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East Bay Community Foundation

June 30, 2024 and 2023

Independent Auditors' Report and
Consolidated Financial Statements

East Bay Community Foundation

Independent Auditors' Report and Consolidated Financial Statements

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Independent Auditors' Report

THE BOARD OF DIRECTORS
EAST BAY COMMUNITY FOUNDATION
Oakland, California

Opinion

We have audited the consolidated financial statements of **EAST BAY COMMUNITY FOUNDATION (the Foundation)** which comprise the consolidated statement of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

San Francisco, California
January 21, 2025

East Bay Community Foundation

Consolidated Statement of Financial Position

<i>June 30,</i>	2024	2023
Assets		
Cash and cash equivalents	\$ 5,218,494	\$ 8,057,237
Pledges, grants, and other receivables	2,921,371	4,608,401
Investments	524,057,009	569,724,538
Program-related investments	6,203,989	5,100,000
Charitable trust assets	3,324,552	3,365,437
Property and equipment, net	2,573,507	2,760,691
Other assets	515,240	571,069
Total assets	\$ 544,814,162	\$ 594,187,373
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other liabilities	\$ 915,241	\$ 1,152,776
Grants payable	38,569,118	26,096,509
Agency funds	27,532,120	25,185,300
Total liabilities	67,016,479	52,434,585
Net Assets:		
Without donor restrictions	387,734,176	456,930,583
With donor restrictions	90,063,507	84,822,205
Total net assets	477,797,683	541,752,788
Total liabilities and net assets	\$ 544,814,162	\$ 594,187,373

See accompanying notes to the consolidated financial statements.

East Bay Community Foundation

Consolidated Statement of Activities and Changes in Net Assets

<i>Years Ended June 30,</i>						
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 15,159,456	\$ 12,266,008	\$ 27,425,464	\$ 13,011,770	\$ 11,726,558	\$ 24,738,328
Investment income, net	27,389,942	7,183,545	34,573,487	21,564,388	6,889,299	28,453,687
Other income	321,586	2,250	323,836	348,953		348,953
Net assets released from restrictions	14,210,501	(14,210,501)	-	12,433,310	(12,433,310)	-
Total support and revenue	57,081,485	5,241,302	62,322,787	47,358,421	6,182,547	53,540,968
Expenses:						
Program services:						
Grant expense	115,726,253		115,726,253	117,785,665		117,785,665
Other program services	5,678,407		5,678,407	4,920,155		4,920,155
Total program services	121,404,660		121,404,660	122,705,820		122,705,820
Fundraising	2,200,971		2,200,971	2,387,252		2,387,252
Management and general	2,672,261		2,672,261	3,113,738		3,113,738
Total expenses	126,277,892	-	126,277,892	128,206,810	-	128,206,810
Change in Net Assets	(69,196,407)	5,241,302	(63,955,105)	(80,848,389)	6,182,547	(74,665,842)
Net Assets, beginning of year	456,930,583	84,822,205	541,752,788	537,778,972	78,639,658	616,418,630
Net Assets, end of year	\$ 387,734,176	\$ 90,063,507	\$ 477,797,683	\$ 456,930,583	\$ 84,822,205	\$ 541,752,788

See accompanying notes to the consolidated financial statements.

East Bay Community Foundation

Consolidated Schedule of Functional Expenses

Years Ended June 30,

	2024				2023			
	Program Services	Fundraising	Management and General	Total	Program Services	Fundraising	Management and General	Total
Grants awarded	\$ 115,726,253			\$ 115,726,253	\$ 117,785,665			\$ 117,785,665
Salaries	2,132,366	\$ 1,163,205	\$ 1,461,144	4,756,715	2,357,815	\$ 1,388,607	\$ 1,731,097	5,477,519
Employee benefits and payroll taxes	554,436	303,362	388,681	1,246,479	632,568	393,970	452,233	1,478,771
Professional and consulting fees	1,961,154	319,063	384,059	2,664,276	1,183,180	271,321	457,521	1,912,022
Occupancy	255,730	125,031	112,070	492,831	220,769	100,870	134,892	456,531
Sponsorship and marketing	64,000	13,104		77,104	80,142	48,879	61,838	190,859
Information technology	410,870	178,804	174,270	763,944	163,895	89,720	108,607	362,222
Depreciation	97,130	47,489	42,565	187,184	126,713	42,317	77,422	246,452
Dues and memberships	56,660	6,103	5,220	67,983	56,901	8,023	11,182	76,106
Convenings and conferences	48,779	17,106	44,003	109,888	19,051	8,619	10,769	38,439
Office expense	67,349	15,232	12,670	95,251	20,393	9,809	13,779	43,981
Travel	7,143	3,702	18,551	29,396	5,251	6,554	5,154	16,959
Other expenses	22,790	8,770	29,028	60,588	53,477	18,563	49,244	121,284
Total	\$ 121,404,660	\$ 2,200,971	\$ 2,672,261	\$ 126,277,892	\$ 122,705,820	\$ 2,387,252	\$ 3,113,738	\$ 128,206,810

See accompanying notes to the consolidated financial statements.

East Bay Community Foundation

Consolidated Statement of Cash Flows

Years Ended June 30,	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	\$ (63,955,105)	\$ (74,665,842)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	187,184	246,452
Net realized and unrealized gain on investments	(23,832,684)	(17,739,169)
Conversion of program-related investments to grants		75,000
Changes in operating assets and liabilities:		
Pledges, grants, and other receivables	1,687,030	(2,831,043)
Charitable trust assets	40,885	(7,881)
Other assets	55,829	(282,095)
Accounts payable and other liabilities	(237,535)	298,531
Grants payable	12,472,609	(23,240,929)
Agency funds	2,346,820	2,718,496
Net cash used by operating activities	(71,234,967)	(115,428,480)
Cash Flows from Investing Activities:		
Purchase of property and equipment		(35,430)
Purchase of investments	(966,339,615)	(1,420,898,917)
Sale of investments	1,035,839,828	1,536,679,427
Program related investments - notes receivable disbursements	(1,103,989)	
Net cash provided by investing activities	68,396,224	115,745,080
Change in Cash and Cash Equivalents	(2,838,743)	316,600
Cash and Cash Equivalents, beginning of year	8,057,237	7,740,637
Cash and Cash Equivalents, end of year	\$ 5,218,494	\$ 8,057,237

See accompanying notes to the consolidated financial statements.

East Bay Community Foundation

Notes to the Consolidated Financial Statements

Note 1 - General:

The East Bay Community Foundation (the Foundation) is a non-profit public benefit corporation organized in 1982 to incorporate the East Bay Community Foundation, an unincorporated association formed in 1928. The Foundation partners with donors, social movements, and the community to eliminate structural barriers, advance racial equity, and transform political, social, and economic outcomes in the East Bay. The Foundation does this through research on those needs and through joining its own financial and leadership resources with those of the private, public, and non-profit sectors.

The bylaws of the Foundation include a variance provision giving the Board of Directors the power to modify any restriction or condition placed on gifts to the Foundation if, in its sole judgment, the Board of Directors determine that the restriction becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served.

Supporting Organizations

A supporting organization is a Section 501(c)(3) charity that is classified as a public charity rather than a private foundation because it supports a publicly supported charity, such as a community foundation. Supporting organizations of the Foundation are consolidated herein and include, EBCF Properties, Model Transitions Foundation, and The East Bay Foundation on Aging. All of the supporting organizations are Type 1 supporting organizations as defined by the Internal Revenue Service (IRS).

Note 2 - Summary of Significant Accounting Policies:

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which recognizes revenue and support when earned and expenses when incurred and accordingly, reflect all significant receivables, payables, and other liabilities. The Foundation presents information regarding its net assets and activities according to two classes of net assets.

Net Assets Without Donor Restrictions - 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 funds held by the Foundation with variance power and net assets the Board of Directors has designated for certain endowments (see Note 12).

East Bay Community Foundation

Notes to the Consolidated Financial Statements

Net Assets With Donor Restrictions - the portion of net assets that are subject to time or donor-imposed restrictions. 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. Net assets with donor restrictions consist of irrevocable charitable remainder trusts, contributions unconditionally promised which are scheduled to be received in the future, purpose-restricted grants for which variance power was explicitly not given to the Foundation, and donor-restricted endowment funds.

Principles of Consolidation

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

Cash and Cash Equivalents

For purposes of reporting cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include the Foundation's operating and checking accounts, but exclude investment account money funds.

Investments

The Foundation reports certain investments at fair value. Investments received through gifts are recorded at estimated fair value at the date of donation. 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. Investments in closely held companies are reported at cost.

Due to the inherent uncertainty of valuation of non-marketable and restricted investments, those estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

In addition, the Foundation reports certain investments using the Net Asset Value (NAV) per share as determined by investment managers. NAV represents fair value for reporting purposes when the criteria for using this method are met. On an annual basis, management reviews the audited financial statements for each investment and compares the value reported by the fund manager to the value contained in the audited financial statements to assess the reasonableness of the valuation.

East Bay Community Foundation

Notes to the Consolidated Financial Statements

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. Fair value measurement standards also require the Foundation to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique. The Foundation 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 other than quoted market prices included within Level 1 for the asset or liability, either directly or indirectly.

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

The valuation levels are not necessarily an indication of the risk or liquidity associated with the investments.

Charitable Trust Assets

Trusts for which the Foundation is not the trustee are recorded as contributions receivable from charitable trusts and are recorded at the fair value of the assets in the trusts, less the present value of the expected payments to beneficiaries, using life expectancies of income beneficiaries and the IRS Section 7520 rate in effect as of the end of the fiscal year (5.6% for 2024 and 4.2% for 2023).

Property and Equipment

Purchased property and equipment are recorded at cost or, if donated, at fair value on the date of donation. Acquisitions or donations in excess of \$5,000 are capitalized. Expenditures for maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. Depreciation on property and equipment is provided over the estimated useful lives of the respective assets, ranging from three to thirty-nine years, on a straight-line basis.

East Bay Community Foundation

Notes to the Consolidated Financial Statements

Program-Related Investments

Program-related investments consist of loans which are measured at cost. Interest rates charged on loan receivables are generally below market rates. The Foundation's loan receivables are recorded at the time the loan is funded and agreed to by both parties. Management determines the allowance for credit losses by considering historical experience, an evaluation of specific notes receivables, an organization'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. Loan receivables are written off when deemed uncollectible. Recoveries of loans receivables previously written off are recorded as income when received.

Agency Funds

The Foundation records a liability that represents the readily determinable estimated fair values of assets that the Foundation has received from and invests on behalf of other nonprofit organizations. However, in most cases, the Foundation maintains legal ownership of the assets and has variance power.

Leases

The Foundation determines whether an arrangement is or includes a lease and categorizes leases as either operating or finance leases at their commencement. The Foundation does not have any finance leases. Qualifying operating lease right-of-use assets (ROU) 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 lease ROU asset also includes any lease payments made minus any lease incentives received and initial direct costs incurred. Additionally, the lease term may include options to extend or terminate the lease when it is reasonably certain the Foundation will exercise that option.

The Foundation did not record any ROU assets or operating lease liabilities as of June 30, 2024 and 2023 since there were no material amounts requiring reporting in the consolidated statement of activities and changes in net assets. Additionally, the Foundation made an available accounting policy election to not recognize ROU assets and lease liabilities for short-term leases with a term of 12 months or less. The lease payments for those leases are reported as lease expense is incurred.

The Foundation leases equipment and its conference center space adjacent to its offices in downtown Oakland, California, under various non-cancelable operating leases expiring through 2056. Rental expense for certain leases commencing March 1, 2001 consists of base rent of \$2,455, adjusted as of the end of each three-year period according to the Consumer Price Index (CPI) with no more than 5% increase at each adjustment, and common-area-maintenance expense (CAM) which is calculated at a rate of \$0.15 per square foot, adjusted as of the end of each three-year period according to the CPI with an increase of no less than 4% and no more than 8% at each adjustment. Rental payments are due monthly through 2056. Rental expense totaled \$121,895 and \$148,338 for the years ended June 30, 2024 and 2023, respectively.

East Bay Community Foundation

Notes to the Consolidated Financial Statements

Contributions

Contributions, which may include unconditional promises to give, are recognized in the period pledged or received. Interests in irrevocable charitable trusts are recorded as contributions receivable when notification of interest is received, and the fair value is determinable. Contributions and grants expected to be received beyond one year, are discounted at an applicable rate at the time of contribution. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

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.

Grant Expenses

Grants are recognized when all conditions are met by grantees, all due diligence has been completed, and they are approved by staff or board committee. Grant refunds are recorded as a reduction of grant expense at the time the grant is refunded to the Foundation. Grants payable represents the present value of grants to be paid in the future discounted at the applicable market rate at the time the grant is recorded.

Allocation of Functional Expense

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets and consolidated statement of functional expenses. Certain expenses, such as facilities, information technology, and human resources are allocated using the average headcount in each department. Salaries and benefits are allocated to programs and supporting services based on average headcount in each functional category as estimated by management.

Endowments

Interpretation of Relevant Law

The Foundation classifies as net assets with donor restrictions in perpetuity both the original value of the gifts donated plus all subsequent gifts. The remaining value of the donor restricted endowed funds is classified as net assets with donor restrictions until appropriated for expenditure by the Foundation.

East Bay Community Foundation

Notes to the Consolidated Financial Statements

Appropriation for expenditure for endowed funds is made in a manner consistent with the standards of prudence prescribed by the California enacted version of the Uniform Prudent Management Investment Funds Act (UPMIFA), which include: (1) The duration and preservation of the fund consistent with donor intent; (2) the purposes of the Foundation 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 appreciation of invested funds; (6) other resources of the Foundation; (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 level classified as net assets with perpetual donor restrictions. For the year ended June 30, 2024, the Foundation had 7 funds with deficiencies totaling \$336,829 with fair market value of \$1,036,607 and an original endowment gift amount of \$1,373,436. For the year ended June 30, 2023, the Foundation had 10 funds with deficiencies totaling \$150,177 with fair market value of \$4,022,054 and an original endowment gift amount of \$4,172,231. These deficiencies are reflected in net assets with donor restrictions.

These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

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 by its endowment 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 long-term return objective is to return a percentage 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 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 yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundations' various endowed funds, for grant-making and administration. The current spending policy is to distribute an amount equal to 5% of a moving twelve quarter rolling average for funds with balances of at least 75% of the historic gift value for the fiscal years ended June 30, 2023 and 2022.

East Bay Community Foundation

Notes to the Consolidated Financial Statements

Tax-Exempt Status

The Foundation and its consolidated supporting organizations are exempt from federal income tax on related income under Section 501(c)(3) of the Internal Revenue Code, and California Revenue and Taxation Code Section 23701d. In addition, they have each received a determination from the IRS that they are not private foundations.

As of June 30, 2024 and 2023, management evaluated the Foundation's and its consolidated supporting organization's tax positions and concluded that they each had maintained their tax exempt status and had taken no uncertain tax positions that required adjustment to the consolidated financial statements. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncements

Pronouncements adopted:

The FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which amends the guidance on the impairment of financial instruments. The ASU requires the use of the current expected credit loss (CECL) impairment model, based on expected losses rather than incurred losses, for financial instruments carried at amortized cost. Under the new guidance when an entity acquires a financial instrument, including program-related investments, it immediately recognizes an allowance equal to its estimate of expected credit losses over the life of the financial instrument. The Foundation adopted this pronouncement effective July 1, 2023 in accordance with the planned implementation as prescribed by the ASU with no material impact on the consolidated financial statements.

Subsequent Events

The Foundation evaluated subsequent events from June 30, 2024 through January 21, 2025, the date these consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements, except as disclosed in Note 6.

East Bay Community Foundation

Notes to the Consolidated Financial Statements

Note 3 - Pledges, Grants, and Other Receivables:

Pledges, grants, and other receivables are expected to be collected as follows for the year ended June 30:

	2024	2023
Within one year	\$ 1,306,371	\$ 2,173,401
One to five years	1,615,000	2,435,000
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Pledges, grants, and other receivables	\$ 2,921,371	\$ 4,608,401

Note 4 - Investments:

The Foundation's investments consisted of the following for the year ended June 30:

	2024	2023
Cash and cash equivalents	\$ 41,494,079	\$ 42,830,896
Fixed income:		
Government securities	257,098,653	245,765,635
Corporate bonds	39,535,188	99,565,953
Mortgage-backed securities	321,717	242,518
Equities	86,254,109	80,969,515
Mutual funds and exchange-traded funds:		
Equities	10,996,886	6,998,529
Fixed income	6,420,873	10,906,267
Indexed funds	37,964,730	29,859,777
Alternative investments	30,758,184	27,815,011
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Subtotal	510,844,419	544,954,101
Certificates of deposit	13,157,090	24,714,937
Private equity (held at cost)	55,500	55,500
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Total	\$ 524,057,009	\$ 569,724,538

East Bay Community Foundation

Notes to the Consolidated Financial Statements

The Foundation's net investment income consisted of the following for the year ended June 30:

	2024	2023
Realized and unrealized gain, net	\$ 23,832,684	\$ 17,739,169
Dividends and interest	11,860,934	11,672,367
Investment management fees	(1,120,131)	(957,849)
Investment income, net	\$ 34,573,487	\$ 28,453,687

Note 5 - Fair Value Measurements and Net Asset Value:

Fair Value Measurements:

The table below represents the assets and liabilities measured at fair value on a recurring basis for the year ended June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>NAV (a)</u>	<u>Total</u>
Cash and cash equivalents	\$ 41,494,079			\$ 41,494,079
Fixed income securities:				
Government securities		\$ 257,098,653		257,098,653
Corporate bonds		39,535,188		39,535,188
Mortgage-backed securities		321,717		321,717
Equities	86,254,109			86,254,109
Mutual funds and exchanged-traded funds:				
Equities	10,996,886			10,996,886
Fixed income	6,420,873			6,420,873
Indexed funds	37,964,730			37,964,730
Alternative Investments (a)			\$ 30,758,184	30,758,184
Subtotal	183,130,677	296,955,558	30,758,184	510,844,419
Charitable trust assets		3,324,552		3,324,552
Beneficial interest in life insurance policies		101,412		101,412
Total	\$ 183,130,677	\$ 300,381,522	\$ 30,758,184	\$ 514,270,383

East Bay Community Foundation

Notes to the Consolidated Financial Statements

The table below represents the assets and liabilities measured at fair value on a recurring basis for the year ended June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>NAV (a)</u>	<u>Total</u>
Cash and cash equivalents	\$ 42,830,896			\$ 42,830,896
Fixed income securities:				
Government securities		\$ 245,765,635		245,765,635
Corporate bonds		99,565,953		99,565,953
Mortgage-backed securities		242,518		242,518
Equities	80,969,515			80,969,515
Mutual funds and exchanged-traded funds:				
Equities	6,998,529			6,998,529
Fixed income	10,906,267			10,906,267
Indexed funds	29,859,777			29,859,777
Alternative Investments (a)			\$ 27,815,011	27,815,011
Subtotal	171,564,984	345,574,106	27,815,011	544,954,101
Charitable trust assets		3,365,437		3,365,437
Beneficial interest in life insurance policies		110,412		110,412
Total	\$ 171,564,984	\$ 349,049,955	\$ 27,815,011	\$ 548,429,950

(a) In accordance with FASB Accounting Standards Codification Subtopic 820-10, certain investments that are measured at fair value using NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

Certificates of deposit are not subject to fair value measurements as they do not meet the definition for disclosure.

East Bay Community Foundation

Notes to the Consolidated Financial Statements

Net Asset Value:

The Foundation uses NAV as a practical expedient to determine the fair value of all the underlying investments which do not have a readily determinable fair value and prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The following table lists investments valued at NAV by major category as of June 30, 2024:

Strategies	# of Funds	Valuation	Unfunded Commitment	Redemption Frequency	Redemption Notice Periods (days)
Investment partnerships for long-term capital appreciation:					
Hedge funds (a)	2	\$ 18,738,575		Daily to quarterly	1-45 days
Private equity (b)	9	6,102,530	\$ 3,429,947	None	N/A
Real estate (c)	4	2,164,064	489,823	None	N/A
Mission-aligned investment partnerships:					
Private equity (d)	14	3,753,015	2,423,275	None	N/A
Total	29	\$ 30,758,184	\$ 6,343,045		

The following table lists investments valued at NAV by major category as of June 30, 2023:

Strategies	# of Funds	Valuation	Unfunded Commitment	Redemption Frequency	Redemption Notice Periods (days)
Investment partnerships for long-term capital appreciation:					
Hedge funds (a)	2	\$ 16,327,756		Daily to quarterly	1-45 days
Private equity (b)	7	5,988,022	\$ 3,587,954	None	N/A
Real estate (c)	4	2,129,453	669,823	None	N/A
Mission-aligned investment partnerships:					
Private equity (d)	14	3,369,780	2,525,224	None	N/A
Total	27	\$ 27,815,011	\$ 6,783,001		

East Bay Community Foundation

Notes to the Consolidated Financial Statements

- (a) Hedge funds are actively managed funds and fund-of-funds employing a variety of strategies, including, but not limited to, multi-strategy, long/short, distressed debt, and credit. Hedge funds can invest long and short, apply leverage, invest in derivatives, and in the debt or equity of public and private companies in domestic or foreign markets. Approximately 78% and 77% of the value of this class as of June 30, 2024 and 2023, respectively, is invested in a fund that reserves the right at periods of high stress to delay or suspend redemptions in accordance with security regulations. The remaining 22% and 23% of this class as of June 30, 2024 and 2023, respectively, have no restrictions beyond redemption frequency and notification period.
- (b) Private equity funds are actively managed funds and fund-of-funds that invest in private and public companies through a variety of strategies including, but not limited to, early and late-stage venture capital, leveraged buyouts, distressed assets, special situations, and credit strategies. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidations of the underlying assets of the fund typically over 10 years or more. Approximately 74% and 83% of the value of this class as of June 30, 2024 and 2023, respectively, is invested in funds that allow sale of the partnership interest with approval of the general partners.
- (c) Real estate funds are actively managed funds that invest in commercial properties in the U.S. and abroad including, but not limited to, residential, multi-family, office, retail, hotel, industrial and other specialties. These investments are generally not redeemable from the fund manager. Instead, distributions are received through liquidation of the underlying assets of the fund, typically over 10 years or more.
- (d) Mission-aligned private equity funds are actively managed funds and fund-of-funds that invest in private companies through a variety of strategies including, but not limited to, venture capital, special situations, and credit strategies. These funds have been specifically selected for their diverse managers and investment strategies with a strong emphasis on racial equity. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidations of the underlying assets of the fund typically over 10 years or more.

East Bay Community Foundation

Notes to the Consolidated Financial Statements

Note 6 - Program-Related Investments:

Program-related investments consisted of the following as of June 30, 2024:

	<u>Outstanding Balance</u>	<u># of Loans</u>	<u>Interest Rates</u>	<u>Collections within Two - Five Years</u>	<u>Collections Thereafter</u>
Program related investment notes receivable (\$100,000 - \$5,000,000)	\$ 5,100,000	2	1.0%-1.5%	\$ 40,000	\$ 5,060,000
Convertible construction loan (\$10,000,000)	1,103,989	1	2.00%		1,103,989
Total	\$ 6,203,989	3		\$ 40,000	\$ 6,163,989

Program-related investments consisted of the following as of June 30, 2023:

	<u>Outstanding Balance</u>	<u># of Loans</u>	<u>Interest Rates</u>	<u>Collections within Two - Five Years</u>	<u>Collections Thereafter</u>
Program related investment notes receivable (\$100,000 - \$5,000,000)	\$ 5,100,000	2	1.0%-1.5%		\$ 5,100,000

Program-related investments are investments that align with and advance the Foundation's mission. They are a tool to foster inclusive economies and build economic power in the community.

During the year ended June 30, 2024, the Foundation entered an investment of up to \$10,000,000 to address the loss of housing for healthcare workers through the construction of sixteen below market-rate single-family homes to provide affordable housing for healthcare workers on Maui, Hawaii. This is a construction loan that will convert to a permanent loan once construction is complete. Interest accrues, at a rate of 2% per annum on the outstanding principal amount during construction phase. Upon conversion to the permanent phase, the loan will amortize over a 10-year period with quarterly principal and interest payments. Subsequent to year end, an additional \$3,613,707 was drawn down for construction related costs.

East Bay Community Foundation

Notes to the Consolidated Financial Statements

Note 7 - Charitable Trusts:

Future Interest in Charitable Remainder Trusts

The Foundation is named as the remainder beneficiary in charitable remainder trusts for which it is not the trustee. The present value of these interests was computed by discounting the current fair value of the Foundation's interest at 5.6% per annum in 2024 and 4.2% in 2023 and taking into account the current age of the remaining life beneficiary. The present value of these interests was \$2,791,300 and \$2,693,227 as of June 30, 2024 and 2023, respectively.

Interest in Charitable Lead Trust

The Foundation is named as the income beneficiary of a charitable lead trust. As income beneficiary, the Foundation is entitled to \$58,837 per year through 2038. The present value of the lead interest was \$533,252 and \$672,210 as of June 30, 2024 and 2023, respectively.

Note 8 - Property and Equipment:

Property and equipment consisted of the following for the year ended June 30:

	2024	2023
Land buildings	\$ 5,497,065	\$ 5,529,140
Furniture, equipment and leasehold improvements	922,380	1,032,234
	6,419,445	6,561,374
Accumulated depreciation	(3,845,938)	(3,800,683)
Property and equipment, net	\$ 2,573,507	\$ 2,760,691

Depreciation expense was \$187,184 and \$246,452 for the years ended June 30, 2024 and 2023, respectively.

East Bay Community Foundation

Notes to the Consolidated Financial Statements

Note 9 - Grants Payable:

Grants payable for the year ended June 30, 2024 are expected to be paid in the following fiscal years ending:

Year Ending June 30,	
2025	\$ 31,172,386
2026	7,396,732
<hr/>	
Total	<u>\$ 38,569,118</u>

The Foundation has conditional grants of \$2,066,284 and \$2,062,420 as of June 30, 2024, and 2023, respectively. These grants are conditional upon the grantees attaining certain programmatic achievements and other criteria and have not been recorded as of year end.

Note 10 - Line of Credit:

The Foundation maintains a revolving line of credit with US Bank (formerly Union Bank) in the amount of \$5,000,000, which matures on March 31, 2025. The interest rate on the line is equal to 1.5% less than US Bank's reference rate (8.5% per annum as of June 30, 2024) but never lower than 2% per annum. The note requires monthly payments of interest only with the entire principal due at maturity. The note is unsecured and there is an annual fee of .25% on the unused commitment. There was no outstanding balance as of June 30, 2024 and June 30, 2023.

The Foundation is subject to various financial and non-financial covenants under the note agreement, and the Foundation was in compliance with all of these financial and non-financial covenants as of June 30, 2024.

East Bay Community Foundation

Notes to the Consolidated Financial Statements

Note 11 - Net Assets With Donor Restrictions:

The Foundation's net assets with donor restrictions consisted of the following for the year ended June 30:

	2024	2023
Endowment funds	\$ 68,508,973	\$ 64,794,699
Program and field of interest funds	17,031,503	15,391,438
Charitable trusts	4,523,031	4,636,068
<hr/>		
Total	\$ 90,063,507	\$ 84,822,205

Net assets were released from donor restrictions by expiration of time or fulfillment of purpose restrictions specified by donors as follows for the year ended June 30:

	2024	2023
Program and field of interest funds	\$ 9,887,004	\$ 7,652,612
Endowment funds	4,111,081	4,778,988
Charitable trusts	212,416	1,710
<hr/>		
Total	\$ 14,210,501	\$ 12,433,310

East Bay Community Foundation

Notes to the Consolidated Financial Statements

Note 12 - Endowment Funds:

Changes in endowment net assets were as follows for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 29,239,640	\$ 64,794,699	\$ 94,034,339
Fund Transfer		(1,102,578)	(1,102,578)
Endowment net assets after reclassifications	29,239,640	63,692,121	92,931,761
Net investment income	2,670,283	6,353,967	9,024,250
Contributions	82,523	2,573,966	2,656,489
Appropriated for expenditure	(2,216,081)	(4,111,081)	(6,327,162)
Change in endowment assets	536,725	4,816,852	5,353,577
Endowment net assets, end of year	\$ 29,776,365	\$ 68,508,973	\$ 98,285,338

Changes in endowment net assets were as follows for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 28,901,199	\$ 63,077,272	\$ 91,978,471
Interest and dividends	549,940	1,209,419	1,759,359
Net gain (realized and unrealized)	1,989,903	5,128,545	7,118,448
Contributions	92,438	158,451	250,889
Appropriated for expenditure	(2,293,840)	(4,778,988)	(7,072,828)
Change in endowment assets	338,441	1,717,427	2,055,868
Endowment net assets, end of year	\$ 29,239,640	\$ 64,794,699	\$ 94,034,339

East Bay Community Foundation

Notes to the Consolidated Financial Statements

During the year ended June 30, 2024, \$1,102,578 in net assets were reclassified out of the endowments held in perpetuity to expendable restricted funds and are intended to be fully expended over a specified period in accordance with donor's intent.

Note 13 - Availability of Financial Assets and Liquidity:

The Foundation's financial assets available within one year of June 30 for general expenditures were as follows:

	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 5,218,494	\$ 8,057,237
Pledges, grants, and other receivables	2,921,371	4,608,401
Investments	524,057,009	569,724,538
Program-related investments	6,203,989	5,100,000
Charitable trust assets	3,324,552	3,365,437
Total financial assets	541,725,415	590,855,613
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(90,063,507)	(84,822,205)
Agency funds	(27,532,120)	(25,185,300)
Donor-advised funds (including program-related investments)	(346,736,226)	(429,385,552)
Board-designated endowment funds	(29,776,365)	(29,239,640)
Add net assets with donor restrictions expected to be used within one year - including endowment spending	6,333,482	6,229,704
Total amounts not available to be used within one year	(487,774,736)	(562,402,993)
Financial assets available to meet general expenditures over the next twelve months	\$ 53,950,679	\$ 28,452,620

The Foundation considers only operating expenses and Foundation projects to be general expenditures in this context and therefore has reduced the amount available from donor-advised funds held in investments. 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. Additionally, Board-designated endowment assets (See Note 12) could be undesignated by the Board of Directors and made available for general operations as needed. The Foundation also maintains a \$5,000,000 line of credit (See Note 10) which may be drawn upon for operational liquidity needs.

East Bay Community Foundation

Notes to the Consolidated Financial Statements

Note 14 - Retirement Plans:

The Foundation has a 401(k) retirement plan available to all eligible participants. The Foundation matches 100% of employee salary contributions, up to 5% for the years ended June 30, 2024 and June 30, 2023. The Foundation's contributions were \$175,683 and \$195,233 for the years ended June 30, 2024 and 2023, respectively.

Note 15 - Concentrations:

Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and investments. The Foundation places its cash investments with high credit quality financial institutions. At times, the account balances may exceed the institution's federally insured limits. The Foundation has not experienced any losses in such accounts. Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. To address the market risk of investments, the Foundation maintains a formal investment policy that sets out performance criteria, investment guidelines, and asset allocation guidelines, and requires review of the investment managers' performance. This entire process is actively overseen by the Chief Financial Officer and the Investment Committee of the Board of Directors.

Other

For the year ended June 30, 2024, the Foundation received 35% of its contributions from five donors representing \$9,971,953. For the year ended June 30, 2023, the Foundation received 36% of its contributions from five donors representing \$8,802,556. There were no amounts receivable from these donors for the year ended June 30, 2024 and 2023.

For the year ended June 30, 2024, 63% of receivables was due from one donor and for the year ended June 30, 2023, 62% of receivables were due from two donors.

For the year ended June 30, 2024, 30% of grants payable were due to three grantees, and for the year ended June 30, 2023, 44% of grants payable were due to three grantees.