



Report of Independent Auditors and  
Consolidated Financial Statements with  
Supplementary Information

**Silicon Valley Community Foundation**

December 31, 2023 (with comparative totals  
for the year ended December 31, 2022)

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## **Report of Independent Auditors**

The Audit Committee  
Silicon Valley Community Foundation

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Silicon Valley Community Foundation (a California public benefit corporation) and its supporting organizations and affiliates, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statement of activities, 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 Silicon Valley Community Foundation and its supporting organizations and affiliates as of December 31, 2023, and the changes in their net assets and their 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Silicon Valley Community Foundation and its supporting organizations and affiliates 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 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 Silicon Valley Community Foundation and its supporting organizations and affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Silicon Valley Community Foundation and its supporting organizations and affiliates' 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 Silicon Valley Community Foundation and its supporting organizations and affiliates' 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 Matter***

We have previously audited Silicon Valley Community Foundation and its supporting organizations and affiliates 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



San Francisco, California  
June 25, 2024

## **Consolidated Financial Statements**

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**Silicon Valley Community Foundation**  
**Consolidated Statements of Financial Position**  
**December 31, 2023 and 2022**  
(in thousands)

	<b>ASSETS</b>	
	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 81,386	\$ 94,475
Investments	13,363,473	13,559,279
Digital assets	11,561	1,466
Contributions and grants receivable	6,525	13,434
Notes and other receivables	28,998	30,951
Beneficial interest in charitable remainder trusts	4,567	4,653
Property and equipment, net	115,493	116,827
Operating lease right-of-use asset	17,393	-
Other assets	684	936
	<u>684</u>	<u>936</u>
Total assets	<u>\$ 13,630,080</u>	<u>\$ 13,822,021</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Grants payable, net	\$ 2,067,075	\$ 853,347
Accounts payable and accrued liabilities	3,629	4,134
Liabilities to beneficiaries from split interest agreements	16,838	17,407
Operating lease liability	17,861	-
Deposits held for others	18,901	17,348
	<u>18,901</u>	<u>17,348</u>
Total liabilities	<u>2,124,304</u>	<u>892,236</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	11,104,979	12,535,478
Designated by the Board for endowment	74,905	72,780
	<u>74,905</u>	<u>72,780</u>
	<u>11,179,884</u>	<u>12,608,258</u>
With donor restrictions		
Charitable remainder trusts and irrevocable plan gifts	13,183	11,661
Special projects	31,896	39,576
Endowment	280,813	270,290
	<u>280,813</u>	<u>270,290</u>
	<u>325,892</u>	<u>321,527</u>
Total net assets	<u>11,505,776</u>	<u>12,929,785</u>
Total liabilities and net assets	<u>\$ 13,630,080</u>	<u>\$ 13,822,021</u>

See accompanying notes.

**Silicon Valley Community Foundation**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2023**  
**(with comparative totals for the year ended December 31, 2022)**  
**(in thousands)**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES AND SUPPORT</b>				
Contributions	\$ 1,250,099	\$ 10,170	\$ 1,260,269	\$ 2,475,316
Investment income, net	2,014,891	24,413	2,039,304	(2,019,909)
Changes in value of split interest agreements	-	2,073	2,073	(1,928)
Other income	2,833	-	2,833	8,259
Net assets released from restriction pursuant to endowment spending-rate distribution formula	14,902	(14,902)	-	-
Net assets released from restrictions	17,389	(17,389)	-	-
Total revenues and support	<u>3,300,114</u>	<u>4,365</u>	<u>3,304,479</u>	<u>461,738</u>
<b>EXPENSES</b>				
Grants awarded	4,655,917	-	4,655,917	2,619,288
Program	48,685	-	48,685	43,056
General and administrative	19,631	-	19,631	20,870
Fundraising and development	4,255	-	4,255	4,678
Total expenses	<u>4,728,488</u>	<u>-</u>	<u>4,728,488</u>	<u>2,687,892</u>
CHANGES IN NET ASSETS	(1,428,374)	4,365	(1,424,009)	(2,226,154)
NET ASSETS, beginning of year	<u>12,608,258</u>	<u>321,527</u>	<u>12,929,785</u>	<u>15,155,939</u>
NET ASSETS, end of year	<u>\$ 11,179,884</u>	<u>\$ 325,892</u>	<u>\$ 11,505,776</u>	<u>\$ 12,929,785</u>

See accompanying notes.

**Silicon Valley Community Foundation**  
**Consolidated Statements of Functional Expenses**  
**Years Ended December 31, 2023 and 2022**  
(in thousands)

	2023			Total
	Program Services	General and Administrative	Fundraising and Development	
Grants awarded	\$ 4,655,917	\$ -	\$ -	\$ 4,655,917
Personnel	13,929	8,397	3,062	25,388
Consultants/professional services	5,616	1,819	23	7,458
Occupancy	9,383	1,306	498	11,187
Special events	517	505	-	1,022
Legal fees	-	1,373	-	1,373
Information technology	2,827	1,718	561	5,106
In-kind services and support	15,203	3,179	-	18,382
Audit and accounting fees	7	650	-	657
Insurance	230	234	48	512
Advertising	50	42	-	92
Taxes	-	213	-	213
Other	923	195	63	1,181
Total	<u>\$ 4,704,602</u>	<u>\$ 19,631</u>	<u>\$ 4,255</u>	<u>\$ 4,728,488</u>

	2022			Total
	Program Services	General and Administrative	Fundraising and Development	
Grants awarded	\$ 2,619,288	\$ -	\$ -	\$ 2,619,288
Personnel	12,966	7,835	3,084	23,885
Consultants/professional services	4,930	3,043	32	8,005
Occupancy	9,759	1,537	686	11,982
Special events	369	328	-	697
Legal fees	-	370	-	370
Information technology	3,525	2,163	712	6,400
In-kind services and support	10,546	2,636	31	13,213
Audit and accounting fees	85	905	8	998
Insurance	230	299	71	600
Advertising	123	123	-	246
Taxes	-	1,411	-	1,411
Other	523	220	54	797
Total	<u>\$ 2,662,344</u>	<u>\$ 20,870</u>	<u>\$ 4,678</u>	<u>\$ 2,687,892</u>

See accompanying notes.



**Silicon Valley Community Foundation**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**  
(in thousands)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (1,424,009)	\$ (2,226,154)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Loss on disposal of property and equipment	192	-
Depreciation and amortization	3,026	3,283
Noncash contributions	(91,750)	(44,489)
Contributions received for long-term purposes	(1,125)	(4,194)
Net realized and unrealized (gain) loss from changes in fair value of investments	(1,935,406)	2,100,717
Noncash grants made	250	6,460
Changes in in fair value of charitable remainder trusts and related accounts	(483)	(3,885)
Changes in operating assets and liabilities:		
Contributions and grants receivable	6,909	1,921
Other receivables, net	55	(1,154)
Other assets	252	583
Grants payable	1,213,728	73,322
Accounts payable and accrued liabilities	(505)	236
Net cash used in operating activities	(2,228,866)	(93,354)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	15,679,820	15,793,393
Purchases of investments	(13,522,971)	(15,902,891)
Proceeds from sales of digital assets	55,769	56,757
Notes receivable collected	1,898	420
Purchases of property and equipment	(1,417)	(1,505)
Deposits held for others	1,553	(78,200)
Net cash provided by (used in) investing activities	2,214,652	(132,026)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Contributions received for long-term purposes	1,125	4,194
Net cash provided by financing activities	1,125	4,194
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	(13,089)	(221,186)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	94,475	315,661
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 81,386	\$ 94,475
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Noncash contributions	\$ (66,114)	\$ (44,489)
Noncash grants made	250	6,460
Digital assets transferred in fulfillment of capital calls	-	4,250
Impairment on digital assets	-	7,580
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>		
Cash paid during the year for income taxes	(213)	(1,411)
Operating lease right-of-use assets recorded under ASC 842	17,393	-
Operating lease liabilities recorded under ASC 842	17,861	-

See accompanying notes.

# Silicon Valley Community Foundation

## Notes to Consolidated Financial Statements

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### **Note 1 – Description of the Foundation**

Silicon Valley Community Foundation (SVCF) is a 501(c)(3) nonprofit organization serving San Mateo and Santa Clara counties. Since its founding in 2007, SVCF has grown to be the largest philanthropic supporter of local, Bay Area and California nonprofit organizations. SVCF plays a pivotal role in tackling big, local challenges in the Silicon Valley region – so everyone who lives here will have the opportunity to thrive. We connect the resources of our donors and corporate partners to the needs of the community, collaborate to address critical public policy issues, and partner with donors to ensure their philanthropy is effective and meaningful.

#### **Mission:**

SVCF connects people, ideas, and resources to ensure equity and opportunity for all.

#### **Programs:**

*Advised funds* – SVCF offers several types of funds that enable donors to identify funding opportunities aligned with their values and charitable interests. Donor-advised funds allow donors to recommend grant recipients, subject to SVCF's due diligence and approval. Collectively, these funds granted approximately \$4,657,000,000 and \$2,553,000,000 to charitable organizations during the years ended December 31, 2023 and 2022, respectively.

*Corporate advised* – SVCF manages one of the largest corporate advised fund programs. SVCF helps the most innovative companies make a lasting positive impact on the world and their communities by supporting every stage of grantmaking, including strategy, complex asset management, sophisticated investment options, international compliance, vetting, and custom grant agreements. These funds made grants of approximately \$134,000,000 and \$175,000,000 during the years ended December 31, 2023 and 2022, respectively.

*Community endowment, field of interest funds, and strategic initiative funds* – Donors can contribute funds to address community needs – generally (community endowment fund), within a specific category (field of interest funds) or to support SVCF's strategies for community change (strategic initiative funds). These funds are a permanent charitable resource. They grow through community support and provide much needed and flexible funding to invest in community leaders, community solutions and networks to help these solutions scale. These resources also help to support SVCF's community in times of emergencies and crises. They allow SVCF to act strategically to positively impact the community by addressing the most urgent needs.

Field of interest funds enable donors to identify a broad charitable purpose, or a category of interest (e.g., arts, education, or human services), and/or geographic area or target population (e.g., senior citizens, children and youth, or immigrants).

Strategic initiative funds allow donors to have direct impact in SVCF-identified community challenges, change-makers on the ground and community solutions in defined areas of focus: expanding housing options for low-income people, expanding, and improving early childhood development opportunities and working towards economic stability of those experiencing poverty.

## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

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Together, these funds distributed approximately \$30,438,000 and \$32,144,000 to charities in the Bay Area counties during the years ended December 31, 2023 and 2022, respectively.

*Scholarship funds* – SVCF administers 56 scholarship programs. The majority are designated for current or former residents of San Mateo and Santa Clara counties. During the years ended December 31, 2023 and 2022, SVCF awarded approximately 565 and 342 scholarships totaling approximately \$2,745,000 and \$1,857,000, respectively.

*Supporting organizations* – SVCF works with a number of supporting organizations. SVCF appoints a majority of the members of the governing boards of the supporting organizations. Each governing board may create its own investment policy and grant guidelines. In 2023, the following supporting organizations were effectively under SVCF's control and were consolidated for financial statement purposes:

The Real Estate Trust	The Chong-Moon Lee Foundation
Sobrato Foundation	Driscoll Family Foundation
Intervalien Foundation	Destination: Home SV
Neubauer Family Charitable Trust	k18n Foundation
Shuchman Lesser Foundation	Biome Global Foundation
The Skoll Fund	

During 2023, two supporting organizations were disaffiliated. Raising A Reader and Dirk and Charlene Kabcenell Foundation.

*Affiliates* – In 2023, the following affiliate was effectively under SVCF's control and was consolidated for financial statement purposes:

E-Immigrate, LLC

### Note 2 – Summary of Significant Accounting Policies

**Basis of presentation** – The consolidated financial statements have been prepared on the accrual basis of accounting.

**Principles of consolidation** – The accompanying consolidated financial statements as of December 31, 2023 and 2022, include the financial statements of SVCF and its supporting organizations and affiliates, listed in Note 1 above. Inter-organizational transactions and balances have been eliminated in the consolidation.

**Prior-year information** – The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with SVCF and its supporting organizations' and affiliates' consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

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**Cash and cash equivalents** – For consolidated financial statement purposes, SVCF and its supporting organizations and affiliates consider all cash accounts, and all highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents, except those being held for investment purposes. In the regular course of business, SVCF and its supporting organizations and affiliates may maintain operating cash balances at a bank in excess of federally insured limits. SVCF and its supporting organizations and affiliates have not experienced any losses in such accounts.

**Investments** – Investments are stated 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 willing market participants at the measurement date. SVCF and its supporting organizations and affiliates determine fair value based on the fair value hierarchy established under applicable accounting guidance which requires an entity to prioritize the use of observable market-based inputs over the use of unobservable inputs when measuring fair value. There are three levels of inputs used to measure fair value. Financial instruments are considered Level 1 when the valuation is based on quoted market prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or models using inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation. Financial instruments are considered valued at net asset value (“NAV”) when the investment (i.e., commingled funds, hedge funds, private equity funds) is valued at NAV based on capital statements provided by entities that qualify to calculate fair value using NAV per share or its equivalent. Investment return is recorded when earned and consists of interest, dividends, and realized and unrealized gains/losses on investments. Investment income immediately reinvested is reflected simultaneously as investment return and purchases of investments. Investment return is net of external and direct internal investment expenses.

**Contributions and grants receivable** – Contributions receivable represents unconditional promises to give (“pledges”). Contributions and grants receivable are reviewed for collectability and reserves for uncollectible amounts are established when needed. Unconditional promises to give that are expected to be collected in excess of one year are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free rates applicable to the number of years the contribution is expected to remain outstanding. An additional discount is added to the present value of contributions, which represents an additional factor due to market, credit, and other risks in the fair value measurements. No discounts were deemed necessary for the fiscal years ended December 31, 2023 and 2022.

**Allowance for credit losses** – SVCF and its supporting organizations and affiliates provide for amounts that may be uncollectible on contributions and grants. Management reviews collectability on an annual basis and deemed no allowance was necessary for the years ended December 31, 2023 and 2022.

**Notes receivable** – Unsecured notes receivable with maturity dates greater than one year are insignificant and are not discounted. Notes receivable are stated at cost less any principal payments made since the issuance date.

## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

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**Program related loans** – These investments would not be made were it not for the relationship of the investment to SVCF's programmatic mission; therefore, investments must be consistent with the SVCF's mission. Although the underlying investments may or may not have a profit motive, that is not the sole focus of the investment by SVCF.

Program related loans are recorded at cost, less any principal payments SVCF has received from the borrower since the note purchase date. Allowance for credit losses reflects management's best estimate of losses inherent in the loan portfolio. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by SVCF. SVCF believes historical loss information is a reasonable starting point from which to calculate the expected allowance for credit losses. SVCF has recorded no losses on the loans made through December 31, 2023, therefore, the allowance for credit losses was zero for the years ended December 31, 2023 and 2022.

**Split-interest gifts** – SVCF has an irrevocable remainder beneficiary interest in charitable remainder trusts and charitable gift annuities whose maturities are based on the life expectancies of the income beneficiaries or a specified term of years.

Trusts and annuities in which SVCF is both trustee and remainder beneficiary are recorded at the fair value of the assets in the trusts. The corresponding liability for certain future amounts due to beneficiaries is recorded at the fair value of the annuity payments. The present value discount rates used for all trusts and annuities were 5.03 % and 4.34% at December 31, 2023 and 2022, respectively.

Trusts for which SVCF does not act as trustee are recorded at the present value of the assets to be received in the future. The present value discount rate used for all trusts and annuities were 5.03% and 4.34% at December 31, 2023 and 2022, respectively.

**Property and equipment** – Acquisitions and donations of property and equipment with a fair value in excess of \$10,000 are capitalized and depreciated using the straight-line method over the estimated useful lives of the assets ranging from three to thirty-nine years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' estimated useful lives or the term of the applicable lease. SVCF and its supporting organizations and affiliates records impairments of its property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over the estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances at the time of the determination. No property or equipment impairments were recorded for the years ended December 31, 2023 and 2022.

**Leases** – Transactions give rise to leases when SVCF receives substantially all of the economic benefits from and has the ability to direct the use of specified asset. SVCF has lessee activity classified as operating leases and are included in the operating lease right-of-use assets and operating lease liabilities in the consolidated statements of financial position.

## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

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Operating lease right-of-use assets represents the right to use an underlying asset for the lease term and operating lease liabilities represent obligations to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. When discount rates implicit in leases cannot be readily determined, the Organization uses an estimated incremental borrowing rate at lease commencement to perform lease classification tests and to measure lease liabilities and right-of-use assets. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Certain optional renewal periods were not included in the determination of the lease liability and right-of-use asset if management determined it was not reasonably certain that the lease would be extended. SVCF has elected not to recognize right-of-use assets and lease liabilities for leases of terms less than 12 months.

**Digital assets** – Digital assets, primarily consisting of cryptocurrency. The Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2023-08, *Intangibles — Goodwill and Other — Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets (ASU 2023-08)*, for the year ended December 31, 2023. As a result of the adoption of the standard, the Foundation holds digital asset tokens at fair value. The digital assets are exchanged in an active market in which transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Unrestricted fully vested tokens are valued at the quoted market prices reported on the active market on which the investments are traded and are classified as Level 1 within the fair value hierarchy at December 31, 2023. The change in fair value and/or the realized gain is recorded in investment returns on the accompany consolidated statements of activities.

As a result of the adoption ASU 2023-08, the cumulative-effect adjustment was insignificant to the opening balances of net assets as of January 1, 2023 while prior amounts continue to be reported in accordance with previously applicable U.S. GAAP.

Gains and losses realized upon the sale of digital assets are also recorded in the accompanying consolidated statements of activities. Realized (losses) gains on the sale of digital assets were approximately (\$2,118,000) and \$191,759,000 during the years ended December 31, 2023 and 2022, respectively, in investment return. The proceeds from the sale of digital assets, including realized gains, are used for grant making.

**Deposits held for others** – SVCF accepts funds from unrelated nonprofit organizations who desire to have SVCF provide efficient investment management, programmatic expertise, and technical assistance. A liability is recorded at the estimated fair value of assets deposited with SVCF by nonprofit organizations. Assets are invested in investment pools offered by SVCF.

## **Silicon Valley Community Foundation**

### **Notes to Consolidated Financial Statements**

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**Description of net assets** – Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

*Net assets without donor restrictions* – Defined as that portion of net assets that has no use or time restrictions. The bylaws of SVCF include a variance provision giving the Board of Directors (the “Board”) the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Board (without the necessity of the approval of any other party), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. Based on that provision, SVCF classifies contributions, except as noted below, as net assets without donor restrictions for consolidated financial statement presentation.

The Board has designated, from net assets without donor restrictions, net assets for an operating reserve and Board-designated endowment. The Board-designated endowment distributes an annual payout based on the Board approved spending policy which is used to provide funding for community endowment, field of interest funds, and strategic initiative funds as described above.

*Net assets with donor restrictions* – Defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Contributions unconditionally promised, including irrevocable planned gifts, which are scheduled to be received more than one year in the future, are recorded at fair value, classified as net assets with donor restrictions until the funds are received, and are discounted at a rate commensurate with the risk. Net assets consisting of the initial fair value of the gifts where the donor has specified that the assets donated are to be retained in an endowment, providing a permanent source of revenue for charitable purposes, are classified as net assets with donor restrictions. The accumulation of assets, above historic gift value, in donor-restricted endowment funds is classified as with donor restrictions until appropriated for use based on SVCF’s spending policy. SVCF also receives grants from charitable foundations and local agencies for initiatives and special projects for which purpose restrictions apply. Such grants and contributions are recorded as net assets with donor restrictions until the purpose restrictions are met at which time the assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

#### **Endowment funds**

*Interpretation of relevant law* – The Board of SVCF, with the advice of legal counsel, has determined it holds assets which meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). As a result of this interpretation, the corpus of funds subject to UPMIFA is classified as with donor restrictions. The corpus represents the fair value of the original gifts as of the gift date, and all subsequent gifts where the donor has indicated the gift be retained in perpetuity. The value of assets in excess of original gifts in donor-restricted endowment funds are classified as net assets with donor restrictions until appropriated for expenditure by SVCF.

## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

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From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below historical gift value. At December 31, 2023 and 2022, SVCF had 7 and 12 endowment funds with deficiencies of this nature totaling \$617,712 and \$957,601, respectively. These deficiencies are reflected in net assets with donor restrictions.

	December 31,	
	2023	2022
Fair value of underwater endowments	\$ 8,987,834	\$ 18,132,874
Less: original endowment gift amount	9,605,546	19,090,475
Deficiencies of underwater endowment funds	\$ (617,712)	\$ (957,601)

In accordance with UPMIFA, SVCF considers the following factors in making a determination as to the appropriation of assets for expenditure: 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 SVCF.

*Investment and spending policies* – SVCF has adopted investment and spending policies for endowed assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowed assets. The investment and spending policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.



## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

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To accomplish the long-term rate of return objectives, SVCF 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). SVCF targets a diversified asset allocation with an emphasis on equity-based investments, within prudent risk parameters. The spending policy determines the amount of money to be distributed annually from SVCF's various endowed funds for grantmaking and operational support. The Board generally approves the spending policy in the fourth quarter of the year for grants to be made in the following year. SVCF assesses a support fee to endowed funds which is added to the spending rate for grants and is a component of the total spending policy. The spending policy for support fees ranges from 0.5% to 1.5% of the average daily balance of the fund over the previous month and varies by fund type. The spending policy for grants varies by fund type and whether the balance of the fund is above or below historic gift value. For funds with balances above historic gift value, the spending policy for grants is 4.5% or 4.9% of the fund balance averaged over 12 trailing quarters. SVCF utilizes a sliding scale spending policy to address underwater funds, defined as those funds with balances below historic gift value. The table below illustrates the reduction in spending policy for grants from funds with balances that are under historic gift value at December 31, 2023 and 2022:

### Spending Policy for Underwater Funds:

Amount Underwater	Reduction in Spending	Spending Rate for Funds with 2% Support Fee	Spending Rate for Funds with .5% Support Fee
Less than 8%	None	4.50%	4.9%
Over 8% less than 16%	1/3	3.00%	3.00%
Over 16% less than 30%	2/3	1.50%	1.50%
Over 30%	Full	0.00%	0.00%

The spending policy is consistent with SVCF's objective to maintain purchasing power of endowed assets as well as to provide stable support to the community.

**Contributions revenue** – Unconditional contributions are recognized as revenue when received or promised. Unconditional promises to give that are expected to be collected in future years are recognized at fair value based on discounted cash flows. The discount on these amounts is computed using the rate applicable in the year the promises were received. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the original contributions. Contributions of assets other than cash are recorded at their estimated fair value. Real estate contributed is recorded at appraised value on the date of the gift and is generally made available for sale as soon as practicable. Contributions of public stock are recorded at the mean of the quoted market price on the date of donation.

## Silicon Valley Community Foundation

### Notes to Consolidated Financial Statements

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**In-kind contributions** – Significant donated property and equipment is recorded at estimated fair value at the date of receipt. Contributed services, which requires a specialized skill and for which SVCF and its supporting organizations and affiliates would have paid for if not contributed, are recorded at their estimated fair value at the date the contributed services are received. Rent-free office, storage, and meeting space is provided by a supporting organization to local nonprofits and recorded at estimated fair value. For the years ended December 31, 2023 and 2022, SVCF and its supporting organizations and affiliates recognized approximately \$18,382,000 and \$13,213,000, respectively, in in-kind contributions.

**Grants awarded** – 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 SVCF receives or is notified of the refund. Grants payable represent the present value of grants to be paid over a year and have been discounted at 4.82% and 4.27% for the years ended December 31, 2023 and 2022, respectively.

Conditional grants as of December 31, 2023 and 2022, were \$32,229,000 and \$38,128,000, respectively. Conditional grants are subject to grantees meeting various milestones.

For 2023 and 2022, included in grants expense are grants in the amount of \$207,000,000 and \$66,000,000, respectively, that were transferred to other donor-advised fund providers. Included in contributions are gifts in the amount of \$325,000,000 and \$1,381,000 that were transferred from other donor-advised fund providers, respectively.

**Functional expense allocations** – Expenses which apply to more than one functional category have been allocated among program services, management and general, and fundraising and development based on the time spent on these functions by specific employees as estimated by management. Indirect expenses such as facilities costs are allocated based on square footage used by functional departments. Other indirect expenses, such as information technology and general office supplies, are allocated based on the overall number of staff in the various functional categories. Certain marketing material costs are allocated based on the percentage of the publication devoted to each functional area. All other costs are charged directly to the appropriate functional category. Additionally, advertising costs are expensed as incurred. Advertising costs of approximately \$92,000 and \$246,000 were recognized for the years ended December 31, 2023 and 2022, respectively.

**Concentrations of risk** – SVCF and its supporting organizations and affiliates recognize there are additional inherent risks associated with non-publicly traded securities. Risk is managed through rigorous evaluation before an investment is made, quarterly monitoring of valuations, and regular communication with investment managers.

To address market and credit risks of investments, SVCF and its supporting organizations and affiliates maintain formal investment policies that set out performance criteria, provide investment guidelines, and require regular review of investment performance. Investments are managed by multiple investment managers who have responsibility for investing the funds using various investment strategies. An investment consultant is also utilized. SVCF and its supporting organizations and affiliates have custody agreements with selected banks, which process transactions at the direction of authorized staff and investment managers.

## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

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In addition, concentrations of market and credit risk exist for charitable remainder trusts, program related loans, as well as for cash equivalents. In the regular course of business, SVCF and its supporting organizations and affiliates may maintain operating cash balances at various banks in excess of federally insured limits. Management does not believe it is exposed to any significant credit risk on uninsured amounts.

### **Other concentrations**

*Major contributions* – For the year ended December 31, 2023, SVCF received 73% of its contributions from 8 donors. For the year ended December 31, 2022, SVCF received 86% of its contributions from 7 donors.

**Use of estimates** – The preparation of consolidated 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 these estimates.

**Income taxes** – SVCF and its supporting organizations and affiliates are tax-exempt organizations and are not subject to federal or state income taxes, except on unrelated business income, in accordance with Section 501(a) of the Internal Revenue Code. In addition, SVCF and its supporting organizations and affiliates qualified for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and have been classified as organizations that are not private foundations. Unrelated business income tax, if any, is immaterial and no tax provision has been made in the accompanying consolidated financial statements.

SVCF and its supporting organizations and affiliates do not have any material uncertain tax positions. SVCF and its supporting organizations and affiliates file informational tax returns in the U.S. federal, California, and other state jurisdictions.

**Recently implemented accounting standards** – Effective January 1, 2023, SVCF adopted FASB ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which required the use of the current expected credit losses (“CECL”) impairment model for a broad scope of financial instruments, including financial assets measured at amortized cost (which includes loans, held-to-maturity debt securities, trade receivables), net investments in leases, and certain off balance sheet credit exposures. This ASU excludes grants and contributions receivable and financial assets measured at fair value through change in net assets. The CECL model required the immediate recognition of estimated expected credit losses over the life of the financial instrument. Under this standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

Effective January 1, 2023, SVCF adopted FASB ASU 2023-08, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets (ASU 2023-08)*. The amendments in this update require that an entity measure crypto assets at fair value in the consolidated statement of financial position each reporting period and recognize changes from remeasurement in net income. The amendments also require that an entity provide enhanced disclosures for both annual and interim reporting periods to provide investors with relevant information to analyze and assess the exposure and risk of significant individual crypto asset holdings. In addition, fair value measurement aligns the accounting required for holders of crypto assets with the accounting for entities that are subject to certain industry-specific guidance (such as investment companies) and eliminates the four requirement to test those assets for impairment, thereby reducing the associated cost and complexity of applying the current guidance. The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2024 including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued (or made available for issuance). If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. The amendments in this update require a cumulative-effect adjustment to the opening balance of net assets as of the beginning of the annual reporting period in which an entity adopts the amendments. SVCF elected to early adopt this update; the adoption of ASU 2023-08 did not have a significant impact to the consolidated financial statements.

### Note 3 – Fair Value Measurement

The following tables present the balance of assets and liabilities carried at fair value on the consolidated statements of financial position as of December 31, 2023 and 2022:

ASSETS	December 31, 2023 (in thousands)				
	Total	Level 1	Level 2	Level 3	NAV
Investments					
Cash Equivalents					
Money Market Securities	\$ 871,695	\$ 831,940	\$ 39,755	\$ -	\$ -
Bank CDs and Deposits	-	-	-	-	-
Global Bonds					
Govt/Corporate	846,182	614,562	231,620	-	-
Foreign Bonds	1,424,758	819	1,405,483	-	18,456
Global Equities					
U.S. Equity	1,453,661	1,223,553	20,206	-	209,902
International	687,193	401,312	-	-	285,881
Emerging Market	18,601	1,772	-	-	16,829
Alternatives					
Hedge Funds	3,324,061	1,486	-	-	3,322,575
Private Equity	4,494,262	-	11	219,091	4,275,160
Real Assets	143,625	82,223	-	1,762	59,640
Real Estate	99,435	-	-	19,613	79,822
Total investments	13,363,473	3,157,667	1,697,075	240,466	8,268,265
Digital assets	11,561	11,561	-	-	-
Split interest agreements					
Beneficial interests in charitable remainder trusts	4,567	-	-	4,567	-
Total investments and digital assets	\$ 13,379,601	\$ 3,169,228	\$ 1,697,075	\$ 245,033	\$ 8,268,265
<b>LIABILITIES</b>					
Split interest agreements					
Liabilities to beneficiaries from split interest agreements	\$ 16,838	\$ -	\$ -	\$ 16,838	\$ -
Deposits held for others	\$ 18,901	\$ -	\$ -	\$ -	\$ 18,901

## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

	December 31, 2022 (in thousands)				
	Total	Level 1	Level 2	Level 3	NAV
<b>ASSETS</b>					
Investments					
Cash Equivalents					
Money Market Securities	\$ 1,000,542	\$ 1,000,542	\$ -	\$ -	\$ -
Bank CDs and Deposits	15,393	10,262	5,131	-	-
Global Bonds					
Govt/Corporate	3,694,260	1,511,082	2,177,883	-	5,295
Foreign Bonds	20,985	3,300	-	-	17,685
Global Equities					
U.S. Equity	1,204,515	999,061	35,407	-	170,047
International	327,447	104,507	-	-	222,940
Emerging Market	25,951	8,851	-	-	17,100
Alternatives					
Hedge Funds	3,198,249	1,495	-	-	3,196,754
Private Equity	3,875,260	-	5	186,662	3,688,593
Real Assets	84,799	-	-	3,918	80,881
Real Estate	111,878	-	-	15,368	96,510
Total investments	13,559,279	3,639,100	2,218,426	205,948	7,495,805
Split interest agreements					
Beneficial interests in charitable remainder trusts	4,653	-	-	4,653	-
Total investments and digital assets	<u>\$ 13,563,932</u>	<u>\$ 3,639,100</u>	<u>\$ 2,218,426</u>	<u>\$ 210,601</u>	<u>\$ 7,495,805</u>
<b>LIABILITIES</b>					
Split interest agreements					
Liabilities to beneficiaries from split interest agreements	\$ 17,407	\$ -	\$ -	\$ 17,407	\$ -
Deposits held for others	\$ 17,348	\$ -	\$ -	\$ -	\$ 17,348

Investments include those held in individual funds established by donors, supporting organizations, charitable trusts, and a variety of investment pools made available to donor funds for investment of gifted assets. Separate asset allocations are maintained for each investment pool, supporting organization, and charitable trust. The asset allocation of any individual donor fund is dependent on the donor's choice of approved investment pools. Advised funds of \$1,000,000 or more are eligible to be invested separately from the pools, subject to review and approval by SVCF.

Alternative investments include redeemable interests in hedge funds and commingled pools, and nonredeemable interests in real estate, real assets, and private equity funds. Alternative investments may be structured as limited partnerships, limited liability companies, commingled trusts, and offshore investment funds. This class of assets also includes direct investment in private companies, real estate, real assets, and commodities.

Derivatives are used by one supporting organization as hedging instruments to protect against loss and to achieve desired market exposure. These may include futures contracts, swaps, and exchange-listed and over the counter put and call options on securities or on financial indices. The fair value of derivatives held at December 31, 2023 and 2022, was \$0 and (\$351), respectively.

The following table presents investment returns for the years ended December 31:

	2023	2022
Investment income	\$ 142,183,534	\$ 112,827,691
Realized and unrealized gains (losses), net	1,935,406,405	(2,100,716,653)
Direct investment related expenses	(38,285,571)	(32,019,818)
	<u>\$ 2,039,304,368</u>	<u>\$ (2,019,908,780)</u>

## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

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Levels 1, 2, and 3 valuation techniques and inputs:

**Level 1** – Investments include marketable securities, exchange traded funds, and cash equivalents that are carried at fair value based on observable quoted market prices in active markets and mutual funds that are valued based on the net asset value per share computed by the fund manager and validated by a sufficient level of observable activity (i.e., purchases and sales).

**Level 2** – Investments include certificates of deposit issued by financial institutions that are valued using maturity and interest rate as observable inputs; domestic and foreign bonds other than U.S. Treasury securities that are valued using matrix pricing or market corroborated pricing and inputs such as yield curves and indices; derivatives (i.e., swaps and over-the-counter put and call options) that are valued with pricing models and inputs that utilize contractual terms including period to maturity; and readily observable parameters including interest rates, volatility, correlation levels, and credit quality of the counterparty.

**Level 3** – Investments include direct investments in real estate, real assets, and private companies, split interest agreements, and beneficial interests in charitable remainder trusts where SVCF is not the trustee. Valuation techniques and inputs for each are described below.

*Private equity* – Closely-held private or restricted stock is reviewed no less than annually using a variety of qualitative factors to subjectively determine the most appropriate valuation methodologies. Valuation inputs may include, but are not limited to, initial investment amount (cost), observed transaction price used in subsequent valuations, liquidation value, qualified opinion or appraisal, company financial statements, press releases and company commentary, and the SVCF's own assessment of value and applicable discounts.

*Real assets* – Direct investments in physical assets such as land, precious metals, commodities, and timber are reviewed no less than annually using a variety of qualitative factors to subjectively determine the most appropriate valuation methodologies. Valuation inputs for Level 3 assets may include, but are not limited to, the initial investment amount (cost), company financial statements, and independent appraisal. Fair value is determined using a variety of valuation techniques utilizing appraisals and/or company financial statements.

*Real estate* – Direct investment in real estate and interests in real estate partnerships (other than real estate funds) are reviewed no less than annually using a variety of qualitative factors to subjectively determine the most appropriate valuation methodologies consistent with the market, income, and cost approaches. Valuation inputs may include, but are not limited to, the initial investment amount (cost), partnership financial statements, market comparables, qualified appraisal, discounted cash flow, and SVCF's own assessment of value and applicable discounts. Independent appraisals of significant real estate held for investment are conducted periodically, depending on the nature of the investment.

## Silicon Valley Community Foundation

### Notes to Consolidated Financial Statements

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*Beneficial interests* – SVCF uses a discounted cash flow methodology to determine fair value of the beneficial interests in charitable remainder trusts where SVCF is not the trustee and to determine the liability associated with split interest agreements. Inputs used for valuation of remainder interests in charitable trusts where SVCF is not the trustee include financial statements provided by the trustee, the life expectancy of the income beneficiaries, and an applicable discount rate determined by SVCF. The fair value of beneficial interests is reviewed and updated annually by adjusting the current life expectancies of the income beneficiaries, applicable discount rate, and market value of each trust. A decrease in the discount rate and a longer life expectancy will decrease the fair value of the trust receivable and liability.

#### Level 3 roll-forward tables:

*Investments* – The following tables present the roll-forward of Level 3 investments carried at fair value (including the change in fair value) on the consolidated statements of financial position for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>Private Equity</u>	<u>Real Assets</u>	<u>Real Estate</u>
Balance, January 1	\$ 205,947,600	\$ 186,662,030	\$ 3,917,853	\$ 15,367,717
Transfers	7,822,028	7,628,509	193,519	-
Purchases	15,919,176	15,919,176	-	-
Sales	(56,670,174)	(53,650,371)	(2,349,713)	(670,090)
Investment income	4,185	4,185	-	-
Investment fees	(50,431)	(50,431)	-	-
Realized gains (losses)	6,241,404	6,621,314	-	(379,910)
Unrealized gains	61,251,961	55,956,818	-	5,295,143
	<u>\$ 240,465,749</u>	<u>\$ 219,091,230</u>	<u>\$ 1,761,659</u>	<u>\$ 19,612,860</u>
	<u>2022</u>	<u>Private Equity</u>	<u>Real Assets</u>	<u>Real Estate</u>
Balance, January 1	\$ 262,231,566	\$ 228,869,316	\$ 3,961,573	\$ 29,400,677
Transfers	6,678,970	4,678,970	-	2,000,000
Purchases	12,691,975	11,641,975	-	1,050,000
Sales	(116,251,723)	(99,723,170)	(68,815)	(16,459,738)
Investment fees	(2,761,084)	(2,761,084)	-	-
Realized gains (losses)	26,923,503	29,335,704	8,061	(2,420,262)
Unrealized gains	16,434,393	14,620,319	17,034	1,797,040
	<u>\$ 205,947,600</u>	<u>\$ 186,662,030</u>	<u>\$ 3,917,853</u>	<u>\$ 15,367,717</u>

## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

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Investments valued at NAV per share or its equivalent:

The following table presents the unfunded commitments, redemption frequency, and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent:

Investments as of December 31, 2023	Note	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Global bond funds	a	\$ 18,456,348	\$ -	Daily - Monthly	1 - 45 Days
Global equity funds	b	512,612,306	165,911	Monthly - Annually	6 - 90 Days
Hedge funds	c	3,322,574,728	102,812,222	Monthly - Illiquid	5 - 360 Days
Private equity funds	d	4,275,160,330	701,715,368	Annually - Illiquid	30 - 90 Days
Real asset funds	e	59,639,888	7,683,324	Illiquid	NA
Real estate funds	f	<u>79,821,928</u>	<u>22,049,108</u>	Illiquid	NA
Total		<u>\$8,268,265,528</u>	<u>\$ 834,425,933</u>		

(a) Global bond funds are actively managed funds that invest in government, corporate, or sovereign bonds. Investments are held within a commingled trust or limited partnership structure. All of the assets in this class may be redeemed on a monthly basis without restrictions.

(b) Global equity funds are actively managed funds that invest in stocks and other securities issued by companies in domestic and foreign markets. Investments are held within a commingled trust or limited partnership structure. Of the total, 75% may be redeemed within one quarter, 1% may be redeemed within one year, and 24% is subject to restrictions that limit the amount that may be redeemed per quarter or year.

(c) Hedge funds are actively managed funds and fund-of-funds employing a variety of strategies, including, but not limited to, multi-strategy, absolute return, long/short, arbitrage, event-driven, distressed debt, and credit. Hedge funds can invest long and short, shift from a net long position to a net short position, apply leverage, invest in derivatives, and invest in the debt or equity of public and private companies in domestic or foreign markets. Approximately 9% of the value of this class cannot be redeemed due to an outstanding lockup of 90 days or more beyond December 31, 2023. An additional 32% is subject to restrictions that limit the amount that may be redeemed per redemption period. The remaining 59% has no restrictions beyond redemption frequency and notification period.

(d) 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 buy-outs, distressed assets, special situations, and credit strategies. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund, typically over 10 years or more.



## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

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(e) Real assets funds are actively managed funds that invest primarily in private companies involved in mining, energy and infrastructure, timber, agribusiness, natural resources, and other hard assets. These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund, typically over 5 to 10 years.

(f) 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 the liquidation of the underlying assets of the fund, typically over 10 years or more.

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

The table below presents information about significant unobservable inputs related to the categories of Level 3 financial assets and liabilities at December 31, 2023:

	Fair Value at December 31, 2023	Valuation Techniques	Unobservable Inputs	Range
Private equity direct investments	\$ 219,091,230	Market, cost, or income	409A valuation company financials	na*
Real property and real estate limited partnership interests	\$ 19,612,860	Market comparables	Listing prices, general partner estimates	na*
Real assets	\$ 1,761,659	Market, cost, or income	Company financials, comparable sales	na*
Beneficial interests in charitable remainder trusts	\$ 4,567,091	Discounted cash flow	Discount rate life expectancies	5.03%, 2 to 65 years
Liabilities to beneficiaries from split interest agreements	\$ 16,838,000	Discounted cash flow	Discount rate life expectancies	5.03%, 2 to 65 years

\* Not included due to the wide range of possible values given the diverse nature of the underlying investments.

## Silicon Valley Community Foundation

### Notes to Consolidated Financial Statements

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*Split interest agreements* – The following tables present a roll-forward for the fair value of beneficial interests in split interest agreements (including the change in fair value) for charitable remainder trusts where SVCF is not the trustee and life estates, and the fair value of liabilities to income beneficiaries of split interest agreements (including the change in fair value) for split interest agreements trusted by SVCF (i.e., charitable remainder and annuity trusts, gift annuities, and pooled income fund), as shown on the consolidated statements of financial position for the years ended December 31, 2023 and 2022.

#### Beneficial interests in charitable remainder trusts

Balance, January 1, 2022	\$ 5,353,436
CRT maturity	(49,106)
Unrealized loss	(651,474)
	4,652,856
Balance, December 31, 2022	4,652,856
CRT maturity	-
Unrealized loss	(85,765)
	(85,765)
Balance, December 31, 2023	\$ 4,567,091

#### Liabilities to beneficiaries from split interest agreements

Balance, January 1, 2022	\$ 21,991,844
New additions during 2022	607,820
Trust maturities during 2022	(90,815)
Change in value due to change in actuarial life expectancy	2,018,023
Change in value in estimated fair value of underlying trust assets	(7,120,292)
	17,406,580
Balance, December 31, 2022	17,406,580
New additions during 2023	87,149
Trust maturities during 2023	-
Change in value due to change in actuarial life expectancy	(2,256,504)
Change in value in estimated fair value of underlying trust assets	1,600,940
	1,600,940
Balance, December 31, 2023	\$ 16,838,165

## Silicon Valley Community Foundation

### Notes to Consolidated Financial Statements

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#### Note 4 – Liquidity and Funds Available

The following table reflects SVCF's, its supporting organizations and affiliates financial assets as of December 31, 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, as well as trust assets, assets held for others, endowments, and accumulated earnings net of appropriations within one year, and Board-designated endowments. These Board designations could be drawn upon if the Board approves that action.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2023:

Financial assets	
Cash and cash equivalents	\$ 81,386,278
Investments	13,363,472,849
Contributions and grants receivable	6,525,363
Notes and other receivables	28,998,394
Beneficial interest in charitable remainder trusts	<u>4,567,091</u>
Financial assets, at December 31	<u>13,484,949,975</u>
Less those unavailable for general expenditure within one year, due to:	
Contributions and grants receivable collectible beyond one year	(635,000)
Notes and other receivables, net collectible beyond one year	(25,535,770)
Investments not convertible to cash within next 12 months	(8,508,731,279)
Investments and other financial assets held for others	(18,900,515)
Perpetual and term endowments and accumulated earnings subject to appropriation beyond one year	(267,616,834)
Investments in Board-designated endowments	(70,196,763)
Beneficial interest in charitable remainder trusts	<u>(30,020,799)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,563,313,015</u>

SVCF has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2022, was approximately \$5,613,000,000.

**Silicon Valley Community Foundation**  
**Notes to Consolidated Financial Statements**

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**Note 5 – Contributions and Grants Receivable**

Contributions and grants receivable as of December 31, 2023, are expected to be collected as follows:

	2023		Total
	Less than one year	Greater than one year	
Contributions receivable	\$ 2,903,697	\$ -	\$ 2,903,697
Grants receivable	2,986,666	635,000	3,621,666
Total	<u>\$ 5,890,363</u>	<u>\$ 635,000</u>	<u>\$ 6,525,363</u>

Contributions and grants receivable as of December 31, 2022, are as follows:

	2022		Total
	Less than one year	Greater than one year	
Contributions receivable	\$ 6,617,321	\$ -	\$ 6,617,321
Grants receivable	5,166,666	1,650,000	6,816,666
Total	<u>\$ 11,783,987</u>	<u>\$ 1,650,000</u>	<u>\$ 13,433,987</u>

Grants with payments terms in excess of one year were not subject to discounting as SVCF believes the discount is insignificant to the consolidated financial statements as a whole.

**Note 6 – Notes and Other Receivables**

Notes receivable and other receivables as of December 31, 2023, consisted of the following:

	2023		Total
	Less than one year	Greater than one year	
Program related loans	\$ 2,780,501	\$ 24,237,803	\$ 27,018,304
Other receivables	682,123	1,297,967	1,980,090
Total	<u>\$ 3,462,624</u>	<u>\$ 25,535,770</u>	<u>\$ 28,998,394</u>

## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

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Notes receivable and other receivables as of December 31, 2022, consisted of the following:

	2022		Total
	Less than one year	Greater than one year	
Program related loans	\$ 15,176,629	\$ 14,424,637	\$ 29,601,266
Other receivables	758,366	591,826	1,350,192
Total	\$ 15,934,995	\$ 15,016,463	\$ 30,951,458

Program-related loans are stated at the amount of unpaid principal and are unsecured with maturities from one to ten years. Interest rates offered on newly originated loans ranged from 0% to 15% during 2023 and 2022.

An outstanding executive loan exists in the amount of \$342,098 at December 31, 2023, to the current CEO and President of SVCF. The loan was issued when the CEO was hired in 2019, to assist in home purchase as part of a relocation. The loan was subsequently refinanced on May 1, 2020, and now bears interest at 1.15% per annum and will mature in 2030.

### Note 7 – Property and Equipment, net

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

	2023	2022
Building	\$ 118,925,446	\$ 118,753,511
Leasehold improvements	11,507,794	13,599,980
Construction in progress	99,998	1,271,691
Office equipment and other	3,765,096	3,658,210
Computer equipment	2,685,660	2,829,573
Total	136,983,994	140,112,965
Less: accumulated depreciation and amortization	(21,490,703)	(23,286,276)
Property and equipment, net	\$ 115,493,291	\$ 116,826,689

**Silicon Valley Community Foundation**  
**Notes to Consolidated Financial Statements**

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**Note 8 – Grants Payable, net**

Grants payable, net are expected to be disbursed as follows:

Years Ending December 31,

2024	\$ 1,284,572,372
2025	322,544,714
2026	158,235,527
2027	99,642,212
2028	85,478,643
Thereafter	<u>282,473,733</u>
Total	2,232,947,201
Present value discount	<u>(165,872,425)</u>
Grants payable, net	<u><u>\$ 2,067,074,776</u></u>

## Silicon Valley Community Foundation

### Notes to Consolidated Financial Statements

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#### Note 9 – Endowment

SVCF is required to provide information about net assets which are defined as endowment in accordance with California enacted UPMIFA. Classifications include endowment which is restricted in perpetuity by donors (net assets with donor restrictions) and endowment which has been Board designated. The changes in endowment net assets for the years ended December 31, 2023 and 2022, were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Endowment net assets, December 31, 2021</b>	\$ 86,418,585	\$ 323,817,711	\$ 410,236,296
Investment return:			
Investment income	(603,641)	(1,214,400)	(1,818,041)
Net appreciation (realized and unrealized)	<u>(9,818,641)</u>	<u>(39,351,374)</u>	<u>(49,170,015)</u>
Total investment return	<u>(10,422,282)</u>	<u>(40,565,774)</u>	<u>(50,988,056)</u>
Contributions	3,262,112	4,193,743	7,455,855
Appropriation of endowment assets for expenditure	(15,148,367)	-	(15,148,367)
Other changes:			
Transfers (to) from board-designated endowment funds	2,265,723	(10,751,706)	(8,485,983)
Release	6,404,065	(6,404,065)	-
Other transfers	<u>-</u>	<u>-</u>	<u>-</u>
<b>Endowment net assets, December 31, 2022</b>	<u>\$ 72,779,836</u>	<u>\$ 270,289,909</u>	<u>\$ 343,069,745</u>
Investment return:			
Investment income	(59,155)	(231,835)	(290,990)
Net appreciation (realized and unrealized)	<u>6,414,857</u>	<u>24,644,548</u>	<u>31,059,405</u>
Total investment return	<u>6,355,702</u>	<u>24,412,713</u>	<u>30,768,415</u>
Contributions	14,775	1,012,225	1,027,000
Appropriation of endowment assets for expenditure	(9,481,536)	-	(9,481,536)
Other changes:			
Transfers (to) from board-designated endowment funds	(268,991)	(9,396,214)	(9,665,205)
Release	5,505,634	(5,505,634)	-
Other transfers	<u>-</u>	<u>-</u>	<u>-</u>
<b>Endowment net assets, December 31, 2023</b>	<u>\$ 74,905,420</u>	<u>\$ 280,812,999</u>	<u>\$ 355,718,419</u>

## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

	December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowments			
Original Endowment Gift Amount	\$ -	\$ 103,498,290	\$ 103,498,290
Accumulated Earnings	-	177,314,709	177,314,709
Total Donor restricted endowments	-	280,812,999	280,812,999
Board designated endowments	74,905,420		74,905,420
Total	\$ 74,905,420	\$ 280,812,999	\$ 355,718,419
	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowments			
Original Endowment Gift Amount	\$ -	\$ 103,205,022	\$ 103,205,022
Accumulated Earnings	-	167,084,887	167,084,887
Total Donor restricted endowments	-	270,289,909	270,289,909
Board designated endowments	72,779,836	-	72,779,836
Total	\$ 72,779,836	\$ 270,289,909	\$ 343,069,745

### Note 10 – Related-Party Transactions

SVCF had the following related-party transactions:

Board members may hold interests or may be employed by corporations or partnerships whose shares or interests are held as investments by SVCF and its supporting organizations and affiliates. A conflict-of-interest policy has been established, which covers investments and vendor relationships with board members, volunteers, and staff.

SVCF's volunteer members of the Board are active in oversight of fundraising events, activities, and in making private contributions. Contributions received from the Board or from companies with which the Board is affiliated, were approximately \$272,000 and \$292,000 for the years ended December 31, 2023 and 2022, respectively.

An SVCF supporting organization utilized the services of an investment manager whose founder is also the founder of that supporting organization. In-kind investment management service fees of approximately \$2,466,000 and \$2,504,000 were donated by the investment manager during the years ended December 31, 2023 and 2022, respectively.



## Silicon Valley Community Foundation Notes to Consolidated Financial Statements

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### Note 11 – Retirement Plans

SVCF has a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code, for which substantially all employees are eligible. Employees may elect to make contributions to the plan under salary deferral provisions and are considered eligible for those voluntary contributions on the first day of employment. SVCF contributes 5% of salary to the plan for all eligible employees, as defined, on a pay period basis beginning with the second year of employment. Effective January 1, 2023, SVCF introduced a 1:1 employer match up to 5%. These contributions vest after three years of continuous service. Contributions to the plan for the years ended December 31, 2023 and 2022, were approximately \$1,630,000 and \$638,000, respectively.

### Note 12 – Commitments and Contingencies

In December 2022, SVCF entered into an operating lease agreement for a new main office facility in Mountain View, which they occupied in September 2023. The commencement date of the new facility was June 1, 2023, and expires July 31, 2033, and includes two 5-year options to extend.

Lease expenses are recorded on a straight-line basis over the life of the lease as included in the consolidated statements of activities and changes in net assets. Rental expense, for the main office facility, was approximately \$2,155,000 and \$3,038,000 for the years ended December 31, 2023 and 2022, respectively.

Following is a schedule of future minimum rental payments under its non-cancelable operating leases.

<u>Years Ending December 31,</u>	
2024	\$ 1,965,344
2025	2,024,304
2026	2,085,033
2027	2,147,584
2028	2,212,012
After five years	<u>11,009,250</u>
Total undiscounted cash flows	<u>21,443,527</u>
Less: present value discount	(3,582,338)
Operating lease liability	<u><u>\$ 17,861,189</u></u>

The remaining lease term is 9.58 years and the discount rate applied is 3.9%.

SVCF also maintains conference and office space in San Mateo with a lease, expiring in April 2025. Rental expense for the San Mateo office and conference center was approximately \$553,000 and \$544,000 for the years ended December 31, 2023 and 2022, respectively. The lease associated with the San Mateo office and conference space is immaterial to the consolidated financial statements and is not incorporated in the new lease standard.

## **Silicon Valley Community Foundation**

### **Notes to Consolidated Financial Statements**

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In the ordinary course of conducting its business, SVCF and its supporting organizations and affiliates may be subjected from time to time to loss contingencies arising from general business matters or lawsuits. Management believes that the outcome of such matters, if any, will not have a material impact on SVCF and its supporting organizations and affiliates consolidated financial position or changes in net assets.

#### **Note 13 – Subsequent Events**

Subsequent events are events or transactions that occur after the consolidated statement of financial position date, but before consolidated financial statements are available to be issued. SVCF and its supporting organizations and affiliates recognize in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position, but arose after the consolidated statement of financial position date and before the consolidated financial statements were available to be issued.

SVCF and its supporting organizations and affiliates have evaluated subsequent events through June 25, 2024, which is the date the consolidated financial statements were available to be issued.

## **Supplementary Information**

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## Report of Independent Auditors

To the Board of Directors  
Silicon Valley Community Foundation

We have audited the consolidated financial statements of the Silicon Valley Community Foundation (a California public benefit corporation) and its supporting organizations and affiliates (the “Foundation”) as of and for the year ended December 31, 2023, and our report thereon dated June 25, 2024, which expresses an unmodified opinion on those consolidated financial statements, appears on Page 1. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Agency Funds 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 applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Moss Adams LLP*

San Francisco, California  
June 25, 2024

**Silicon Valley Community Foundation**  
**Schedule of Agency Funds**  
**December 31, 2023**

The following are deposits held for others by fund as of December 31, 2023:

<u>Fund</u>	<u>Asset Balance</u>	<u>Fund</u>	<u>Asset Balance</u>	<u>Fund</u>	<u>Asset Balance</u>	<u>Fund</u>	<u>Asset Balance</u>
1075	\$ 245,382	4775	\$ 13,997	5190	\$ 57,433	5896	\$ 25,114
1076	557,705	4776	1,337,102	5200	21,180	5897	26,904
1395	19,511	4777	22,687	5207	30,004	5898	21,781
1596	80,789	4778	128,240	5222	15,199	5927	283,793
3306	59,708	4779	1,227,458	5248	52,305	5930	15,216
3409	141,085	4780	252,708	5262	11,685	5934	23,932
3410	1,007,716	4781	40,987	5283	13,544	5939	827,654
3476	213,660	4782	55,021	5294	88,809	5952	27,674
3537	1,574,880	4783	207,558	5295	33,884	5964	32,999
3544	695,686	4784	9,952	5310	20,756	5965	35,899
4742	18,749	4786	1,906,583	5311	28,057	5995	14,462
4743	67,866	4787	11,813	5348	11,879	5996	11,139
4744	11,922	4788	68,137	5349	15,607	6011	16,323
4745	15,792	4789	260,397	5350	11,458	6045	57,391
4746	27,302	4790	217,842	5361	22,445	6065	473,681
4747	22,225	4791	114,018	5366	13,478	6088	253,865
4748	16,575	4792	272,053	5368	24,866	6089	33,279
4749	15,632	4794	178,227	5373	1,582	6090	10,223
4750	22,658	4795	21,503	5387	10,816	6124	30,270
4751	378,722	4796	80,925	5392	21,220	6145	10,153
4753	16,081	4797	23,149	5393	58,540	6147	9,662
4754	22,669	4798	14,369	5455	96,094	6153	22,693
4755	57,762	4870	435,244	5473	17,795	6154	24,175
4756	113,091	4874	18,466	5474	51,576	6196	9,707
4757	32,592	4881	63,842	5525	20,543	6205	9,242
4758	54,863	4993	27,602	5534	19,941	6226	12,064
4759	42,208	4994	22,171	5543	34,190	6230	10,376
4761	29,837	4995	30,009	5575	12,956	6233	21,589
4762	8,656	4996	16,131	5576	21,012	6235	12,659
4763	11,192	5018	95,030	5592	67,032	6237	11,903
4765	11,345	5038	10,578	5594	38,125	6243	10,653
4766	49,064	5053	56,434	5605	19,216	6249	11,206
4767	9,412	5074	13,587	5651	90,655	6256	10,469
4768	17,717	5075	11,930	5662	12,707	6269	59,304
4769	26,644	5087	224,276	5693	15,471	6314	11,163
4770	213,686	5088	224,305	5724	61,924		
4771	31,128	5109	54,216	5841	282,228		
4772	593,129	5176	9,507	5853	98,044		
4773	395,988	5183	85,705	5857	10,259		
4774	10,613	5184	44,323	5865	38,059		
Total deposits held for others							<u>\$ 18,900,515</u>

