

Community Foundation Sonoma County

December 31, 2024

Independent Auditors' Report,
Consolidated Financial Statements and
Supplementary Information

Community Foundation Sonoma County

Independent Auditors' Report, Consolidated Financial Statements and Supplementary Information

Independent Auditors' Report	1 - 3
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Consolidated Financial Statements

Consolidated Statement of Financial Position	4
Consolidated Statement of Activities and Changes in Net Assets	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 25

Supplementary Information

Consolidating Statement of Financial Position	26
Consolidating Statement of Activities and Changes in Net Assets	27

Independent Auditors' Report

THE BOARD OF DIRECTORS
COMMUNITY FOUNDATION SONOMA COUNTY
Santa Rosa, California

Opinion

We have audited the consolidated financial statements of **COMMUNITY FOUNDATION SONOMA COUNTY (the Foundation)**, which comprise the consolidated statement of financial position as of December 31, 2024, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024, and the changes in its net assets and its cash flows for the year 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' 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 for one year from the date of this report.

Auditors' 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 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the 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.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Foundation's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 23, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information (pages 26 and 27) is 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, 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.

A handwritten signature in black ink that reads "Hood & Strong LLP". The signature is written in a cursive, flowing style.

San Francisco, California
June 5, 2025

Community Foundation Sonoma County

Consolidated Statement of Financial Position

<i>December 31, 2024 (with comparative totals for 2023)</i>	2024	2023
Assets		
Cash and cash equivalents	\$ 1,649,125	\$ 874,591
Contributions receivable, net	11,685,038	14,210,814
Note receivable	975,141	975,141
Investments	218,164,692	205,751,257
Charitable trust assets	3,054,783	2,783,119
Property and equipment, net	7,787,036	6,336,322
Operating right-of-use lease asset	160,410	333,681
Other assets	131,787	109,356
Total assets	\$ 243,608,012	\$ 231,374,281
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 193,358	\$ 127,250
Grants payable	2,977,891	1,842,891
Operating lease liability	167,665	343,651
Agency funds	25,845,985	24,425,913
Total liabilities	29,184,899	26,739,705
Net Assets:		
Without donor restrictions:		
Designated for donor-advised funds	48,636,389	43,584,969
Designated for specific fields of interest	9,209,564	12,534,017
Board-designated funds	3,801,225	3,587,231
Undesignated	3,174,639	2,904,481
Total without donor restrictions	64,821,817	62,610,698
With donor restrictions:		
Time and purpose	48,897,663	42,777,528
Perpetual restrictions	100,703,633	99,246,350
Total with donor restrictions	149,601,296	142,023,878
Total net assets	214,423,113	204,634,576
Total liabilities and net assets	\$ 243,608,012	\$ 231,374,281

See accompanying notes to the consolidated financial statements.

Community Foundation Sonoma County

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2024 (with comparative totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue:				
Contributions and grants	\$ 11,216,672	\$ 3,832,625	\$ 15,049,297	\$ 9,842,642
Bequests and trusts	2,148,391	302,409	2,450,800	1,028,129
Change in value of split-interest agreements		271,664	271,664	166,270
Investment income, net	4,749,219	12,149,650	16,898,869	25,164,517
Management fees earned, net	279,630		279,630	258,045
Other income	100,000		100,000	100,961
Net assets released from restrictions	8,978,930	(8,978,930)	-	-
Total support and revenue	27,472,842	7,577,418	35,050,260	36,560,564
Expenses:				
Program services	23,123,855		23,123,855	20,487,753
Supporting services	2,137,868		2,137,868	1,813,716
Total expenses	25,261,723	-	25,261,723	22,301,469
Change in Net Assets	2,211,119	7,577,418	9,788,537	14,259,095
Net Assets, beginning of year	62,610,698	142,023,878	204,634,576	190,375,481
Net Assets, end of year	\$ 64,821,817	\$ 149,601,296	\$ 214,423,113	\$ 204,634,576

See accompanying notes to the consolidated financial statements.

Community Foundation Sonoma County

Consolidated Statement of Functional Expenses

Year Ended December 31, 2024 (with comparative totals for 2023)

	Program Services	Supporting Services			2024 Total	2023 Total
		Fundraising	Management and General	Total		
Grants and awards	\$ 21,409,343				\$ 21,409,343	\$ 19,070,408
Salaries and wages	743,521	\$ 225,082	\$ 824,997	\$ 1,050,079	1,793,600	1,492,450
Employee benefits	119,294	37,009	123,071	160,080	279,374	197,060
Payroll taxes	56,051	16,968	62,193	79,161	135,212	120,577
Professional and consulting fees	316,204	95,678	353,640	449,318	765,522	602,544
Occupancy	97,962	26,882	89,394	116,276	214,238	214,791
Insurance	152,981	3,617	26,160	29,777	182,758	155,829
Computer network	70,740	21,946	72,979	94,925	165,665	120,338
Office expense	47,313	14,671	48,786	63,457	110,770	51,885
Staff development and meetings	31,203	9,680	32,191	41,871	73,074	73,868
Advertising, marketing, and outreach	29,906	9,185	30,544	39,729	69,635	179,152
Depreciation	9,833	3,051	10,144	13,195	23,028	17,767
Other expenses	39,504				39,504	4,800
	\$ 23,123,855	\$ 463,769	\$ 1,674,099	\$ 2,137,868	\$ 25,261,723	\$ 22,301,469

See accompanying notes to the consolidated financial statements.

Community Foundation Sonoma County

Consolidated Statement of Cash Flows

<i>Year Ended December 31, 2024 (with comparative totals for 2023)</i>	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	\$ 9,788,537	\$ 14,259,095
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Realized and unrealized gain on investments, net	(12,256,565)	(21,144,149)
Depreciation	23,028	17,767
Loss on disposal of property and equipment	920	
Right-of-use lease asset amortization	173,271	171,545
Contributions received for long-term purposes	(750,506)	(1,414,601)
Change in discount on long-term receivables	(737,605)	197,953
Changes in assets and liabilities:		
Contributions receivable	1,815,281	(1,616,784)
Charitable trust assets	(271,664)	(154,558)
Other assets	(22,431)	(14,711)
Accounts payable and accrued expenses	66,108	(17,726)
Grants payable	1,135,000	(97,500)
Operating lease liability	(175,986)	(169,035)
Agency funds	1,420,072	2,964,222
Net cash provided (used) by operating activities	207,460	(7,018,482)
Cash Flow from Investing Activities:		
Proceeds from sale of investments	82,446,369	101,651,967
Purchase of investments	(82,603,239)	(98,837,455)
Purchase of property and equipment	(26,562)	
Net cash (used) provided by investing activities	(183,432)	2,814,512
Cash Flows from Financing Activities:		
Contributions received for long-term purposes	750,506	1,414,601
Net cash provided by financing activities	750,506	1,414,601
Change in Cash and Cash Equivalents	774,534	(2,789,369)
Cash and Cash Equivalents, beginning of year	874,591	3,663,960
Cash and Cash Equivalents, end of year	\$ 1,649,125	\$ 874,591
Supplementary Cash Flow Disclosure:		
Cash paid during the year for operating leases	\$ 178,475	\$ 173,250
Noncash Activities:		
Receipt of property interest held for endowment	\$ 1,448,100	

See accompanying notes to the consolidated financial statements.

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

Note 1 - Description of the Organization:

Community Foundation Sonoma County (the “Foundation”) was incorporated in California in 1983 as a nonprofit public benefit corporation to provide a means for the long-term preservation and enhancement of the quality of life in Sonoma County. The consolidated financial statements include all accounts and results of activities of the Foundation, as well as its supporting organization the Oliver Ranch Foundation. The Foundation also maintains two geographic affiliates in Healdsburg and Sonoma Valley. The two affiliates each have their own volunteer boards of directors which help the Foundation raise and distribute funds in their local communities. In August 2022, the Foundation changed its legal name to Sonoma County Community Foundation, but continues to operate as Community Foundation Sonoma County under a fictitious business name.

The Foundation receives funds primarily through donations from individuals and foundations. Distribution of funds for philanthropic purposes is made primarily through the direct operation of a grantmaking program. Grants are made in the areas of health and human services, education, arts and culture, animal welfare and the environment. Over the past 41 years, the Foundation has granted over \$300 million with over 90% of the grants distributed to Sonoma County nonprofit organizations. The remainder was distributed outside of Sonoma County.

The Foundation’s bylaws include a variance provision giving the Board the power to modify any restriction or condition on the distribution of funds if, in the sole judgment of the Board, the restriction becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served.

Supporting Organization

The Foundation has one supporting organization. The supporting organization is a Section 501(c)(3) organization that is classified as a public charity (rather than private foundations) because it supports a publicly-supported charity, such as the Foundation. The Foundation appoints most of the board of this organization. The supporting organization in which the Foundation has a controlling interest is consolidated herein.

The Oliver Ranch Foundation

The Oliver Ranch Foundation was formed in 2009 to promote the arts by providing creative inspiration, opportunities for the growth and development of artists; serving as a venue for exhibiting extraordinary site-specific sculptures; preserving and maintaining the art installations; organizing docent tours; forming educational partnerships; and commissioning site-specific performances. Oliver Ranch, located in Sonoma County, houses one of the country’s premiere private reserves for site-specific art installations which celebrate the ingenuity and imagination of great artists of the time.

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

Note 2 - Summary of Significant Accounting Policies:

Basis of Presentation

The consolidated financial statements are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to not-for-profit organizations. Accordingly, the Foundation presents information regarding its net assets and activities according to two classes of net assets:

Net Assets without donor restriction – the portion of net assets that are not subject to time or donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Foundation. Net assets without donor restrictions include donor advised and other client funds held by the Foundation with variance power. The Board of Directors has designated net assets for certain endowments (see Note 10) and a reserve for operations.

Net Assets with donor restrictions – the portion of net assets consisting of irrevocable charitable remainder trusts, contributions which are scheduled to be received in the future, purpose-restricted grants for which variance power was not given to the Foundation, and the portion of donor-restricted endowment funds that are not restricted in perpetuity. Net assets with donor restrictions also include the portion of net assets consisting of contributions to endowment funds when the donor indicated that a portion of the fund be retained in perpetuity and the Foundation's interest in land is required to be permanently held.

When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Principles of Consolidation

The accompanying consolidated financial statements include all amounts and operations of Community Foundation Sonoma County and its supporting organization (collectively, the Foundation). Intercompany transactions and accounts have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include the Foundation's operating, checking and money market accounts not held for investment purposes.

Investments

All debt and equity securities with readily determinable market values are carried at estimated fair value based on closing market prices.

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

Gains and losses that result from market fluctuations are recognized in the Consolidated Statement of Activities and Changes in Net Assets in the period such fluctuations occur. Dividend and interest income are accrued when earned.

For purposes of reporting cash flows, purchases of investments represent the total purchases of securities during the year.

Fair Value Measurements

The Foundation carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Observable inputs such as quoted prices for similar securities and quoted prices in inactive markets.

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

Note Receivable

The Foundation records notes receivable at cost. Management determines the allowance for credit losses by considering historical experience, an evaluation of specific notes receivables, the obligated party's financial condition and current economic conditions, current forecasts of future economic conditions over the time horizon the Foundation is exposed to credit risk, and payment terms or conditions that may materially affect future forecasts. Notes receivable are recorded at the time the note is approved by the Foundation.

Charitable Trust Assets and Other Split-Interest Agreements

Charitable Remainder Trusts

The Foundation is an irrevocable remainder beneficiary of a charitable remainder annuity trust. The Foundation is also the beneficiary of certain trusts that are held by other trustees. For those trusts, the net present value of the Foundation's estimated irrevocable remainder interest is recorded as a beneficial interest in trusts.

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

Under the preceding arrangement, contribution revenue is recognized at the creation of the trust in amounts equal to the net present value of the estimated remainder trust, based on various factors, including fair value of the trust assets, life expectancy of the donors, payment terms to donors, and discount rates. Discount rates range from 1.6% to 5.8% due to various factors. Subsequent changes in the measurement of trust-related assets are recorded as changes in value of split-interest agreements.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets which range from 3 to 10 years. Amortization of leasehold improvements is computed over the life of the asset or the related lease term. The Foundation capitalizes property and equipment with cost or donated fair value over \$2,000.

Leases

Operating lease assets represent the Foundation's right to use an underlying asset during the lease term and operating lease liabilities represent the Foundation's obligation to make payments arising from the lease. Operating lease assets and operating lease liabilities are included on the Consolidated Statement of Financial Position. The Foundation does not have any financing leases.

Operating lease assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The discount rate used to derive the present value is based on the rate implicit in the lease. The Foundation's lease does not provide an implicit rate, therefore the Foundation used a risk-free discount rate to determine the present value of future lease payment. Renewal periods are included in calculating the right-of-use assets and liabilities when they are reasonably certain of exercise. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Endowment Funds

The Foundation follows the guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958-205-45 *Reporting Endowment Funds* and the State of California version of the Uniform Prudent Management of Institutional Funds Act known as the State Prudent Management of Institutional Funds Act ("SPMIFA").

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

Interpretation of relevant law

The Board of Directors of the Foundation, with the advice of legal counsel, has determined it holds net assets that meet the definition of endowment funds under SPMIFA. The corpus represents the fair value of the original gifts as of the gift date, and all subsequent gifts to the donor-restricted endowment funds. The value of assets in excess of original gifts in donor-restricted endowed funds is classified as net assets with donor restrictions until appropriated for expenditure by the Foundation. Appropriation for expenditure for endowed funds is made in a manner consistent with the standards of prudence prescribed by SPMIFA, which include: (1) the duration and preservation of the fund, (2) the purposes of the organization and the donor-restricted endowment fund, (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 organization, and (7) the investment policies of the Foundation.

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the historical gift value “corpus”. At December 31, 2024, the Foundation did not have funds with material deficiencies.

Investment and spending policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported while seeking to maintain the purchasing power of the endowment assets. The Foundation’s spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current objective is to achieve a rate of return in excess of the annual rate of inflation, net of investment fees. Actual returns in any given year may vary from this amount.

To satisfy its long-term return objective, the Foundation relies on a total return strategy, in which investment returns are achieved through both capital appreciation of equity securities (realized and unrealized) and current yield (dividends and interest). The Foundation uses a diversified asset allocation to support the long-term return objective within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation’s endowed funds for grantmaking and administration. The current grantmaking spending policy is to distribute an amount equal to 3.75% of a trailing 12-quarter rolling average for funds with balances of at least 80% of the historic gift value. The administrative expense policy is 2% of the fund balance for endowed scholarship funds and no greater than 1.5% of the endowed fund balance for other funds. This is consistent with the Foundation’s objective of maintaining the purchasing power of endowed assets as well as to provide additional real growth through new gifts and investment return.

Revenue Recognition

Contributions and grants are recognized as revenue when received or unconditionally promised. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

Contributions expected to be collected in future years, including future interests in charitable lead trusts, are recorded at the present value of estimated future cash flows. Discounts on the future interests are calculated using a rate equal to the approximate investment return applicable to the year in which the unconditional promise is received. Conditional promises to give are not recorded as support until such time as the conditions are substantially met. The Foundation has determined that all receivables are fully collectable, and no allowance for uncollectable accounts has been recorded.

The Foundation is the beneficiary under various wills and trust agreements, the total realizable amount of which is not presently determinable. Such amounts are recognized in the Foundation's consolidated financial statements as bequests receivable when clear title is established and the proceeds are measurable.

As discussed above, the Foundation receives contributions subject to time or purpose restrictions. When the restriction is met in the same period as the contribution is received, contributions are reported as released from donor restricted net assets and increases in net assets without donor restrictions.

For the year ended December 31, 2024 the Foundation has a conditional gift totaling \$7 million of which \$1.5 million is still outstanding. Future cash receipts are subject to milestones. Consequently, at December 31, 2024 contributions receivable have not been recognized in the accompanying Consolidated Statement of Activities and Changes in Net Assets.

Grant Expenses

Grant expenses are recognized upon approval of an unconditional promise to give to various nonprofit organizations. Grant refunds are recorded as a reduction of grant expense at the time the grant is refunded to the Foundation. Grants payable represent the value of unconditional grants to be paid in the future.

Allocation of Functional Expenses

Salaries and related expenses have been allocated between program, management and general, and fundraising based on the time each employee spends on these functions. Indirect expenses, such as occupancy, office expenses, and computer network, are allocated based on the overall number of staff in the various operational categories. All other costs are charged directly to the appropriate functional category.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

Comparative Information

The consolidated financial statements include certain comparative information for which the prior year information is summarized in total but not by net asset class. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended December 31, 2023, from which the summarized information is derived.

Income Taxes

The Foundation is a tax-exempt organization under the Internal Revenue Code (the Code) Section 501(c)(3) and related sections of the California Revenue and Taxation Code and has been classified as an organization which is not a private foundation as defined in Sections 509(a)(1) and 170(b)(i)(A)(vi) of the Code. However, the Foundation may be subject to tax on unrelated business income, if any, generated by its investments.

As of December 31, 2024, management evaluated the Foundation's tax positions and concluded that the Foundation had maintained its tax-exempt status and had taken no uncertain tax positions that require adjustment to the consolidated financial statements.

Subsequent Events

The Foundation evaluated subsequent events with respect to the consolidated financial statements for the year ended December 31, 2024 through June 5, 2025, the date the consolidated financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying consolidated financial statements nor have any subsequent events occurred, except as described in Note 14, the nature of which would require disclosure in these consolidated financial statements.

Note 3 - Contributions Receivable:

Contributions receivable consisted of the following at December 31, 2024:

Land and art receivable	\$ 4,830,645
Contributions receivable (net of discount of \$2,350,054)	6,554,393
Bequest receivables	300,000
	<hr/>
	\$ 11,685,038

The land and art receivable relates to a 60% interest in land and art installations, which will be given to the Oliver Ranch Foundation at a date no later than that of the death of the last trustee of the Oliver Family Living Trust (see Note 7).

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

In addition, the trustees of the Oliver Family Living Trust established an endowment at the Foundation to support the operations of Oliver Ranch Foundation. The amount of the endowment will vary over time with changes in the Consumer Price Index. The present value of the endowment pledge is \$6,532,040 net of a discount of \$2,350,054 at December 31, 2024.

The remaining receivables balance of \$322,353 is expected to be collected in the year ending December 31, 2025.

Note 4 - Note Receivable:

During 2016, the Foundation accepted an unsecured loan of \$975,000 bearing annual interest at 2.55% payable quarterly. The loan is due and payable in full in a balloon payment, including all principal and unpaid interest, on or before December 31, 2032. The loan is subject to a subordination agreement. Principal prepayments may be made at any time but require approval of the borrower's bank. The balance of principal and accrued interest totaled \$975,141 at December 31, 2024.

Note 5 - Investments:

Investments consisted of the following at December 31, 2024:

Money market funds	\$ 5,505,093
Fixed income	88,179,736
Domestic and international equities	124,479,863
	<u>\$ 218,164,692</u>

The Foundation's net investment income consisted of the following for the year ended December 31, 2024:

Net realized and unrealized gains	\$ 12,256,565
Investment management fees	(227,271)
Dividends and interest	4,869,575
	<u>\$ 16,898,869</u>

The Foundation has four investment pools made available to donors for investment of gifted assets. Separate asset allocations are maintained for each investment pool as follows:

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

The Long-Term Pool investment pool focuses on a long-term strategy designed to protect assets against inflation over time, while providing for a steady stream of grants. The target asset allocation, which is designed to provide diversification and reduce volatility is 85% in a core portfolio which includes five categories of stocks (55%) and two categories of bonds (30%), and (15%) in satellite portfolio. The core of the portfolio consists of investments that track major market indices with minimal tracking error (defined as the deviation of excess return). Additional positions, known as satellites, are added to the portfolio and allow for greater flexibility regarding tracking error. Overall, the pool is allocated 67% to stocks and 33% to bonds. The pool had a fair market value of approximately \$139 million at December 31, 2024.

The Environmental, Social, Governance (ESG) (formerly titled Socially Responsible) Long-Term Investment Pool is for endowment and other long-term funds whose donors prefer socially responsible investments. Composed of funds that include environmental, social and governance (“ESG”) factors in addition to conventional financial factors in the security analysis and investment allocation. This pool employs a strategic asset allocation very similar to our Long-Term Investment Pool, represented by mostly passive investments in equity (65%) and fixed income and cash (35%) assets. The pool had a fair market value of approximately \$34 million at December 31, 2024.

The Intermediate Term Investment Pool is intended for funds with an expected duration of 2 to 5 years and is available only for expendable (non-endowment) funds. The pool is constructed to have less volatility than the long-term pool, but with higher returns than the short-term pool. The target asset allocation is 85% in a core portfolio which includes stocks (22%), bonds and cash (63%), and 15% in satellite portfolio. Overall, the pool was allocated 25% to stocks and 75% to bonds and cash. The pool had a fair market value of approximately \$19 million at December 31, 2024.

The Short-Term Investment Pool is best suited for an expendable fund that will be granting out a significant portion of its money in the short term. The investment objectives of this pool is capital preservation and liquidity, with a secondary objective of income that approaches or exceeds the Foundation’s administrative expense rate. This pool’s investments may include money market funds, treasury bills, municipal obligations, certificates of deposit, and other cash equivalent investments. The pool had a fair market value of approximately \$21 million at December 31, 2024.

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

Note 6 - Fair Value Measurement:

The table below presents the balances of assets measured at fair value on a recurring basis at December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$ 5,505,093		\$ 5,505,093
Fixed income:			
US government agency	14,549,048		14,549,048
US corporate notes and bonds		\$ 2,050,778	2,050,778
Mutual funds:			
Core fixed income	53,936,625		53,936,625
Global & international fixed income	17,643,285		17,643,285
Domestic and international equities:			
Equities:			
U.S. equities	9,572,832		9,572,832
International and global	9,708,504		9,708,504
Emerging and frontier markets	763,119		763,119
Mutual Funds:			
Domestic funds	64,076,469		64,076,469
International and global funds	34,245,703		34,245,703
Emerging markets funds	6,113,236		6,113,236
Subtotal	216,113,914	2,050,778	218,164,692
Charitable trust assets:			
Beneficial interest in trusts		3,054,783	3,054,783
Subtotal	-	3,054,783	3,054,783
Total	\$ 216,113,914	\$ 5,105,561	\$ 221,219,475

Assets associated with charitable trust assets and assets held in trust consist primarily of cash equivalents, equities, fixed income, various mutual funds, and exchange-traded funds.

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

Note 7 - Property and Equipment:

Property and equipment consisted of the following at December 31, 2024:

Land	\$ 7,733,850
Furniture and equipment	137,234
Computers and software	123,660
Leasehold improvements	78,003
<hr/>	
Subtotal	8,072,747
Less accumulated depreciation	(285,711)
<hr/>	
Total property and equipment, net	\$ 7,787,036

Depreciation expense was \$23,028 for the year ended December 31, 2024.

The Oliver Ranch Foundation holds an undivided 49% interest in real estate located in Geyserville, California which includes art installations substantially affixed to the land. The value of the interest is \$7,733,850 according to an appraisal completed at the gift date. The remaining 51% interest is owned by the Oliver Family Living Trust and will be gifted to the Foundation over time (see Note 3).

Note 8 - Grants Payable:

Unconditional grants payable at December 31, 2024 are scheduled to be disbursed as follows:

Year Ending December 31,	
2025	\$ 2,577,891
2026	50,000
2027	50,000
2028	50,000
2029	50,000
Thereafter	200,000
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Unconditional Grants Payable	\$ 2,977,891

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

In 2019, the Foundation approved a conditional grant to Chop's Teen Club granting financial support for 10 years on the following schedule: Years 1 and 2: \$495,000, year 3: \$475,000, year 4: \$450,000, year 5: \$425,000, years 6-10: \$375,000; for a maximum of \$4,215,000. As of December 31, 2024 the remaining conditional commitment was \$1,500,000. Payments are subject to measurable performance barriers and a right of return. Consequently, at December 31, 2024, future grant payments have not been recognized in the accompanying Consolidated Statement of Activities and Changes in Net Assets because the conditions on which they depend have not yet been met.

Note 9 - Agency Grants:

Agency funds represent funds transferred to the Foundation by other not-for-profit organizations that have specified themselves as the beneficiary. These funds are accounted for as assets and liabilities in the Consolidated Statement of Financial Position and their activities are excluded from the Consolidated Statement of Activities and Changes in Net Assets. However, the Foundation maintains legal ownership of the assets and has variance power.

The following is a roll-forward of the agency funds:

Balance at December 31, 2023	\$ 24,425,913
Contributions	329,356
Interest and dividends	654,551
Net realized and unrealized gain	1,845,984
Grants	(1,130,189)
Other expenses	(279,630)
Balance at December 31, 2024	\$ 25,845,985

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

Note 10 - Net Assets with Donor Restriction:

Net assets with donor restrictions at December 31, 2024 consisted of the following:

Time and purpose:

Purpose-restricted funds	\$ 11,914,365
Endowment - unappropriated earnings	33,916,789
Charitable remainder trusts, charitable lead trust, and irrevocable planned gifts	3,054,783
Other	11,726

Subtotal	48,897,663
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Perpetual restrictions:

Endowment investments (corpus)	81,607,098
Endowment and bequest contributions receivable	6,532,040
Land and art receivable	4,830,645
Land required to be held in perpetuity	7,733,850

Subtotal	100,703,633
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Total	\$ 149,601,296
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Net assets were released from donor restriction for the year ended December 31, 2024 as follow:

Endowment - appropriated earnings	\$ 4,902,751
Purpose-restricted funds	4,045,346
Other	30,833

	\$ 8,978,930
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Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

Note 11 - Endowments:

Endowments include contributions which are restricted in perpetuity by donors (with donor restrictions) and endowments which have been Board designated (without donor restrictions). The changes in endowment net assets for the year ended December 31, 2024 were as follows:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor Restrictions</u> <u>Time or Purpose</u>	<u>Perpetuity</u>	<u>Total</u>
Endowment net assets, December 31, 2023	\$ 1,015,543	\$ 27,358,867	\$ 80,887,417	\$ 109,261,827
Investment return, net:				
Net realized and unrealized gains	81,342	8,589,167		8,670,509
Interest and dividends	26,785	2,869,096		2,895,881
Investment fees	(1,199)	(154,341)		(155,540)
Total investment return, net	106,928	11,303,922	-	11,410,850
Contributions		2,409	750,506	752,915
Appropriations and donors' releases	(33,048)	(4,748,410)	(30,825)	(4,812,283)
Change in endowment net assets	73,880	6,557,921	719,681	7,351,482
Endowment net assets, December 31, 2024	\$ 1,089,423	\$ 33,916,788	\$ 81,607,098	\$ 116,613,309

Not included in the roll-forward above are noninvestment endowment net assets which totaled \$19,096,535 at December 31, 2024 (see Note 10).

In a prior year, the Foundation's Board of Directors adopted a policy for gifts without donor restrictions. The policy designates a portion of certain gifts for current operations and the remainder to certain designated endowments whose income will be used for community grants and Foundation operations.

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

Endowment investment net assets composition by type as of December 31, 2024:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor Restrictions</u> <u>Time or Purpose</u>	<u>Perpetuity</u>	<u>Total</u>
Donor restricted endowments		\$ 33,916,788	\$ 81,607,098	\$ 115,523,886
Board-designated endowment	\$ 1,089,423			1,089,423
Endowment invested net assets, December 31, 2024	\$ 1,089,423	\$ 33,916,788	\$ 81,607,098	\$ 116,613,309

Donor-restricted endowment investments are comprised of over 140 individual funds. The Foundation honors the intent expressed by the donor at the time of the gift. Approximately half of the net assets are from donors who entrusted the Foundation to determine the best use of endowment income to benefit the community, typically in broad areas of interest such as health and human services, education, environment, arts, and scholarships. Most of the balance is from donors who named specific nonprofit organizations as beneficiaries. The Board-designated endowment is a fund to support the operation of the Foundation.

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

Note 12 - Availability of Financial Assets and Liquidity:

The Foundation's financial assets available within one year of the Consolidated Statement of Financial Position date for general expenditures were as follows:

Financial assets at December 31, 2024:

Cash and cash equivalents	\$ 1,649,125
Contributions receivable	975,141
Note receivable	11,685,038
Investments	218,164,692
Charitable trust assets	3,054,783

Total financial assets	235,528,779
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Less amounts not available to be used within one year:

Beneficial interest in charitable remainder trusts	(3,054,783)
Agency funds	(25,845,985)
Endowment investments - corpus	(81,607,098)
Net assets restricted by time or purpose, including long-term receivables	(48,897,663)
Designated net assets:	
Donor advised funds	(48,636,389)
Special fields of interest	(9,209,564)
Board designated operating reserve funds	(2,711,802)
Board designated reserve - endowment	(1,089,423)

Add:

Appropriated endowment administrative expense fees	1,778,350
Agency fund fees	387,690

(218,886,667)

Financial assets available to meet general expenditures over the next
twelve months

\$ 16,642,112

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

The Foundation has certain Board-designated and donor-restricted endowments, a portion which are available for general expenditure within one year in the normal course of operations. The Board-designated amounts could be made available for general expenditures, if necessary. 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.

Note 13 - Employee Benefit Plan:

The Foundation maintains a 403(b) retirement plan covering all employees working 24 hours or more per week who have completed at least one year of service. The Foundation funds the plan at a flat, discretionary percentage determined each year, and employees can provide additional contributions to the plan. Plan benefits are provided through annuity contracts and/or custodial accounts. For the year ended December 31, 2024, employer contributions to the plan were \$70,485.

Note 14 - Commitments:

Operating Lease

The Foundation is a party to a lease agreement for its administrative office. Future aggregate minimum lease payments are as follows:

Year Ending December 31, 2025	\$ 168,368
Total lease payments	168,368
Less discount to present value	(703)
Present value of lease liabilities	\$ 167,665

The weighted average remaining lease term as of December 31, 2024, was approximately .84 years. The weighted average discount rate as of December 31, 2024, was 1.00%.

Total lease expense under the above lease was \$175,760 for the year ended December 31, 2024.

In April 2025 the Foundation signed an amended lease agreement for its office space. The amendment extended the term of the lease through November 2030.

Community Foundation Sonoma County

Notes to the Consolidated Financial Statements

Note 15 - Concentrations of Credit Risk:

Financial instruments potentially subjecting the Foundation to concentrations of credit risk consist primarily of bank demand deposits in excess of Federal Deposit Insurance Corporation insurance thresholds, cash held in money market accounts in excess of the amounts insured by the U.S. Treasury insurance for money market funds, and various debt and equity investments in excess of Securities Investor Protection Corporation insurance. Demand deposits are placed with a local financial institution, and the Foundation has not experienced any loss related to these demand deposits in the past. Investment securities are exposed to various risks, such as interest rate, market fluctuations and credit risk. It is at least reasonably possible, given the level of risk associated with investment securities, that changes in the near term could materially affect the amount reported in the consolidated financial statements. The risk associated with the investments is reduced through diversification.

Contributions are received primarily from organizations and major individual contributors. The Foundation received contributions from two contributors that approximated 20% of the Foundation's total contributions and bequests and trusts support for 2024.

Note 16 - Related Party Transaction:

The Foundation has and may continue to have Board of Directors and Committee members who are employed by corporations that provide services to the Foundation. The Foundation has a conflict-of-interest policy which covers relationships with Directors, Committee members and staff.

Community Foundation Sonoma County

Supplementary Information Consolidating Statement of Financial Position (See Independent Auditors' Report)

December 31, 2024

	Community Foundation Sonoma County	Oliver Ranch Foundation	Eliminating Entries	Consolidated Balance
Assets				
Cash and cash equivalents	\$ 1,635,595	\$ 13,530		\$ 1,649,125
Contributions receivable, net	6,847,488	4,837,550		11,685,038
Note receivable	975,141			975,141
Investments	218,164,692			218,164,692
Charitable trust assets	3,054,783			3,054,783
Property and equipment, net	53,186	7,733,850		7,787,036
Operating right-of-use leased assets	160,410			160,410
Other assets	131,787			131,787
Total assets	\$ 231,023,082	\$ 12,584,930	\$ -	\$ 243,608,012
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	\$ 177,950	\$ 15,408		\$ 193,358
Grants payable	2,977,891			2,977,891
Operating lease liabilities	167,665			167,665
Agency funds	25,845,985			25,845,985
Total liabilities	29,169,491	15,408	-	29,184,899
Net Assets:				
Without donor restrictions:				
Designated for donor advised funds	48,636,389			48,636,389
Designated for specific fields of interest	9,209,564			9,209,564
Board designated reserves	3,801,225			3,801,225
Undesignated	3,169,612	5,027		3,174,639
Total without donor restrictions	64,816,790	5,027	-	64,821,817
With donor restriction:				
Time and purpose	48,897,663			48,897,663
Perpetual restrictions	88,139,138	12,564,495		100,703,633
Total with donor restrictions	137,036,801	12,564,495	-	149,601,296
Total net assets	201,853,591	12,569,522	-	214,423,113
Total liabilities and net assets	\$ 231,023,082	\$ 12,584,930	\$ -	\$ 243,608,012

Community Foundation Sonoma County

Supplementary Information Consolidating Statement of Activities and Changes in Net Assets (See Independent Auditors' Report)

Year ended December 31, 2024

	Community Foundation Sonoma County	Oliver Ranch Foundation	Eliminating Entries	Consolidated Balance
Change in Net Assets Without Donor Restrictions:				
Support and revenue:				
Contributions and grants	\$ 11,128,804	\$ 87,868		\$ 11,216,672
Bequests and trusts	2,148,391			2,148,391
Investment income, net	4,749,219			4,749,219
Management fees earned, net	299,630		\$ (20,000)	279,630
Other income	100,000			100,000
Net assets released from restrictions	8,978,930			8,978,930
Total support and revenue	27,404,974	87,868	(20,000)	27,472,842
Expenses:				
Program services	23,104,418	19,437		23,123,855
Supporting services	2,088,266	69,602	(20,000)	2,137,868
Total expenses	25,192,684	89,039	(20,000)	25,261,723
Change in net assets without donor restrictions	2,212,290	(1,171)	-	2,211,119
Change in Net Assets With Donor Restrictions:				
Support and revenue:				
Contributions and grants	3,207,847	624,778		3,832,625
Bequests and trusts	302,409			302,409
Change in value of split-interest agreements	271,664			271,664
Investment income, net	12,149,650			12,149,650
Net assets released from restrictions	(8,978,930)			(8,978,930)
Total restricted support and revenue	6,952,640	624,778	-	7,577,418
Change in Net Assets	9,164,930	623,607		9,788,537
Net Assets, beginning of year	192,688,662	11,945,914	-	204,634,576
Net Assets, end of year	\$ 201,853,592	\$ 12,569,521	\$ -	\$ 214,423,113