	7,406,537
Bequest receivable	443,008	-
Beneficial interest in remainder trust	36,978,925	-
Right-of-use asset	517,895	670,848
Property and equipment, net	623,064	498,850
Total assets	<u>\$ 204,276,529</u>	<u>\$ 159,853,904</u>
LIABILITIES		
Accounts payable	\$ 1,595,349	\$ 6,422,576
Accrued payroll	115,227	101,473
Accrued expenses	1,109,437	1,218,488
Grants and pledges payable, net	4,683,711	12,286,976
Agency and custodial liabilities	13,458,421	13,318,827
Lease liabilities	578,183	749,234
Deferred unrelated business income tax	2,722,798	2,969,749
Total liabilities	<u>24,263,126</u>	<u>37,067,323</u>
NET ASSETS		
Without donor restrictions	40,798,650	34,733,886
With donor restrictions	139,214,753	88,052,695
Total net assets	<u>180,013,403</u>	<u>122,786,581</u>
Total liabilities and net assets	<u>\$ 204,276,529</u>	<u>\$ 159,853,904</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

CENTRAL VALLEY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

Consolidated Statement of Activities

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, gains and support:			
Gifts, grants, and contributions:			
Cash and financial assets	\$ 9,670,461	\$ 69,799,103	\$ 79,469,564
Nonfinancial assets	10,611	83	10,694
Administrative assessments	73,980	-	73,980
Investment income (loss), net	3,536,047	6,730,469	10,266,516
Equity earnings on investees	-	24,127	24,127
Other income	125,687	-	125,687
Total revenues, gains and support before net assets released from restrictions	13,416,786	76,553,782	89,970,568
Net assets released from restrictions	25,391,724	(25,391,724)	-
Total revenue, gains and support after net assets released from restrictions	38,808,510	51,162,058	89,970,568
Costs and expenses:			
Program services	30,443,512	-	30,443,512
Supporting services:			
Management and general	1,751,438	-	1,751,438
Fundraising	778,334	-	778,334
Tax provision:			
Current	(229,538)	-	(229,538)
Total costs and expenses	32,743,746	-	32,743,746
Change in net assets	6,064,764	51,162,058	57,226,822
Net assets, beginning of year, restated	34,733,886	88,052,695	122,786,581
Net assets, end of year	\$ 40,798,650	\$ 139,214,753	\$ 180,013,403

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

CENTRAL VALLEY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

Consolidated Statement of Activities

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, gains and support:			
Gifts, grants, and contributions:			
Cash and financial assets	\$ 15,827,889	\$ 10,774,900	\$ 26,602,789
Nonfinancial assets	7,607	15	7,622
Administrative assessments	81,767	-	81,767
Investment income (loss), net	(3,307,299)	(2,089,731)	(5,397,030)
Equity earnings on investees	-	2,012,124	2,012,124
Other income	4,006	-	4,006
Total revenues, gains and support before net assets released from restrictions	12,613,970	10,697,308	23,311,278
Net assets released from restrictions	19,654,341	(19,654,341)	-
Total revenues, gains and support after net assets released from restrictions	32,268,311	(8,957,033)	23,311,278
Costs and expenses:			
Program services	19,455,558	-	19,455,558
Supporting services:			
Management and general	1,620,538	-	1,620,538
Fundraising	761,371	-	761,371
Tax provision:			
Current	791,485	-	791,485
Total costs and expenses	22,628,952	-	22,628,952
Change in net assets	9,639,359	(8,957,033)	682,326
Net assets, beginning of year, restated	25,094,527	97,009,728	122,104,255
Net assets, end of year, restated	\$ 34,733,886	\$ 88,052,695	\$ 122,786,581

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

CENTRAL VALLEY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

Consolidated Statement of Functional Expenses

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 1,228,890	\$ 1,068,764	\$ 444,863	\$ 2,742,517
Payroll taxes and benefits	214,550	186,594	77,668	478,812
Worker's compensation	5,081	4,418	1,839	11,338
Total personnel costs	1,448,521	1,259,776	524,370	3,232,667
Depreciation	51,903	39,087	16,270	107,260
Education and training	75,663	13,197	5,493	94,353
Fees and memberships	41,893	32,775	13,642	88,310
Insurance	35,228	20,929	8,711	64,868
Interest	569	-	-	569
Marketing and advertising	153,471	45,805	19,066	218,342
Meetings, luncheons, dinners	57,419	33,066	13,763	104,248
Office supplies and expenses	154,279	53,675	22,342	230,296
Other	50,102	99,292	5,153	154,547
Printing	7,736	6,727	2,800	17,263
Professional fees	160,714	35,458	14,759	210,931
Receptions and other events	425,144	-	89,672	514,816
Rent and related	393,077	70,839	29,486	493,402
Taxes and licenses	221	10,044	-	10,265
Telephone and internet	8,511	7,401	3,081	18,993
Travel and auto	63,865	23,367	9,726	96,958
Total costs and expenses	1,679,795	491,662	253,964	2,425,421
Total costs and expenses before gifts, grants and programs	3,128,316	1,751,438	778,334	5,658,088
Gifts, grants and programs	27,315,196	-	-	27,315,196
Total costs and expenses after gifts, grants and programs	\$ 30,443,512	\$ 1,751,438	\$ 778,334	\$ 32,973,284

See Independent Auditor's Report and Notes to Consolidated the Financial Statements.

CENTRAL VALLEY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

Consolidated Statement of Functional Expenses

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries	\$ 933,500	\$ 939,742	\$ 416,655	\$ 2,289,897
Payroll taxes and benefits	150,611	151,616	67,222	369,449
Worker's compensation	4,512	4,543	2,014	11,069
Total personnel costs	1,088,623	1,095,901	485,891	2,670,415
Depreciation	50,695	16,633	5,815	73,143
Education and training	44,381	9,060	4,017	57,458
Fees and memberships	29,149	24,003	10,642	63,794
Insurance	31,413	20,840	9,240	61,493
Interest	120	-	-	120
Loss on disposal of asset	-	11,864	-	11,864
Marketing and advertising	89,569	59,376	26,326	175,271
Meetings/luncheons/dinners	49,700	9,132	4,049	62,881
Office supplies and expense	61,786	45,060	19,978	126,824
Other	111,346	111,820	3,307	226,473
Printing	1,532	1,542	684	3,758
Professional fees	26,362	98,244	15,889	140,495
Receptions and other events	203,036	-	138,282	341,318
Rent and related	366,255	59,762	26,497	452,514
Taxes and licenses	25	33,047	-	33,072
Telephone and internet	7,843	7,896	3,501	19,240
Travel and auto	63,699	16,358	7,253	87,310
Total costs and expenses	1,136,911	524,637	275,480	1,937,028
Total costs and expenses before before gifts, grants and programs	2,225,534	1,620,538	761,371	4,607,443
Gifts, grants and programs	17,230,024	-	-	17,230,024
Total costs and expenses after gifts, grants and programs, restated	<u>\$ 19,455,558</u>	<u>\$ 1,620,538</u>	<u>\$ 761,371</u>	<u>\$ 21,837,467</u>

See Independent Auditor's Report and Notes to Consolidated the Financial Statements.

CENTRAL VALLEY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022

Consolidated Statements of Cash Flows

	2023	Restated 2022
Cash flows from operating activities:		
Change in net assets	\$ 57,226,822	\$ 682,326
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	107,260	73,143
(Gain) loss on disposal of asset	-	11,864
Unrealized (gains) losses	(7,666,306)	9,543,765
Change in equity earnings on investee	608,253	4,862,209
Donated securities	(644,348)	(4,346,242)
Reduction in basis of right-of-use assets	152,953	103,530
Changes in operating assets and liabilities:		
Accounts, contributions, and bequest receivable	521,219	(6,273,744)
Beneficial interest in remainder trust	(36,978,925)	-
Prepaid expenses and other assets	290,416	(28,653)
Accounts and grants payable	(12,430,492)	10,291,520
Deferred unrelated business income tax	(246,951)	644,666
Accrued payroll	13,754	27,440
Accrued expenses and taxes payable	(109,051)	(880,599)
Lease liabilities	(171,051)	(25,144)
Agency and custodial liabilities	139,594	(7,483,355)
Net cash provided by (used in) operating activities	<u>813,147</u>	<u>7,202,726</u>
Cash flows provided by (used in) investing activities:		
Purchase of property and equipment	(231,474)	(455,956)
Purchase of investment securities	(62,430,170)	(66,450,896)
Proceeds from sales of investment securities	<u>60,604,838</u>	<u>62,612,485</u>
Net cash provided by (used in) investing activities	<u>(2,056,806)</u>	<u>(4,294,367)</u>
Increase (decrease) in cash and cash equivalents	(1,243,659)	2,908,359
Cash and cash equivalents, beginning of year	<u>24,209,543</u>	<u>21,301,184</u>
Cash and cash equivalents, end of year	<u>\$ 22,965,884</u>	<u>\$ 24,209,543</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 136</u>	<u>\$ 59</u>
Income taxes paid	<u>\$ 434,533</u>	<u>\$ 341,085</u>
Right-of-use assets upon ASC842 implementation	<u>\$ -</u>	<u>\$ 774,378</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND OPERATIONS

Nature of Operations

The Central Valley Community Foundation (the Foundation) is a California non-profit corporation formed in 1966 for the purpose of improving the quality of life in the Central San Joaquin Valley. It promotes and encourages charitable giving, provides grants to qualified organizations and projects, and administers funds established by donors and others for the benefit of the community. The Foundation is primarily supported by contributions and grants from the general public and private foundations, investment earnings, and administrative fees from services as a fiscal agent and fund manager.

The Foundation administers approximately 290 separate donor funds established by businesses and individuals for various charitable purposes. Funds provided to the Foundation by such donors are administered in accordance with the terms established by the donors and/or the Foundation's Board of Directors, as appropriate. The Foundation generally assesses each fund an administration fee based on the fund's average balance.

In connection with the acquisition of a real estate property and other assets, the Foundation formed Edna Lake, LLC in 2008 to hold title to real estate parcels and other assets. In anticipation of further acquisitions of real estate parcels and other assets, the Foundation formed CVCF Holdings, LLC in 2016. Additionally in 2016, the Foundation formed LHCF, LLC to manage, operate and maintain a public park located in Lost Hills, California. The LLC's were formed to protect the Foundation from any claims related to assets acquired. These financial statements include the account balances and financial activities of the Foundation and its wholly owned LLCs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncement

In June 2016, the FASB issued guidance (FASB ASU 2016-13, Financial Instruments - Credit Losses) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through change in net assets or net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the Foundation's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in FASB ASU 2016-13, Financial Instruments - Credit Losses were accounts receivable. The Foundation adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

During the year ended December 31, 2022, the Foundation adopted Accounting Standards Update (ASU) 2016-02, Leases (also referred to as ASC842, Leases) which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Foundation elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU 2016-02, the Foundation recognized right-of-use assets of \$774,378 and lease liabilities totaling \$774,378 in its statement of financial position as of January 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Supporting Organizations

The Foundation is the named beneficiary of at least two Supporting Organizations. One of the Supporting Organizations was funded in 2002 and the other was funded in 2010. Supporting Organizations are established by certain donors in connection with sponsoring non-profit organizations similar to the Foundation and have independent Boards of Directors.

The Lyles Foundation (LF) was established in October 2002 as a non-profit charitable trust and Supporting Organization to the Central Valley Community Foundation. The Indenture, which established the Lyles Foundation Trust, specifically states that it was organized to support the charitable activities of the Central Valley Community Foundation. Immediately following its organization and again in 2012, the Lyles Foundation Trust received donations consisting of shares of stock in privately held businesses that had an “S” election in effect for Federal and State of California income tax purposes. Future sales of the donated stock by the Lyles Foundation Trust as well as its share of the private company’s annual earnings give rise to an Unrelated Business Income Tax (UBIT). For this reason, the value of the donations for financial reporting purposes has been adjusted to reflect any estimated deferred tax liability. Any UBIT incurred is paid directly by the Lyles Foundation Trust. The value of any private company stock is determined by an independent business valuation expert upon donation and annually thereafter. As a Type I Supporting Organization, the Board of Directors comprises three directors elected by the Foundation and two members elected by the LF.

The Silkwood Family Foundation (SFF) was established in 1999 as a non-profit charitable trust and Type III Supporting Organization to the Central Valley Community Foundation for their various community services and programs. As a Type III Supporting Organization, the Board of Directors comprises two directors elected by the Foundation, two directors elected by SFF, and one jointly elected by the four directors. This supporting organization was initially funded during 2010.

The Central Valley Foundation (CVF) was established in 1993 as a non-profit charitable trust and a Type I Supporting Organization to the Central Valley Community Foundation and the Sacramento Region Community Foundation. As a Type I Supporting Organization, the Board of Directors shall not be less than three nor more than eleven and must comprise of a simple majority of directors appointed by the supported organizations. As the Foundation does not have control over this Supporting Organization, the activities of the Central Valley Foundation are not consolidated with the Foundation.

Classification of Net Assets

The consolidated financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Foundation to report 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.

Certain net assets without donor restrictions have been specifically designated by the Board of Directors to be separately maintained for various projects and operating funds. Such funds are identified as Board Designated Net Assets.

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 Statements of Activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include accounts of the Lyles Foundation and Silkwood Family Foundation. All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of various demand and interest-bearing accounts on deposit with insured financial and brokerage institutions. The Foundation considers all investments with an original maturity of three months or less to be cash equivalents.

Fair Value of Certain Financial Instruments

The Foundation considers its cash and cash equivalents, assessment fees, receivables, prepaid expenses and other assets, accounts payable, and accrued expenses to be short-term in nature, and therefore their fair values approximate their carrying values. The carrying amount of grants payable approximates fair value because such liabilities are recorded at estimated net present value based on anticipated future cash flows.

Investment Securities

The Foundation maintains master trust and brokerage accounts for the investment of Agency and Trust Funds and certain of its Net Assets. All of the Foundation's investment securities are available for sale. Investment income and expenses, including realized and unrealized gains and losses, are generally allocated to the various maintained funds based on their relative fair values. Investment income, including unrealized gains and losses, interest, dividends and related items are recognized in the Consolidated Statement of Activities or Agency and Trust Funds Liability, as appropriate, as they occur. The Foundation's investment managers or advisors estimate such investments at their fair values based on quoted closing brokerage prices or other factors.

Allowance for Doubtful Accounts

The Foundation provides an allowance for doubtful accounts based on its review of the outstanding receivables and Program Related Investments. In considering the allowance account reserve, the Foundation evaluates certain factors including the organization and borrower's ability to pay, their financial condition, loan collateralized assets and others. Recoveries of accounts and programs previously written-off or changes in allowance estimates are recognized as income when received or recorded.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the fair value at the date of donation. All assets acquired by the Foundation whose initial value or cost exceeds \$1,000 are capitalized and depreciated. Routine repairs and maintenance, including planned major maintenance activities, are expensed when incurred. Depreciation and amortization are recorded using the straight-line method over estimated useful lives of 3 to 10 years.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Foundation determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Foundation does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Lease terms may include options to extend or terminate certain leases. The value of a lease option is reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease.

Operating leases are included in right-of-use assets and long-term liabilities in the statement of financial position. Finance leases are included in property and equipment and long-term liabilities in the statements of financial position.

Agency and Custodial Liabilities

The Foundation holds both custodial funds and agency funds as part of its operations. These funds are managed on behalf of donors, affiliated organizations, and other entities. Custodial funds are held in a fiduciary capacity, where the Foundation acts as a custodian with no ownership interest. Agency funds, on the other hand, are funds that the Foundation manages on behalf of other nonprofit organizations, with the Foundation acting as an agent or intermediary. As a fiscal agent/sponsor, the Foundation has received funds with donor-imposed restrictions for which it does not have either 1) a unilateral right to redirect the funds to other uses (variance power) or 2) significant involvement in the determination of specific beneficiaries. Such funds are not considered contributions and are recorded as agency and custodial liabilities. Changes in the agency and custodial liabilities are reported separately and are not included in the Foundation's consolidated statement of activities.

Revenue and Revenue Recognition

The Foundation recognizes contributions when cash, securities, or other assets; unconditional promise to give; or a notification of a beneficial interest is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions and a net asset released from restriction if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

A portion of the Foundation's revenue is obtained through the assessment of administrative fees. The Foundation assesses fees to cover the cost of administration and to continue its important work in the community. Fees deducted from fund balances provide the necessary resources to operate efficiently and effectively, ensuring fiscal responsibility in grant due diligence, donor and nonprofit education, investment management, research, and other activities. Total fees per fund are determined by the fund type and the choice of investment vehicle. Each fund pays a fund management fee plus an investment management fee. These fees are recognized at a point in time.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Charitable Remainder Trusts and Split Interest Agreements

The Foundation is named as a remainder beneficiary of charitable remainder and other trusts administered by other trustees. The balances in the trusts, and the income thereon, are available in various amounts to the life beneficiaries. In several cases, the donors have the right to change the beneficiary prior to their demise. Any balances remaining in the trusts upon the demise of the life beneficiaries may be distributed to the Foundation and/or other named beneficiaries. Amounts ultimately available to the Foundation from these trusts are dependent upon future events and cannot reasonably be determined. Such amounts are recognized as donations when the donor's conditions are met and/or when received by the Foundation.

Split-interest agreements consist of arrangements with donors where the Foundation has an interest in the assets and receives benefits that are shared with other beneficiaries. Contribution revenues are recognized at the date the agreements are established. For irrevocable split-interest agreements whose assets are held in trusts not administered by the Foundation, the estimated fair value of its beneficial interest in the trust assets and the associated gift revenue is recognized when reported to the Foundation. These split interest agreements are recorded as beneficial interest in remainder trust in the consolidated statements of financial position.

Endowment Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets (net assets with donor restrictions) that attempt to provide a predictable stream of funding to programs supported by endowments while seeking to maintain the purchasing power of the endowments' assets. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes the projected return objective through diversification of asset classes. The portfolio is designed to generate real rates of return in excess of inflation with regard to an appropriate balance of risk and reward for long-term capital growth.

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 distributable from the Foundation's various endowed funds for grants and administration. At December 31, 2023 and 2022, the spending policy seeks to distribute an amount equal to 4.5% of the fund balance, calculated over a 16-quarter average. Accordingly, over the long term, the Foundation expects its current spending policy to allow its endowment assets to grow at an average rate of approximately 1% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment returns.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Method of Accounting for the Lyles Foundation (Supporting Organization)

The Lyles Foundation has significant investments in a number of limited partnerships. These individual limited partnerships generally encounter delays in completing their accounting and reporting their annual valuations to Lyles Foundation. In prior years, the completion of the Foundation's financial statements has been delayed as a result of the delay in receiving the accounting of these limited partnerships. In order to expedite the preparation of the Foundation's financial statements, the Foundation has decided not to wait for the completion of the accounting and tax compliance filings of these limited partnerships and instead report the 2022 and 2021 limited partnership balances. Other Lyles Foundation account balances, including cash, receivables, payables and other liabilities are reported at their appropriate year-end balances.

The net asset value of the Lyles Foundation for the year ended December 31, 2022 decreased by \$1,711,748. The ultimate change in value, if any, for the Lyles Foundation's limited partnership activities for the year ended December 31, 2023 will be reflected in the Foundation's consolidated financial statements for the year ending December 31, 2024. This policy is being applied consistently in current and future years and will allow the Foundation to prepare its consolidated financial statements in a timely manner.

Contributed Nonfinancial Assets

The Foundation recognizes contributed nonfinancial assets within revenue, including donated materials, assets, land, space, and professional services.

Donated equipment and supplies are used in various programs within the Foundation. The Foundation estimates the value based on the fair value that would be paid for similar items in the Central Valley.

Contributed services comprise professional services that would otherwise be purchased. Contributed services are valued and reported at the estimated fair value based on current rates for similar services.

Marketing and Advertising

The Foundation expenses all marketing and advertising costs as incurred. Total marketing and advertising costs for the years ended December 31, 2023 and 2022 were \$218,342 and \$175,271 respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results will differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Classification of Expenses

The costs of providing the Foundation's various charitable and general services have been summarized on a functional basis in the Consolidated Schedule of Functional Expenses. Accordingly, direct and indirect expenses have been allocated to program services or other activities based on their specific identification or the personnel resources utilized in the function. Supporting services consist principally of general, administrative and management costs not directly allocable to Program Services or Fundraising activities.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes and benefits	Time and effort
Workmen's compensation	Time and effort
Accounting and legal fees	Time and effort
Depreciation	Time and effort
Education and training	Time and effort
Fees and memberships	Time and effort
Insurance	Time and effort
Marketing and advertising	Time and effort
Meetings, luncheons, dinners	Time and effort
Office supplies	Time and effort
Printing	Time and effort
Rent and related	Time and effort
Telephone and internet	Time and effort
Travel and auto	Time and effort

Tax Exempt Status

The Foundation and its Supporting Organizations have qualified as non-profit organizations and have been granted tax-exempt status pursuant to Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). The Foundation's LLCs are subject to the State of California's minimum tax for each entity.

Generally accepted accounting principles provides accounting and disclosures guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Foundation, Supporting Organizations and LLC's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

NOTE 3 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure within one year of the Statement of Financial Position date consist of the following:

	2023	2022
Cash in bank	\$ 22,965,884	\$ 24,209,543
Contributions and other receivables	44,189,521	7,731,815
Investments	<u>100,658,928</u>	<u>90,522,942</u>
Total financial assets	167,814,333	122,464,300
Less amounts not available to be used within one year:		
Board-designated with liquidity horizons greater than one year	(1,709,170)	(1,623,456)
Donor-restricted with liquidity horizons greater than one year	<u>(123,395,333)</u>	<u>(75,097,549)</u>
Financial assets not available to be used within one year	<u>(125,104,503)</u>	<u>(76,721,005)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 42,709,830</u>	<u>\$ 45,743,295</u>

The Foundation has certain board-designated and donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above for financial assets to meet general expenditures within one year. However, the board-designated amounts could be made available, if necessary. The Foundation also has other assets limited to use for donor-restricted purposes.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds. Funds that have been Board designated may be undersigned by the Board for alternative use to meet any unexpected liquidity needs.

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at December 31:

	2023	2022
Furniture, fixtures and office equipment	\$ 366,042	\$ 330,925
Leasehold improvements	212,032	177,724
Software	158,969	156,469
Construction in progress	164,348	4,798
Less accumulated depreciation	<u>(278,327)</u>	<u>(171,066)</u>
Total property and equipment, net	<u>\$ 623,064</u>	<u>\$ 498,850</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$107,260 and \$73,143 respectively.

NOTE 5 – INVESTMENT SECURITIES

Investment securities consist of the following at December 31:

	Fair Value	
	2023	2022
Equities	\$ 57,064,599	\$ 48,205,002
Fixed income	29,736,562	28,245,898
Mutual funds	95,033	194,064
Alternative investments	13,762,734	13,877,978
Total investments	<u>\$ 100,658,928</u>	<u>\$ 90,522,942</u>

At December 31, 2023 and 2022, approximately \$83,750,000 and \$74,749,000, respectively, of the Foundation's funds were held in custodial accounts at SEI Private Trust Company. These custodial accounts are managed by SEI Investments (SEI), an independent investment management and advisory firm. The investment securities and cash and cash equivalents are invested primarily in SEI sponsored mutual funds and investment pools. At December 31, 2023 approximately 53%, 31%, and 16% of the Foundation's total investment securities at SEI were invested in SEI Large & Small "Cap" Funds, Core Fixed Income Funds, and Alternate Investment Funds, respectively. At December 31, 2022 approximately 51%, 31%, and 18% of the Foundation's total investment securities at SEI were invested in SEI Large & Small "Cap" Funds, Core Fixed Income Funds, and Alternate Investment Funds, respectively.

SEI manages the Foundation's funds in accordance with an Investment Policy established by the Foundation's Investment Committee and approved by its Board of Directors after considering the Foundation's needs for near-term financial resources, appropriate asset allocations and diversification. SEI's parent company, SEIC, and its subsidiaries maintain in full force and effect a comprehensive property/casualty insurance program that extends to all its subsidiaries and is underwritten by reputable insurers having an A.M. Best rating of A- or higher. The corresponding limits of coverage are in-line with peers and at levels SEIC management deems reasonable given the company's financial standing and its insurable risks. As a publicly held company, detailed information regarding SEIC's corporate insurance program is deemed proprietary and confidential, and is evidenced to third parties per terms specified by written agreement (i.e., client's written and fully executed SEI service agreement) that imposes conditions of confidentiality over the release of such information.

At December 31, 2023 and 2022, approximately \$14,224,000 and \$7,113,000 of the Foundation's funds, including approximately \$3,034,000 and \$7,001,000, respectively, of the Foundation's cash and cash equivalents, were held by First Republic Securities Company LLC., an independent investment management and advisory firm.

At December 31, 2023 and 2022, approximately \$5,235,000 and \$10,456,000, respectively, of the Lyles Foundation's funds, including approximately \$792,000 and \$4,166,000, respectively, of the Lyles Foundation's cash and cash equivalents, were also held by First Republic. The funds with First Republic are covered by a combination of insurance provided by FDIC, SIPC and private insurance provided by First Republic.

The Foundation also maintains cash balances in various accounts with other financial institutions. At December 31, 2023 and 2022, cash in the amounts of approximately \$6,320,000 and \$12,461,000, respectively, were in excess of insurance provided by the FDIC.

NOTE 5 – INVESTMENT SECURITIES (Continued)

The Foundation’s investment earnings from investment securities activities during the year ended December 31 were as follows:

	2023	2022
Interest and dividends	\$ 4,147,955	\$ 3,632,737
Unrealized gains (losses)	7,666,306	(8,865,765)
Realized gains (losses)	(1,064,495)	233,567
Investment fees	(483,250)	(397,570)
Total investment income (loss), net	<u>\$ 10,266,516</u>	<u>\$ (5,397,030)</u>

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the levels of risk associated with certain investment securities, it is reasonably possible that changes, either increases or decreases, in the values of investment securities will occur in the near term and those changes could materially affect the Foundation’s account balances and amounts reported in the Consolidated Statement of Activities.

NOTE 6 – INVESTMENTS IN OTHER ENTITIES

The Lyles Foundation has significant investments in other entities that are accounted for under the equity method of accounting. Under the equity method of accounting, an investor accounts for the ownership interest in another entity initially at cost and that value is periodically adjusted to reflect the changes in value due to the investor’s ownership share in the entity’s income or losses. The primary criteria in determining whether the equity method of accounting should be used is whether an investor is deemed to have the ability to significantly influence the investee’s operating and financial policies, and is not solely based on the ownership percentage.

The Lyles Foundation’s investments in other entities are as follows for the years ended December 31 (see Note 2—Method of Accounting for the Lyles Foundation):

	2022 (consolidated into 2023)		2021 (consolidated into 2022)	
	Ownership Interest	Carrying Value	Ownership Interest	Carrying Value
Lyles Diversified, Inc.	6.15%	\$ 25,583,355	6.24%	\$ 26,014,007
Lyles Investments, LLC	0.80%	1,486,679	0.87%	1,544,208
Lyles United, LLC	1.33%	7,968,782	1.32%	8,072,770
Total investments in other entities		<u>\$ 35,038,816</u>		<u>\$ 35,630,985</u>

The Lyles Foundation has the ability to significantly influence the activities of the investees as the Lyles Foundation has certain Board of Director representatives that serve as the investees’ management and participate in the investees’ policy-making processes.

NOTE 7 – CONTRIBUTIONS RECEIVABLE

Contributions receivables comprise amounts due from grantors for the implementation of various community programs activities and services. The Foundation generally has discretion as to how funds are disbursed and expended for such programs and services. Grants are generally made by the Grantor in various annual progress installments, based upon contractual agreements. Grant progress payments are dependent upon approval by the Grantor of project or program progress reports.

The Foundation's contributions receivable consists of the following at December 31:

	2023	2022
Resnick Foundation	\$ 75,000	\$ -
Kresge Foundation	500,000	-
Central Valley Opportunity Fund	602,590	150,000
State of California	500,000	-
California Endowment	-	50,000
Sobrato Family Foundation	100,000	100,000
EDA Federal	489,337	114,338
Lyles Foundation	-	6,992,199
James B. McClatchey Foundation	2,500,000	-
LCHF	75,000	-
California Department of Food and Agriculture	91,466	-
Employee Development Department	658,415	-
Other	75,000	-
	<u>5,666,808</u>	<u>7,406,537</u>
Less discount	(216,819)	-
Total contributions receivable, net	<u>\$ 5,449,989</u>	<u>\$ 7,406,537</u>

Contributions receivable at December 31, 2023 represent unconditional promises to give to the Foundation that remain uncollected at year-end and are expected to be collected as follows:

Less than one year	\$ 3,836,174
Two to five years	1,830,634
More than five years	<u>-</u>
Total	<u>\$ 5,666,808</u>

NOTE 8 – BEQUESTS RECEIVABLE

In 2023, the Foundation received a bequest from the estate of Sandra Lee Williams. The bequest included cash valued at \$443,008. Management has evaluated the terms and conditions of the bequest and has determined that the bequest is free of any significant conditions or contingencies that would prevent recognition of the revenue. This bequest has been recognized as a contribution with donor restriction in the consolidated statement of activities.

NOTE 9 – LAND AND REAL ESTATE HELD FOR INVESTMENT

The Foundation owns two commercial land properties that were donated in the prior years. The fair value of the Foundation's Land and Real Estate Held for Investment was \$2,478,000 at December 31, 2021. During the year ended December 31, 2022, the two land properties were sold for a total of \$1,800,000. The sale is recognized in the consolidated statement of activities as investment income.

NOTE 10 – CHARITABLE REMAINDER TRUSTS AND SPLIT INTEREST AGREEMENTS

In 2023, the Foundation was named a beneficiary of the trust of Mike Urrutia. The trust is administered by a third party independent of the Foundation. The discounted present value of the gift subject to a split-interest agreement, net of any income beneficiary share, was approximately \$36,979,000 and was included in net assets with donor restrictions in the consolidated statement of activities. The fair value of the assets was determined based on qualified appraisals for animals and real estate, and market quotations for securities. Management has evaluated the terms and conditions of the gift and has determined that it is free of any significant conditions or contingencies that would prevent recognition of the revenue.

NOTE 11 – LEASES

Right-of-use assets represent the Foundation's right to use underlying assets for the lease term, and the lease liabilities represent the Foundation's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms.

The Foundation entered into a lease for office space in May 2022. The term of the lease is five years with monthly rent of \$15,000. The lease asset and liability were calculated utilizing the incremental borrowing discount rate (3%). The Foundation also leases equipment for administrative purposes under operating leases expiring on various dates through 2025. The lease asset and liability were calculated utilizing the risk-free discount rate (1.6%)

The following operating lease payments are expected to be paid for each of the following years ending December 31:

2024	\$	187,797
2025		180,132
2026		180,000
2027		60,000
Total		607,929
Less discount		(29,746)
Total lease commitments	\$	<u>578,183</u>

Lease expense for the years ended December 31, 2023 and 2022 was \$172,866 and \$138,573 respectively.

NOTE 12 – GRANTS AND PLEDGES PAYABLE

Grants and pledges payable, net of discount, at December 31, 2023, consist of approved grant and pledge commitments that are expected to be paid during the following year-ends:

	Grants Payable	Pledges Payable
2024	\$ 1,491,079	\$ 1,000,000
2025	409,000	1,000,000
2026	15,750	1,000,000
2027	6,000	-
2028 and thereafter	-	-
	1,921,829	3,000,000
Less discount	(66,729)	(171,389)
 Total grants and pledges payable, net	 <u>\$ 1,855,100</u>	 <u>\$ 2,828,611</u>

The pledges have been discounted to net present value using a 3.0% discount rate determined during the year of origination of the initial pledge.

NOTE 13 – AGENCY AND CUSTODIAL LIABILITY

The Foundation's Agency and Custodial Liability activities consist of the following at December 31:

	2023	2022
Contributions and grant income	\$ 15,319	\$ 8,256,802
Investment income (expense):		
Interest and dividends	522,691	1,032,546
Investment gains (losses), net	1,161,781	(3,877,392)
Investment management fees	(92,178)	(111,718)
Administrative assessments paid to the Central Valley Community Foundation	(73,980)	(81,767)
Return of agency assets	(1,382,579)	(5,865,432)
Gifts and grants made	(11,460)	(6,836,394)
 Total agency and custodial activity	 139,594	 (7,483,355)
 Agency and custodial balance, beginning of year	 <u>13,318,827</u>	 <u>20,802,182</u>
 Agency and custodial balance, end of year	 <u>\$ 13,458,421</u>	 <u>\$ 13,318,827</u>

NOTE 14 – FAIR VALUE MEASUREMENTS

In accordance with generally accepted accounting principles, fair value is defined as the price that the Foundation would receive upon selling an asset or have paid to transfer a liability at the reporting date. Generally accepted accounting principles established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the asset or liability developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, and fair value is determined through the use of other valuation methodologies.

Level 3 – Valuations based on inputs that are not observable and significant to the overall fair value measurement, including the Foundation's own assumptions in determining the fair value of assets or liabilities.

The following is a summary of the inputs used as of December 31, 2023 in valuing the Foundation's assets carried at fair value:

Asset Description	Level 1	Level 2	Level 3	Total
Investment securities:				
Equities	\$ 57,064,599	\$ -	\$ -	\$ 57,064,599
Fixed income	29,736,562	-	-	29,736,562
Mutual funds	95,033	-	-	95,033
Alternative investments	13,762,734	-	-	13,762,734
Assets measured at fair value	<u>\$ 100,658,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,658,928</u>

The following is a summary of the inputs used as of December 31, 2022 in valuing the Foundation's assets carried at fair value:

Asset Description	Level 1	Level 2	Level 3	Total
Investment securities:				
Equities	\$ 48,205,002	\$ -	\$ -	\$ 48,205,002
Fixed income	28,245,898	-	-	28,245,898
Mutual funds	194,064	-	-	194,064
Alternative investments	13,877,978	-	-	13,877,978
Assets measured at fair value	<u>\$ 90,522,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,522,942</u>

NOTE 14 – FAIR VALUE MEASUREMENTS (Continued)

The following methods and assumptions were used by the Foundation in estimating the fair value of other financial instruments:

Investment Securities – All of the Foundation’s Investment Securities are available for sale and are stated at their fair value based on quoted closing prices.

Program Related Investments – The fair value of Program Related Investments approximates its carrying value, net of considerations for uncollectible accounts.

Land Held for Investment – The fair value of land is generally determined by independent real estate appraisals, as updated for changes in market conditions.

NOTE 15 – RETIREMENT PLAN

The Foundation maintains an Internal Revenue Code Section 403(b) plan (the Plan) for eligible employees administered by the American Funds Service Company. An employee becomes eligible to participate on the date of hire. The Plan provides for the Foundation to make discretionary and/or matching contributions of up to 5% of the deferring employee’s salary after completion of 30 days of service. The Foundation’s matching contributions for the years ended December 31, 2023 and 2022 were \$74,737 and \$62,934, respectively.

NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the Foundation to classify as endowments (included with Net Assets with Donor Restrictions), the fair value of the original gift as of the gift date and the original value of subsequent gifts, including any accumulations to the donor-restricted endowments made in accordance with the applicable gift instruments. Accumulated earnings above or deficits below the original gift values in each endowment fund are reported as an increase or decrease to each fund within Net Assets with Donor Restrictions.

Variance Power

The Foundation’s fund agreements generally provide the Foundation with variance power. Variance power grants the Foundation’s governing board the power to modify certain restrictions or conditions on the distribution of funds for any specified charitable purpose or purposes, or to a specified charitable organization or organizations, if such restrictions or conditions become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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

	2023	2022
<u>Subject to expenditure for specified programs:</u>		
Arts, Culture, and Humanities	\$ 695,323	\$ 332,105
Civil Rights, Social Action and Advocacy	224,468	2,003,925
Community Improvement and Capacity Building	12,232,463	4,910,511
Economic Development	705,716	984,931
Education	4,262,443	4,426,911
Environment	4,461,718	3,642,731
Food, Agriculture and Nutrition	169,964	94,071
Health Care	261	386
Housing and shelter	245,510	-
Human Services	3,159,500	3,033,422
Interest in supporting organizations	37,543,483	42,227,001
Media and communications	570,575	-
Philanthropy, Voluntarism and Grantmaking Foundation	134,124	209,840
Public Safety, Disaster Preparedness and Relief	12,992	78,389
Scholarships & Student Financial Aid	438	-
Youth Development	31,946	27,656
	<u>\$ 64,450,924</u>	<u>\$ 61,971,879</u>
Total subject to expenditure for specified programs		
	<u>\$ 64,450,924</u>	<u>\$ 61,971,879</u>
Investment in perpetuity (including amounts above original gift amounts of \$68,149,049 and \$22,325,490 for the years ended December 31, 2023 and 2022), which, once appropriated, is expendable to support:		
<u>Subject to Foundation's spending policy and appropriation:</u>		
Animal Related	\$ 715,297	\$ 646,130
Arts, Culture, and Humanities	249,143	232,676
Education	6,792,327	6,857,467
Environment	145,961	137,616
Health Care	36,973,621	-
Human Services	109,772	99,144
Parks and Playgrounds	2,117,670	1,912,764
Philanthropy, Voluntarism and Grantmaking Foundation	17,282,883	6,918,280
Recreation and Sports	298,678	98,153
Science and Technology	29,454	26,510
Youth Development	10,049,023	9,152,076
	<u>74,763,829</u>	<u>26,080,816</u>
Total subject to Foundation's spending policy and appropriation		
	<u>74,763,829</u>	<u>26,080,816</u>
Total net assets with donor restrictions	<u>\$ 139,214,753</u>	<u>\$ 88,052,695</u>

NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The Foundation's Endowment Net Assets by Composition is as follows for the year ended December 31, 2023:

	Without Donor Restrictions	With Donor Restriction			Total Funds as of December 31, 2023
		Original Gift	Accumulated Gains (Losses)	Total	
Board designated endowment funds	\$ 3,035,031	\$ -	\$ -	\$ -	\$ 3,035,031
Donor restricted endowment funds:					
Underwater funds	-	37,089,894	(17,688)	37,072,206	37,072,206
Other funds	-	31,059,155	6,632,468	37,691,623	37,691,623
Total endowment funds	<u>\$ 3,035,031</u>	<u>\$ 68,149,049</u>	<u>\$ 6,614,780</u>	<u>\$ 74,763,829</u>	<u>\$ 77,798,860</u>

The Foundation's Endowment Net Assets by Composition is as follows for the year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restriction			Total Funds as of December 31, 2022
		Original Gift	Accumulated Gains (Losses)	Total	
Board designated endowment funds	\$ 1,704,877	\$ -	\$ -	\$ -	\$ 1,704,877
Donor restricted endowment funds:					
Underwater funds	-	3,829,698	(37,395)	3,792,303	3,792,303
Other funds	-	18,495,792	3,792,721	22,288,513	22,288,513
Total endowment funds	<u>\$ 1,704,877</u>	<u>\$ 22,325,490</u>	<u>\$ 3,755,326</u>	<u>\$ 26,080,816</u>	<u>\$ 27,785,693</u>

The Foundation classifies as endowments (included with Net Assets with Donor Restrictions) funds that have both explicit restrictions by donors in their agreements prohibiting the spending of principal and endowment funds which are subject to the Foundation's spending policy, absent of specific donor restrictions on the spending of principal under the guidelines of UPMIFA.

The following represents endowment funds that have explicit donor stipulations prohibiting the spending of principal and endowment funds that do not have specific donor stipulations, however subject to the Foundation's endowment spending policies at December 31, 2023 and 2022:

	2023	2022
Endowment funds with explicit donor restrictions on expending principal	\$ 2,712,516	\$ 2,463,925
Endowment funds subject to the Foundation's spending policy	<u>72,051,313</u>	<u>23,616,891</u>
Total endowment net assets	<u>\$ 74,763,829</u>	<u>\$ 26,080,816</u>

NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The changes in endowment net assets for the years ended December 31, 2023 and 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2021	\$ 2,125,512	\$ 29,616,398	\$ 31,741,910
Investment return, net	(229,590)	(3,267,029)	(3,496,619)
Contributions and others	1,921	784,554	786,475
Appropriation of endowment assets for expenditure	(192,966)	(1,053,107)	(1,246,073)
Other changes and reclassifications	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, December 31, 2022	1,704,877	26,080,816	27,785,693
Investment return, net	248,139	4,190,923	4,439,062
Contributions and others	1,123,323	46,065,315	47,188,638
Appropriation of endowment assets for expenditure	(41,308)	(1,573,225)	(1,614,533)
Other changes and reclassifications	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, December 31, 2023	<u>\$ 3,035,031</u>	<u>\$ 74,763,829</u>	<u>\$ 77,798,860</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in 8 donor-restricted endowment funds, which together have an original gift value of \$37,089,894, a current fair value of \$37,072,206 and a deficiency of \$17,688 as of December 31, 2023. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

NOTE 17 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from performance obligations satisfied at a point in time consists of the assessment of fees to cover the costs of administration of the funds. The total amount of revenue recognized from the assessment of administrative fees during the years ended December 31, 2023 and 2022 was \$73,980 and \$81,767, respectively.

NOTE 18 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets consist of professional services of \$10,694 and \$7,622 at December 31, 2023 and 2022, respectively.

NOTE 19 – PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2023, the Foundation determined that certain balances of the Lyles Foundation, a supporting organization, did not properly reflect all of its asset, liabilities, revenue and expenditures for the year ended December 31, 2022. The Lyles Foundation previously reported all activity trailing one calendar year including all cash and checking account balances, investments in limited partnerships, accounts payable and grants payable, etc. As disclosed in Note 2 under Method of Accounting for the Lyles Foundation, the Lyles Foundation encounters significant delays in receiving the required financial information from its investments in limited partnerships to complete its accounting. This resulted in all balances being reported one calendar year behind from the Lyles Foundation to the Central Valley Community Foundation.

Effective January 1, 2023, the Lyles Foundation adopted an accounting policy to reflect certain assets, liabilities, revenue and expenditures applicable and consistent with the Central Valley Community Foundation's year-end, with the exception of its investment in limited partnerships, which continues to encounter significant delays in its financial reporting. The Lyles Foundation will report the activities of the investment in the limited partnerships with the most recent financial information available trailing one calendar year. As a result of this policy adoption, the restatement impact to the Central Valley Community Foundation's accounting is as follows for the year ended December 31, 2022:

	As Previously Reported	Adjustment	As Restated December 31, 2022
<u>Statements of Financial Position as of December 31, 2022:</u>			
Total assets	\$ 159,304,514	\$ 549,390	\$ 159,853,904
Total liabilities	\$ 29,630,560	\$ 7,436,763	\$ 37,067,323
Total net assets with donor restriction	\$ 94,940,068	\$ (6,887,373)	\$ 88,052,695
<u>Statements of Activities for the year ended December 31, 2022:</u>			
Gifts, grants, and contributions	\$ 30,137,153	\$ (3,526,742)	\$ 26,610,411
Administrative assessments	\$ 129,623	\$ (47,856)	\$ 81,767
Investment income (loss), net	\$ (2,375,697)	\$ (3,021,333)	\$ (5,397,030)
Equity earnings on investees	\$ 1,372,258	\$ 639,866	\$ 2,012,124
Other income	\$ 5,294	\$ (1,288)	\$ 4,006
Total expenses	\$ 14,596,234	\$ 8,032,718	\$ 22,628,952
Net assets, beginning of year	\$ 115,001,557	\$ 7,102,698	\$ 122,104,255
Net assets, end of year	\$ 129,673,954	\$ (6,887,373)	\$ 122,786,581
<u>Note 3 - Liquidity and Availability</u>			
Donor restricted for time or purpose	\$ 83,608,378	\$ (6,887,373)	\$ 76,721,005
<u>Note 5 - Investment Securities</u>			
Total investments	\$ 82,341,728	\$ 8,181,214	\$ 90,522,942
<u>Note 12 - Grants and Pledges Payable</u>			
Grants payable, net	\$ 735,530	\$ 1,119,570	\$ 1,855,100
Pledges payable, net	\$ 4,314,803	\$ (1,486,192)	\$ 2,828,611
<u>Note 16 - Net Assets</u>			
Interest in supporting organizations	\$ 49,114,374	\$ (6,887,373)	\$ 42,227,001

NOTE 20 – CONTINGENCIES

Financial Resources

The ability of the Foundation to maintain its present level of operations is dependent upon the continuity of sufficient annual financial support from grantors and other funders, program support, donations from individuals and fees from its ongoing operations. Operations are also supported by distribution of funds at the discretion of the Board of Directors.

NOTE 21 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there were no subsequent events that have occurred from December 31, 2023 through the date the consolidated financial statements were available to be issued at December 10, 2024 that would require disclosure or adjustment.

SUPPLEMENTARY INFORMATION

CENTRAL VALLEY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

Consolidating Statement of Financial Position

		Supporting Organizations		Consolidated
	CVCF	SFF	LF	Total
ASSETS				
Cash and cash equivalents	\$ 21,284,423	\$ (55,648)	\$ 1,737,109	\$ 22,965,884
Investment securities	95,020,293	1,360,693	4,277,942	100,658,928
Investments in other entities	7,500	-	35,111,616	35,119,116
Assessment fees and other receivables	633,009	-	253,500	886,509
Prepaid expenses and other assets	146,521	-	55,600	202,121
Taxes receivable	-	-	431,090	431,090
Contributions receivable	5,449,989	-	-	5,449,989
Bequest receivable	443,008	-	-	443,008
Beneficial interest in remainder trust	36,978,925	-	-	36,978,925
Right-of-use asset	517,895	-	-	517,895
Property and equipment, net	623,064	-	-	623,064
Total assets	<u>\$ 161,104,627</u>	<u>\$ 1,305,045</u>	<u>\$ 41,866,857</u>	<u>\$ 204,276,529</u>
LIABILITIES				
Accounts payable	\$ 1,593,339	\$ -	\$ 2,010	\$ 1,595,349
Accrued payroll	115,227	-	-	115,227
Accrued expenses	1,109,437	-	-	1,109,437
Grants and pledges payable, net	1,780,100	75,000	2,828,611	4,683,711
Agency and custodial liabilities	13,458,421	-	-	13,458,421
Lease liabilities	578,183	-	-	578,183
Deferred unrelated business income tax	-	-	2,722,798	2,722,798
Total liabilities	<u>18,634,707</u>	<u>75,000</u>	<u>5,553,419</u>	<u>24,263,126</u>
NET ASSETS				
Without donor restrictions	40,798,650	-	-	40,798,650
With donor restrictions	<u>101,671,270</u>	<u>1,230,045</u>	<u>36,313,438</u>	<u>139,214,753</u>
Total net assets	<u>142,469,920</u>	<u>1,230,045</u>	<u>36,313,438</u>	<u>180,013,403</u>
Total liabilities and net assets	<u>\$ 161,104,627</u>	<u>\$ 1,305,045</u>	<u>\$ 41,866,857</u>	<u>\$ 204,276,529</u>

CENTRAL VALLEY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

Consolidating Statement of Financial Position

		Supporting Organizations		Restated Consolidated
	CVCF	SFF	LF	Total
ASSETS				
Cash and cash equivalents	\$ 18,398,474	\$ 431	\$ 5,810,638	\$ 24,209,543
Investment securities	75,378,515	1,154,241	13,990,186	90,522,942
Investments in other entities	7,500	-	35,719,869	35,727,369
Assessment fees and other receivables	148,892	-	77,852	226,744
Prepaid expenses and other assets	492,537	-	-	492,537
Taxes receivable	-	-	98,534	98,534
Contributions receivable	7,406,537	-	-	7,406,537
Right of use asset	670,848	-	-	670,848
Property and equipment, net	498,850	-	-	498,850
Total assets	<u>\$ 103,002,153</u>	<u>\$ 1,154,672</u>	<u>\$ 55,697,079</u>	<u>\$ 159,853,904</u>
LIABILITIES				
Accounts payable	\$ 6,319,020	\$ -	\$ 103,556	\$ 6,422,576
Accrued payroll	101,473	-	-	101,473
Accrued expenses	1,218,488	-	-	1,218,488
Grants and pledges payable, net	735,530	-	11,551,446	12,286,976
Agency and custodial liabilities	13,318,827	-	-	13,318,827
Lease liabilities	749,234	-	-	749,234
Deferred unrelated business income tax	-	-	2,969,749	2,969,749
Total liabilities	<u>22,442,572</u>	<u>-</u>	<u>14,624,751</u>	<u>37,067,323</u>
NET ASSETS				
Without donor restrictions	34,733,886	-	-	34,733,886
With donor restrictions	<u>45,825,695</u>	<u>1,154,672</u>	<u>41,072,328</u>	<u>88,052,695</u>
Total net assets	<u>80,559,581</u>	<u>1,154,672</u>	<u>41,072,328</u>	<u>122,786,581</u>
Total liabilities and net assets	<u>\$ 103,002,153</u>	<u>\$ 1,154,672</u>	<u>\$ 55,697,079</u>	<u>\$ 159,853,904</u>

CENTRAL VALLEY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

Consolidating Statement of Activities

	CVCF	SFF	LF	Eliminating Entries	Consolidated Total
Revenues, gain and support:					
Gifts, grants, and contributions					
Cash and financial assets	\$ 79,395,320	\$ 1,444	\$ 72,800	\$ -	\$ 79,469,564
Nonfinancial assets	10,611	50	33	-	10,694
Administrative assessments	1,356,629	-	-	(1,282,649)	73,980
Investment income (losses), net	8,696,428	207,821	1,362,267	-	10,266,516
Equity earnings on investees	-	-	24,127	-	24,127
Other income	125,687	-	-	-	125,687
Total revenues, gain and support before net assets released from restrictions	89,584,675	209,315	1,459,227	(1,282,649)	89,970,568
Net assets released from restrictions	-	-	-	-	-
Total revenue, gain and support after net assets released from restrictions	89,584,675	209,315	1,459,227	(1,282,649)	89,970,568
Costs and expenses:					
Program services	25,144,564	133,942	6,447,655	(1,282,649)	30,443,512
Management and general	1,751,438	-	-	-	1,751,438
Fundraising	778,334	-	-	-	778,334
Tax provision:					
Current	-	-	(229,538)	-	(229,538)
Deferred	-	-	-	-	-
Total costs and expenses	27,674,336	133,942	6,218,117	(1,282,649)	32,743,746
Change in net assets	61,910,339	75,373	(4,758,890)	-	57,226,822
Net assets, beginning of year, restated	80,559,581	1,154,672	41,072,328	-	122,786,581
Net assets, end of year	\$ 142,469,920	\$ 1,230,045	\$ 36,313,438	\$ -	\$ 180,013,403

CENTRAL VALLEY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

Consolidating Statement of Activities

	CVCF	SFF	LF	Eliminating Entries	Consolidated Total
Revenues, gain and support:					
Gifts, grants, and contributions					
Cash and financial assets	\$ 21,962,438	\$ 1,062,907	\$ 3,577,444	\$ -	\$ 26,602,789
Nonfinancial assets	7,607	15	-	-	7,622
Administrative assessments	1,162,228	-	-	(1,080,461)	81,767
Investment income (losses), net	(7,419,760)	(13,910)	2,036,640	-	(5,397,030)
Equity earnings on investees	-	-	2,012,124	-	2,012,124
Other income	4,006	-	-	-	4,006
Total revenues, gain and support before net assets released from restrictions	15,716,519	1,049,012	7,626,208	(1,080,461)	23,311,278
Net assets released from restrictions	-	-	-	-	-
Total revenue, gain and support after net assets released from restrictions	15,716,519	1,049,012	7,626,208	(1,080,461)	23,311,278
Costs and expenses:					
Program services	11,986,345	3,203	8,546,471	(1,080,461)	19,455,558
Management and general	1,620,538	-	-	-	1,620,538
Fundraising	761,371	-	-	-	761,371
Tax provision:					
Current	-	-	791,485	-	791,485
Deferred	-	-	-	-	-
Total costs and expenses	14,368,254	3,203	9,337,956	(1,080,461)	22,628,952
Change in net assets	1,348,265	1,045,809	(1,711,748)	-	682,326
Net assets, beginning of year, restated	79,211,316	108,863	42,784,076	-	122,104,255
Net assets, end of year, restated	\$ 80,559,581	\$ 1,154,672	\$ 41,072,328	\$ -	\$ 122,786,581

CENTRAL VALLEY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

Consolidating Statement of Functional Expenses

	CVCF	SFF	LF	Eliminating Entries	Consolidated Total
Salaries	\$ 2,742,517	\$ -	\$ -	\$ -	\$ 2,742,517
Payroll taxes and benefits	478,812	-	-	-	478,812
Worker's compensation	11,338	-	-	-	11,338
Total personnel costs	<u>3,232,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,232,667</u>
Administrative assessments	1,038,233	24,403	220,013	(1,282,649)	-
Depreciation	107,260	-	-	-	107,260
Education and training	94,353	-	-	-	94,353
Fees and memberships	88,310	-	-	-	88,310
Insurance	64,868	-	-	-	64,868
Interest	136	-	433	-	569
Marketing and advertising	218,342	-	-	-	218,342
Meetings, luncheons, dinners	104,248	-	-	-	104,248
Office supplies and expenses	230,297	-	-	-	230,297
Other	154,463	50	33	-	154,546
Printing	17,263	-	-	-	17,263
Professional fees	196,295	3,769	10,867	-	210,931
Receptions and other events	514,816	-	-	-	514,816
Rent and related	493,402	-	-	-	493,402
Taxes and licenses	10,045	220	-	-	10,265
Telephone and internet	18,993	-	-	-	18,993
Travel and auto	96,958	-	-	-	96,958
Total costs and expenses	<u>3,448,282</u>	<u>28,442</u>	<u>231,346</u>	<u>(1,282,649)</u>	<u>2,425,421</u>
Total costs and expenses before gifts, grants and programs	6,680,949	28,442	231,346	(1,282,649)	5,658,088
Gifts, grants and programs	<u>20,993,387</u>	<u>105,500</u>	<u>6,216,309</u>	<u>-</u>	<u>27,315,196</u>
Total costs and expenses after gifts, grants and programs	<u>\$ 27,674,336</u>	<u>\$ 133,942</u>	<u>\$ 6,447,655</u>	<u>\$ (1,282,649)</u>	<u>\$ 32,973,284</u>

CENTRAL VALLEY COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

Consolidating Statement of Functional Expenses

	CVCF	SFF	LF	Eliminating Entries	Consolidated Total
Salaries	\$ 2,289,897	\$ -	\$ -	\$ -	\$ 2,289,897
Payroll taxes and benefits	369,449	-	-	-	369,449
Worker's compensation	11,069	-	-	-	11,069
Total personnel costs	2,670,415	-	-	-	2,670,415
Administrative assessments	821,009	2,427	257,025	(1,080,461)	-
Depreciation	73,143	-	-	-	73,143
Education and training	57,458	-	-	-	57,458
Fees and memberships	63,794	-	-	-	63,794
Insurance	61,493	-	-	-	61,493
Interest	59	-	61	-	120
Loss on disposal of assets	11,864	-	-	-	11,864
Marketing and advertising	175,271	-	-	-	175,271
Meetings, luncheons, dinners	62,881	-	-	-	62,881
Office supplies and expenses	126,824	-	-	-	126,824
Other	225,963	44	466	-	226,473
Printing	3,758	-	-	-	3,758
Professional fees	126,395	707	13,393	-	140,495
Receptions and other events	341,318	-	-	-	341,318
Rent and related	452,514	-	-	-	452,514
Taxes and licenses	33,047	25	-	-	33,072
Telephone and internet	19,240	-	-	-	19,240
Travel and auto	87,310	-	-	-	87,310
Total costs and expenses	2,743,341	3,203	270,945	(1,080,461)	1,937,028
Total costs and expenses before gifts, grants and programs	5,413,756	3,203	270,945	(1,080,461)	4,607,443
Gifts, grants and programs	8,954,498	-	8,275,526	-	17,230,024
Total costs and expenses after gifts, grants and programs, restated	\$ 14,368,254	\$ 3,203	\$ 8,546,471	\$ (1,080,461)	\$ 21,837,467