



*Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information*

Silicon Valley Community Foundation

*December 31, 2022 (with comparative totals
for the year ended December 31, 2021)*

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Report of Independent Auditors

To 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, 2022, and the related consolidated statements 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, 2022, 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 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 financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the 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 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 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



San Francisco, California
July 10, 2023

Consolidated Financial Statements

Silicon Valley Community Foundation
Consolidated Statements of Financial Position
December 31, 2022 and 2021
(in thousands)

	<u>2022</u>	<u>2021</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 94,475	\$ 315,661
Investments	13,559,279	15,523,594
Contributions and grants receivable	13,434	15,355
Notes and other receivables	30,951	30,217
Beneficial interest in charitable remainder trusts	4,653	5,353
Property and equipment, net	116,827	118,605
Intangible assets	1,466	47,098
Other assets	936	1,519
	<u> </u>	<u> </u>
Total assets	<u>\$ 13,822,021</u>	<u>\$ 16,057,402</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants payable, net	\$ 853,347	\$ 780,025
Accounts payable and accrued liabilities	4,134	3,898
Liabilities to beneficiaries from split interest agreements	17,407	21,992
Deposits held for others	17,348	95,548
	<u> </u>	<u> </u>
Total liabilities	<u>892,236</u>	<u>901,463</u>
NET ASSETS		
Without donor restrictions		
Undesignated	12,535,478	14,697,209
Designated by the Board for endowment	72,780	86,419
	<u> </u>	<u> </u>
	12,608,258	14,783,628
With donor restrictions		
Charitable remainder trusts and irrevocable plan gifts	11,661	14,187
Special projects	39,576	34,306
Endowment	270,290	323,818
	<u> </u>	<u> </u>
	321,527	372,311
	<u> </u>	<u> </u>
Total net assets	<u>12,929,785</u>	<u>15,155,939</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 13,822,021</u>	<u>\$ 16,057,402</u>

See accompanying notes.

Silicon Valley Community Foundation
Consolidated Statement of Activities
Year Ended December 31, 2022
(with comparative totals for the year ended December 31, 2021) (in thousands)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Contributions	2,454,477	20,839	\$ 2,475,316	\$ 4,089,764
Investment return, net	(1,979,344)	(40,565)	(2,019,909)	2,331,930
Change in value of split interest agreements	-	(1,928)	(1,928)	(2,013)
Other income	8,259	-	8,259	4,197
Net assets released from restriction pursuant to endowment spending-rate distribution formula	17,156	(17,156)	-	-
Net assets released from restrictions and reclassifications	11,974	(11,974)	-	-
Total revenues and support	512,522	(50,784)	461,738	6,423,878
EXPENSES				
Program				
Grants awarded	2,619,288	-	2,619,288	2,657,446
Other Program related	43,056	-	43,056	36,441
General and administrative	20,870	-	20,870	21,181
Fundraising and development	4,678	-	4,678	4,153
Total expenses	2,687,892	-	2,687,892	2,719,221
CHANGE IN NET ASSETS	(2,175,370)	(50,784)	(2,226,154)	3,704,657
NET ASSETS, beginning of year	14,783,628	372,311	15,155,939	11,451,282
NET ASSETS, end of year	\$ 12,608,258	\$ 321,527	\$ 12,929,785	\$ 15,155,939

See accompanying notes.

Silicon Valley Community Foundation
Consolidated Statements of Functional Expenses
Years Ended December 31, 2022 and 2021
(in thousands)

2022				
	Program Services	Management & General	Fundraising & Development	Total
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 & 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>

2021				
	Program Services	Management & General	Fundraising & Development	Total
Grants awarded	\$ 2,657,446	\$ -	\$ -	\$ 2,657,446
Personnel	10,739	7,429	2,955	21,123
Consultants/professional services	10,509	2,513	64	13,086
Occupancy	4,399	1,324	562	6,285
Special events	320	234	-	554
Legal fees	176	378	-	554
Information technology	1,624	1,121	379	3,124
In-kind services & support	7,583	5,365	10	12,958
Audit and accounting fees	38	744	8	790
Insurance	186	255	57	498
Advertising	420	396	-	816
Taxes	30	1,117	-	1,147
Other	417	305	118	840
Total	<u>\$ 2,693,887</u>	<u>\$ 21,181</u>	<u>\$ 4,153</u>	<u>\$ 2,719,221</u>

See accompanying notes.

Silicon Valley Community Foundation
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021
(in thousands)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,226,154)	\$ 3,704,657
Adjustments to reconcile change in net assets to cash flows (used in) from operating activities:		
Depreciation and amortization	3,283	2,567
Noncash contributions	(44,489)	(276,494)
Contributions received for long-term purposes	(4,194)	(28,302)
Net realized and unrealized loss (gain) from changes in fair value of investments	2,100,717	(2,338,005)
Noncash grants made	6,460	23,134
Change in in fair value of charitable remainder trusts and related accounts	(3,885)	4,503
Changes in assets and liabilities		
Contributions and grants receivable	1,921	(1,911)
Other receivables	(1,154)	(181)
Intangible assets	56,757	116,718
Other assets	583	(758)
Grants payable	73,322	186,597
Accounts payable and accrued liabilities	236	(4,952)
Cash flows (used in) from operating activities	<u>(36,597)</u>	<u>1,387,573</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	15,793,393	14,463,358
Purchases of investments	(15,902,891)	(15,554,344)
Notes receivable collected	420	291
Purchases of property and equipment	(1,505)	(5,260)
Deposits held for others	(78,200)	(64,595)
Cash flows used in investing activities	<u>(188,783)</u>	<u>(1,160,550)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions received for long-term purposes	<u>4,194</u>	<u>28,302</u>
Cash flows from financing activities	<u>4,194</u>	<u>28,302</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>(221,186)</u>	<u>255,325</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>315,661</u>	<u>60,336</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 94,475</u></u>	<u><u>\$ 315,661</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW ACTIVITY		
Noncash contributions	\$ (44,489)	\$ (276,494)
Noncash grants made	\$ 6,460	\$ 23,134
Intangible assets transferred in fulfillment of capital calls	\$ 4,250	\$ 2,500
Impairment on intangible assets	\$ 7,580	\$ 11,373

See accompanying notes.

Silicon Valley Community Foundation

Notes to Consolidated Financial Statements

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 \$2,553,000,000 and \$2,155,000,000 to charitable organizations during the years ended December 31, 2022 and 2021, respectively.

Corporate advised – SVCF manages one of the largest corporate advised fund programs among all U.S. based community foundations. SVCF assists in the grant making process, works with employee contribution committees, builds community-wide partnerships, and works with corporate fund holders on community relations activities. These funds made grants of approximately \$175,000,000 and \$100,000,000 during the years ended December 31, 2022 and 2021, 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

Together, these funds distributed approximately \$32,144,000 and \$32,000,000 to charities in the Bay Area counties during the years ended December 31, 2022 and 2021, 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, 2022 and 2021, SVCF awarded approximately 342 and 319 scholarships totaling approximately \$1,857,000 and \$2,998,000, 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 2022, the following supporting organizations were effectively under SVCF's control and were consolidated for financial statement purposes:

Raising A Reader	Shuchman Lesser Foundation
The Real Estate Trust	The Skoll Fund
Dirk and Charlene Kabcenell Foundation	The Chong-Moon Lee Foundation
Sobrato Foundation	Driscoll Family Foundation
William H. Cilker Foundation	Destination: Home SV
Intervalien Foundation	k18n Foundation
Neubauer Family Charitable Trust	Biome Global Foundation

During 2022 William H. Cilker Family Foundation was closed.

Affiliates – In 2022, 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, 2022 and 2021, 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. 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, 2021, from which the summarized information was derived.

Silicon Valley Community Foundation

Notes to Consolidated Financial Statements

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 year ended December 31, 2022 and 2021.

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

Allowance for doubtful accounts – SVCF and its supporting organizations and affiliates provide for amounts that may be uncollectible on contributions, grants, notes, and other receivables. Management reviews collectability on an annual basis and deemed no allowance was necessary for the years ended December 31, 2022 and 2021.

Silicon Valley Community Foundation

Notes to Consolidated Financial Statements

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 4.34% and 1.9% at December 31, 2022 and 2021, 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 4.34% and 1.9% at December 31, 2022 and 2021, 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, 2022 and 2021.

Digital assets – Digital assets consist primarily of cryptocurrency which are accounted for as indefinite-lived intangible assets. Digital assets were approximately \$1,500,000 and \$47,100,000 at December 31, 2022 and 2021, respectively, and are included in intangible assets on the consolidated statements of financial position.

Indefinite-lived intangible assets are recorded at cost or the estimated fair value at the date of gift and are tested for impairment annually or when events or circumstances indicate that the carrying value more likely than not exceeds its fair value. SVCF estimates fair value of its cryptocurrency holdings for purposes of impairment testing taking quoted prices from multiple digital currency exchanges with active markets near the measurement date. Impairment in the carrying value of digital assets is recorded as an impairment loss in the accompanying consolidated statements of activities in the investment return line item. Impairment loss recognized on digital assets was approximately \$7,580,000 and \$11,373,000 for the years ended December 31, 2022 and 2021.

Gains and losses realized upon the sale of digital assets are also recorded in the accompanying consolidated statements of activities. Realized gains on the sale of digital assets were approximately \$191,759,000 and \$971,603,000 during the years ended December 31, 2022 and 2021, 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

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

Net assets without donor restrictions is 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 is 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

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, 2022 and 2021, SVCF had 12 and 3 endowment funds with deficiencies of this nature totaling \$957,601 and \$76,177, respectively. These deficiencies are reflected in net assets with donor restrictions.

	December 31,	
	2022	2021
Fair value of underwater endowments	\$ 18,132,874	\$ 241,823
Original endowment gift amount	19,090,475	318,000
Deficiencies of underwater endowment funds	<u>\$ (957,601)</u>	<u>\$ (76,177)</u>

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.

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.

Silicon Valley Community Foundation

Notes to Consolidated Financial Statements

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 2.0% 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 5.0% 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, 2022 and 2021:

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%	5.00%
Over 8% less than 16%	1/3	3.00%	3.33%
Over 16% less than 30%	2/3	1.50%	1.67%
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.

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, 2022 and 2021, SVCF and its supporting organizations and affiliates recognized approximately \$13,213,000 and \$12,958,000, respectively, in in-kind contributions.

Silicon Valley Community Foundation

Notes to Consolidated Financial Statements

Grants awarded – Grants are recognized when all significant 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 4.27% and 1.26% for the years ended December 31, 2022 and 2021, respectively.

Conditional grants as of December 31, 2022 and 2021, were \$38,128,000 and \$34,301,000, respectively. Conditional grants are subject to grantees meeting various milestones.

For 2022 and 2021, included in grants expense are grants in the amount of \$66,000,000 and \$395,000,000, respectively that were transferred to other donor-advised fund providers. Included in contributions are gifts in the amount of \$1,381,000 and \$1,331,000,000 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.

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.

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, 2022, SVCF received 86% of its contributions from 7 donors. For the year ended December 31, 2021, SVCF received 80% of its contributions from 9 donors.

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Notes to Consolidated Financial Statements

Use of estimates – The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America 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 – In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. This ASU was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The standard establishes a right-of-use (ROU) model that requires a lessee to recognize an ROU asset and a lease liability on the statement of financial position for all leases with lease terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. SVCF adopted this new lease standard on January 1, 2022, using a modified retrospective transition. Under the effective date method, financial results reported in periods prior to 2021 are unchanged. The adoption of this standard did not have a material impact on the consolidated financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit organizations through enhancements to presentation and disclosure. The update addresses certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit organizations, as well as the amount of those contributions used in a not-for-profit organization’s programs and other activities. ASU No. 2020-07 is effective for SVCF for the year ended December 31, 2022. The adoption of this standard did not have a material impact the consolidated financial statements.

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Notes to 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, 2022 and 2021:

ASSETS	December 31, 2022 (in thousands)				
	Total	Level 1	Level 2	Level 3	NAV
Investments					
Cash Equivalents					
Money Market Securities	\$ 1,000,542	\$ 1,000,542	\$ -	\$ -	\$ -
Bank CDs and Deposits	15,393	10,262	5,131	-	-
Global Bonds and Funds					
Govt/Corporate	3,694,260	1,511,082	2,177,883	-	5,295
Foreign Bonds	20,985	3,300	-	-	17,685
Global Equities and Funds					
US 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	<u>\$ 13,559,279</u>	<u>\$ 3,639,100</u>	<u>\$ 2,218,426</u>	<u>\$ 205,948</u>	<u>\$ 7,495,805</u>
Split interest agreements					
Beneficial interests in charitable remainder trusts	<u>\$ 4,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,653</u>	<u>\$ -</u>
LIABILITIES					
Split interest agreements					
Liabilities to beneficiaries from split interest agreements	\$ 17,407	\$ -	\$ -	\$ 17,407	\$ -
Deposits held for others	\$ 17,348	\$ -	\$ -	\$ -	\$ 17,348
ASSETS					
ASSETS	December 31, 2021 (in thousands)				
	Total	Level 1	Level 2	Level 3	NAV
Investments					
Cash Equivalents					
Money Market Securities	\$ 1,110,934	\$ 933,597	\$ 177,337	\$ -	\$ -
Bank CDs and Deposits	782,950	374,267	408,683	-	-
Global Bonds and Funds					
Govt/Corporate	3,289,733	1,780,462	1,501,765	-	7,506
Foreign Bonds	65,965	3,321	-	-	62,644
Global Equities and Funds					
US Equity	2,970,944	2,770,601	72,703	-	127,640
International	219,983	141,982	403	-	77,598
Emerging Market	48,993	16,223	1,295	-	31,475
Alternatives					
Hedge Funds	2,977,817	-	-	-	2,977,817
Private Equity	3,822,201	1,529	-	228,869	3,591,803
Real Assets	101,940	-	-	3,962	97,978
Real Estate	132,134	-	-	29,401	102,733
Total investments	<u>\$ 15,523,594</u>	<u>\$ 6,021,982</u>	<u>\$ 2,162,186</u>	<u>\$ 262,232</u>	<u>\$ 7,077,194</u>
Split interest agreements					
Beneficial interests in charitable remainder trusts	<u>\$ 5,353</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,353</u>	<u>\$ -</u>
LIABILITIES					
Split interest agreements					
Liabilities to beneficiaries from split interest agreements	\$ 21,992	\$ -	\$ -	\$ 21,992	\$ -
Deposits held for others	\$ 95,548	\$ -	\$ -	\$ -	\$ 95,548

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.

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Notes to Consolidated Financial Statements

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, 2022 and 2021, was (\$351) and \$402,526, respectively.

The following table presents investment returns for the years ended December 31, 2022 and 2021:

	2022	2021
Investment income	\$ 112,827,691	\$ 58,799,439
Realized and unrealized (losses) gains, net	(2,100,716,653)	2,338,005,438
Direct investment related expenses	(32,019,818)	(64,875,231)
	<u>\$ (2,019,908,780)</u>	<u>\$ 2,331,929,646</u>

Level 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.

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Notes to Consolidated Financial Statements

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.

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, 2022 and 2021:

	<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 income	-	-	-	-
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
Balance, December 31	<u><u>\$ 205,947,600</u></u>	<u><u>\$ 186,662,030</u></u>	<u><u>\$ 3,917,853</u></u>	<u><u>\$ 15,367,717</u></u>

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Notes to Consolidated Financial Statements

	2021	Private Equity	Real Assets	Real Estate
Balance, January 1	\$ 140,899,917	\$ 98,223,494	\$ 5,670,751	\$ 37,005,672
Transfers	30,091,464	30,023,508	67,956	-
Purchases	67,171,934	66,291,934	-	880,000
Sales	(35,130,144)	(26,665,377)	(1,814,767)	(6,650,000)
Investment income	1,987,805	1,987,805	-	-
Investment fees	(569,708)	(569,708)	-	-
Realized gains	15,122,096	15,122,096	-	-
Unrealized gains (loss)	42,658,202	44,455,564	37,633	(1,834,995)
Balance, December 31	<u>\$ 262,231,566</u>	<u>\$ 228,869,316</u>	<u>\$ 3,961,573</u>	<u>\$ 29,400,677</u>

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, 2022	Note	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Global bond funds	a	\$ 22,980,399	\$ -	Monthly	1 - 45 Days
Global equity funds	b	410,086,842	1,665,911	Monthly - Annually	6 - 90 Days
Hedge funds	c	3,196,753,782	124,891,967	Monthly - Illiquid	5 - 360 Days
Private equity funds	d	3,688,593,443	837,484,749	Annually - Illiquid	30 - 90 Days
Real asset funds	e	80,881,419	7,923,236	Illiquid	NA
Real estate funds	f	<u>96,510,334</u>	<u>24,898,781</u>	Illiquid	NA
Total		<u>\$7,495,806,219</u>	<u>\$ 996,864,644</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, 69% may be redeemed within one quarter, 1% may be redeemed within one year, and 30% is subject to restrictions that limit the amount that may be redeemed per quarter or year.

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(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 5% of the value of this class cannot be redeemed due to an outstanding lockup of 90 days or more beyond December 31, 2022. An additional 32% is subject to restrictions that limit the amount that may be redeemed per redemption period. The remaining 63% 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.

(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.

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Notes to 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, 2022:

	Fair Value at December 31, 2022	Valuation Techniques	Unobservable Inputs	Range
Private equity direct investments	\$ 186,662,030	Market, cost, or income	409A valuation company financials	na*
Real property and real estate limited partnership interests	\$ 15,367,717	Market comparables	Listing prices, general partner estimates	na*
Real assets	\$ 3,917,853	Market, cost, or income	Company financials, comparable sales	na*
Beneficial interests in charitable remainder trusts	\$ 4,652,856	Discounted cash flow	Discount rate life expectancies	4.34%, 2 to 65 years
Liabilities to beneficiaries from split interest agreements	\$ 17,406,580	Discounted cash flow	Discount rate life expectancies	4.34%, 2 to 65 years

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

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, 2022 and 2021.

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Notes to Consolidated Financial Statements

Beneficial interests in charitable remainder trusts

Balance, January 1, 2021	\$ 6,173,596
CRT maturity	-
Unrealized gain	<u>(820,160)</u>
Balance, December 31, 2021	5,353,436
CRT maturity	(49,106)
Unrealized loss	<u>(651,474)</u>
Balance, December 31, 2022	<u><u>\$ 4,652,856</u></u>

Liabilities to beneficiaries from split interest agreements

Balance, January 1, 2021	\$ 18,309,804
New additions during 2021	284,773
Trust maturities during 2021	(909,627)
Change in value due to change in actuarial life expectancy	2,170,804
Change in value in estimated fair value of underlying trust assets	<u>2,136,090</u>
Balance, December 31, 2021	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	<u>(7,120,292)</u>
Balance, December 31, 2022	<u><u>\$ 17,406,580</u></u>

Note 4 – Liquidity and Funds Available

The following table reflects SVCF's, its supporting organizations and affiliates financial assets as of December 31, 2022, 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.

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Notes to Consolidated Financial Statements

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2022:

Financial assets	
Cash and cash equivalents	\$ 94,474,747
Investments	13,559,279,399
Contributions and grants receivable	13,433,987
Notes and other receivables	30,951,457
Beneficial interest in charitable remainder trusts	<u>4,652,856</u>
Financial assets, at December 31, 2022	<u>\$ 13,702,792,446</u>

Less those unavailable for general expenditure within one year, due to:

Contributions and grants receivable collectible beyond one year	\$ (1,650,000)
Notes and other receivables, net collectible beyond one year	(15,016,463)
Investments not convertible to cash within next 12 months	(7,701,753,819)
Investments and other financial assets held for others	(17,347,891)
Perpetual and term endowments and accumulated earnings subject to appropriation beyond one year	(257,188,621)
Investments in Board-designated endowments	(68,256,321)
Beneficial interest in charitable remainder trusts	<u>(29,067,649)</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,612,511,682</u>
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SVCF has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. SVCF has an unsecured revolving bank line of credit in the amount of \$4,000,000. The interest rate on the line is 1.365% above daily simple Secured Overnight Financing Rate (SOFR). No funds were borrowed under this agreement during the fiscal years ended December 31, 2022 and 2021.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2021, was approximately \$8,061,000,000.

Note 5 – Contributions and Grants Receivable

Contributions and grants receivable as of December 31, 2022, are expected to be collected as follows:

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

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Contributions and grants receivable as of December 31, 2021, are as follows:

	2021		
	Less than one year	Greater than one year	Total
Contributions receivable	\$ 6,218,492	\$ 100,000	\$ 6,318,492
Grants receivable	3,019,416	6,016,666	9,036,082
Total	<u>\$ 9,237,908</u>	<u>\$ 6,116,666</u>	<u>\$ 15,354,574</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, 2022, consisted of the following:

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

Notes receivable and other receivables as of December 31, 2021, consisted of the following:

	2021		
	Less than one year	Greater than one year	Total
Program related loans	\$ 20,259,918	\$ 8,408,873	\$ 28,668,791
Other receivables	987,598	560,450	1,548,048
Total	<u>\$ 21,247,516</u>	<u>\$ 8,969,323</u>	<u>\$ 30,216,839</u>

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 2% to 3% during 2022, from 0% to 6% during 2021.

An outstanding executive loan exists in the amount of \$401,363 at December 31, 2022, 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.

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Note 7 – Property and Equipment, net

Property and equipment consisted of the following at December 31:

	2022	2021
Building	\$ 118,753,511	\$ 119,614,316
Leasehold improvements	13,599,980	13,281,376
Construction in progress	1,271,692	177,747
Office equipment and other	3,658,210	3,401,007
Computer equipment	2,829,573	6,174,077
	<hr/>	<hr/>
Total	140,112,966	142,648,523
Less: accumulated depreciation and amortization	(23,286,276)	(24,043,578)
	<hr/>	<hr/>
Property and equipment, net	<u>\$ 116,826,690</u>	<u>\$ 118,604,945</u>

Note 8 – Grants Payable, net

Grants payable are expected to be disbursed as follows:

<u>Years Ending December 31,</u>	
2023	\$ 523,701,725
2024	191,511,393
2025	138,985,984
2026	31,398,277
2027	2,857,212
Thereafter	<u>2,702,376</u>
Total	891,156,967
Present value discount	<u>(37,810,241)</u>
Grants payable, net	<u>\$ 853,346,726</u>

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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, 2022 and 2021, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2020	\$ 82,978,294	\$ 300,892,001	\$ 383,870,295
Investment return:			
Investment income	235,557	919,628	1,155,185
Net appreciation (realized and unrealized)	10,116,220	38,705,151	48,821,371
Total investment return	10,351,777	39,624,779	49,976,556
Contributions	1,401,322	309,607	1,710,929
Appropriation of endowment assets for expenditure	(8,132,808)	(17,008,676)	(25,141,484)
Endowment net assets, December 31, 2021	86,598,585	323,817,711	410,416,296
Investment return:			
Investment loss	(603,640)	(1,214,401)	(1,818,041)
Net depreciation (realized and unrealized)	(9,818,641)	(39,351,374)	(49,170,015)
Total investment return	(10,422,281)	(40,565,775)	(50,988,056)
Contributions	3,262,112	4,193,743	7,455,855
Appropriation of endowment assets for expenditure	(6,478,580)	(17,155,770)	(23,634,350)
Endowment net assets, December 31, 2022	<u>\$ 72,959,836</u>	<u>\$ 270,289,909</u>	<u>\$ 343,249,745</u>
	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	72,959,836	-	72,959,836
Total	<u>\$ 72,959,836</u>	<u>\$ 270,289,909</u>	<u>\$ 343,249,745</u>

Silicon Valley Community Foundation

Notes to Consolidated Financial Statements

	December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowments			
Original endowment gift amount	\$ -	\$ 99,019,133	\$ 99,019,133
Accumulated earnings	-	224,798,578	224,798,578
Total donor restricted endowments	-	323,817,711	323,817,711
Board designated endowments	86,598,585	-	86,598,585
Total	<u>\$ 86,598,585</u>	<u>\$ 323,817,711</u>	<u>\$ 410,416,296</u>

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 \$292,000 and \$674,000 for the years ended December 31, 2022 and 2021, 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 \$2,504,000 and \$4,373,000 were donated by the investment manager during the years ended December 31, 2022 and 2021, respectively.

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. Contributions to the plan for the years ended December 31, 2022 and 2021, were approximately \$638,000 and \$653,000, respectively.

Silicon Valley Community Foundation

Notes to Consolidated Financial Statements

SVCF also provides a defined contribution plan under Section 457(f) of the Internal Revenue Code for employees that are members of a select group of management and highly compensated employees. The employees may elect to make contributions to the plan under a salary reduction agreement. The deferred compensation asset and liabilities amounted to \$0 and \$455,634 for the years ended December 31, 2022 and 2021, respectively. The asset is included in cash and cash equivalents in the accompanying consolidated statements of financial position. The deferred compensation liabilities are included in accounts payable and accrued liabilities in the accompanying consolidated statements of financial position.

Note 12 – Commitments and Contingencies

The main office facility in Mountain View is retained under an operating lease with a term of 10 years, expiring in August 2023. This lease is considered to be insignificant to the consolidated financial statements. Rental expense, for the main office facility, was approximately \$3,038,000 and \$2,891,000 for the years ended December 31, 2022 and 2021, respectively.

In December 2022, SVCF entered into an operating lease agreement for a new main office facility in Mountain View, which they expect to occupy by August 2023. The commencement date of the new facility is June 1, 2023, and expires July 31, 2033 and includes two 5-year options to extend. SVCF will account for the new lease under ASU 2016-02 as of the possession date.

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

Years Ending December 31.

2023	\$ 3,446,953
2024	3,305,673
2025	3,026,131
2026	2,920,446
2027	3,006,618
After five years	<u>18,509,767</u>
	<u><u>\$ 34,215,588</u></u>

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 \$544,000 and \$508,000 for the years ended December 31, 2022 and 2021, respectively. The lease associated with the San Mateo office and conference space is insignificant to the consolidated financial statements.

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.

Silicon Valley Community Foundation

Notes to Consolidated Financial Statements

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 July 10, 2023, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

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 (the "Foundation") as of and for the year ended December 31, 2022, and our report thereon dated July 10, 2023, 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.



San Francisco, California
July 10, 2023

Silicon Valley Community Foundation
Schedule of Agency Funds
December 31, 2022

The following are deposits held for others by fund as of December 31, 2022:

Fund	Asset Balance	Fund	Asset Balance	Fund	Asset Balance	Fund	Asset Balance
1075	\$ 237,421	4772	\$ 557,133	5109	\$ 46,326	5724	\$ 45,578
1076	539,815	4773	398,086	5176	8,932	5841	252,068
1395	17,426	4774	10,049	5183	80,949	5853	92,080
1596	73,943	4775	13,146	5184	39,289	5857	9,635
1757	161,043	4776	1,261,443	5190	54,315	5865	35,476
3306	55,537	4777	21,268	5200	20,256	5894	10,422
3409	124,928	4778	120,350	5207	23,488	5896	24,429
3410	953,652	4779	1,131,317	5222	14,276	5897	24,953
3476	210,944	4780	202,727	5248	49,068	5898	20,626
3537	1,521,911	4781	37,711	5262	10,974	5927	151,737
3544	624,065	4782	49,192	5283	12,734	5930	13,239
4742	16,693	4783	111,874	5294	84,966	5934	22,262
4743	63,565	4784	8,987	5295	30,874	5939	650,155
4744	10,952	4786	1,788,748	5310	19,193	5952	25,920
4745	14,841	4787	11,090	5311	25,067	5964	30,992
4746	25,641	4788	63,899	5348	11,159	5965	33,585
4747	20,880	4789	244,566	5349	14,137	5995	12,920
4748	14,712	4790	191,953	5350	10,344	5996	10,537
4749	12,682	4791	102,011	5361	20,263	6011	15,698
4750	21,281	4792	255,507	5366	12,111	6045	48,722
4751	355,719	4794	167,511	5368	22,286	6065	377,352
4752	3,858	4795	19,873	5373	1,433	6088	238,036
4753	15,098	4796	66,159	5387	10,151	6089	31,243
4754	21,229	4797	21,755	5392	20,115	6090	9,596
4755	54,251	4798	13,496	5393	52,413	6124	27,067
4756	106,218	4870	408,790	5455	85,365	6145	9,722
4757	29,146	4874	17,633	5473	16,725	6147	8,629
4758	51,528	4881	59,961	5474	48,418	6153	15,977
4759	39,642	4993	25,819	5525	19,329	6154	17,143
4761	29,434	4994	20,633	5534	18,725	6196	8,680
4762	8,124	4995	27,423	5543	34,451	6205	8,600
4763	10,511	4996	14,996	5575	12,169	6226	9,734
4765	10,681	5018	87,198	5576	18,182	6227	9,733
4766	35,916	5038	9,939	5592	63,008	6230	9,724
4767	8,838	5053	55,170	5594	32,692	6233	19,975
4768	16,641	5074	12,771	5605	18,142	6237	12,580
4769	24,550	5075	11,205	5651	80,273	6243	9,977
4770	199,690	5087	210,131	5662	11,376	6249	10,018
4771	29,234	5088	210,157	5693	14,381	6256	800
Total deposits held for others							<u>\$ 17,347,892</u>

