



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

**Silicon Valley Community Foundation**

*December 31, 2021 (with comparative totals  
for the year ended December 31, 2020)*



MOSSADAMS

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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, 2021, 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, 2021, 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 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 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 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 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 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

San Francisco, California  
June 10, 2022

## **Consolidated Financial Statements**

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**Silicon Valley Community Foundation**  
**Consolidated Statements of Financial Position**  
**December 31, 2021 and 2020**  
**(in thousands)**

	2021	2020
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 315,661	\$ 60,336
Investments	15,523,594	11,986,169
Contributions and grants receivable	15,355	13,444
Notes and other receivables	30,217	30,327
Beneficial interest in charitable remainder trusts	5,353	6,174
Property and equipment, net	118,605	115,912
Intangible assets	47,098	18,890
Other assets	1,519	761
	<u>16,057,402</u>	<u>12,232,013</u>
Total assets	<u>\$ 16,057,402</u>	<u>\$ 12,232,013</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Grants payable, net	\$ 780,025	\$ 593,428
Accounts payable and accrued liabilities	3,898	8,850
Liabilities to beneficiaries from split interest agreements	21,992	18,310
Deposits held for others	95,548	160,143
	<u>901,463</u>	<u>780,731</u>
Total liabilities	<u>901,463</u>	<u>780,731</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	14,697,209	11,042,717
Designated by the Board for endowment	86,419	82,978
	<u>14,783,628</u>	<u>11,125,695</u>
With donor restrictions		
Charitable remainder trusts and irrevocable plan gifts	14,187	17,499
Special projects	34,306	7,196
Endowment	323,818	300,892
	<u>372,311</u>	<u>325,587</u>
Total net assets	<u>15,155,939</u>	<u>11,451,282</u>
Total liabilities and net assets	<u>\$ 16,057,402</u>	<u>\$ 12,232,013</u>

# Silicon Valley Community Foundation

## Consolidated Statement of Activities

Year Ended December 31, 2021

(with comparative totals for the year ended December 31, 2020) (in thousands)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Contributions	\$ 4,061,462	\$ 28,302	\$ 4,089,764	\$ 2,418,366
Investment income, net	2,292,305	39,625	2,331,930	2,326,356
Change in value of split interest agreements		(2,013)	(2,013)	1,482
Other income	4,197	-	4,197	5,465
Net assets released from restriction pursuant to endowment spending-rate distribution formula	9,673	(9,673)	-	-
Net assets released from restrictions and reclassifications	9,517	(9,517)	-	-
Total revenues and support	6,377,154	46,724	6,423,878	4,751,669
EXPENSES				
Grants awarded	2,657,446	-	2,657,446	2,747,665
Program	36,441	-	36,441	42,980
General and administrative	21,181	-	21,181	14,781
Fundraising and development	4,153	-	4,153	4,085
Total expenses	2,719,221	-	2,719,221	2,809,511
CHANGE IN NET ASSETS	3,657,933	46,724	3,704,657	1,942,158
NET ASSETS, beginning of year	11,125,695	325,587	11,451,282	9,509,124
NET ASSETS, end of year	\$ 14,783,628	\$ 372,311	\$ 15,155,939	11,451,282



**Silicon Valley Community Foundation**  
**Consolidated Statements of Functional Expenses**  
**Years Ended December 31, 2021 and 2020**  
**(in thousands)**

	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>

  

	2020			
	Program Services	Management & General	Fundraising & Development	Total
Grants awarded	\$ 2,747,665	\$ -	\$ -	\$ 2,747,665
Personnel	9,315	7,938	3,004	20,257
Consultants/professional services	10,277	739	57	11,073
Occupancy	4,441	1,248	547	6,236
Special events	480	284	102	866
Legal fees	64	482	18	564
Information technology	672	512	175	1,359
In-Kind Services & Support	14,963	2,053	10	17,026
Audit and accounting fees	38	702	7	747
Insurance	181	293	56	530
Advertising	69	37	2	108
Taxes	33	92	-	125
Other	2,447	401	107	2,955
Total	<u>\$ 2,790,645</u>	<u>\$ 14,781</u>	<u>\$ 4,085</u>	<u>\$ 2,809,511</u>

**Silicon Valley Community Foundation**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2021 and 2020**  
**(in thousands)**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 3,704,657	\$ 1,942,158
Adjustments to reconcile change in net assets to cash flows from (used in) operating activities:		
Depreciation and amortization	2,567	2,144
Noncash contributions	(276,494)	(267,007)
Contributions received for long-term purposes	(28,302)	(3,617)
Net realized and unrealized (gain) from changes in fair value of investments	(2,338,005)	(2,333,083)
Noncash grants made	23,134	24,961
Change in in fair value of charitable remainder trusts and related accounts	4,503	(592)
Changes in assets and liabilities		
Contributions and grants receivable	(1,911)	(7,827)
Other receivables, net	(181)	4,594
Intangible assets	116,718	14,251
Other assets	(758)	(14)
Grants payable	186,597	(35,993)
Accounts payable and accrued liabilities	(4,952)	3,155
Cash flows from (used in) operating activities	<u>1,387,573</u>	<u>(656,870)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	14,463,358	8,621,432
Purchases of investments	(15,554,344)	(8,030,006)
Notes receivable (issued)/collected	291	(14,278)
Purchases of property and equipment	(5,260)	(4,014)
Deposits held for others	(64,595)	35,706
Cash flows from (used in) investing activities	<u>(1,160,550)</u>	<u>608,840</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions received for long-term purposes	<u>28,302</u>	<u>3,617</u>
Cash flows from financing activities	<u>28,302</u>	<u>3,617</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	255,325	(44,413)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>60,336</u>	<u>104,749</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 315,661</u></u>	<u><u>\$ 60,336</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW ACTIVITY</b>		
Noncash contributions	\$ (276,494)	\$ (267,007)
Noncash grants made	\$ 23,134	\$ 24,961
Intangible assets transferred in fulfillment of capital calls	\$ 2,500	\$ 4,076
Impairment on intangible assets	\$ 11,373	\$ -

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 \$2,155,000,000 and \$1,769,000,000 to charitable organizations during the years ended December 31, 2021 and 2020, 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 \$100,000,000 and \$93,000,000 during the years ended December 31, 2021 and 2020, 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.

Together, these funds distributed approximately \$32,000,000 and \$81,200,000 to charities in the Bay Area counties during the years ended December 31, 2021 and 2020, respectively.

## Silicon Valley Community Foundation

### Notes to Consolidated Financial Statements

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**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, 2021 and 2020, SVCF awarded approximately 610 and 810 scholarships totaling approximately \$2,998,000 and \$3,807,000, 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 2021, 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 2021, two new supporting organizations were established, the k18n Foundation and the Biome Global Foundation.

**Affiliates** – In 2021, 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, 2021 and 2020, 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, 2020, 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, except those being held for investment purposes, and all highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents. 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 has 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 income 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 income and purchases of investments. Investment income 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. The discount is insignificant to the consolidated financial statements as a whole.

**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, 2021 and 2020.

**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.

## Silicon Valley Community Foundation

### Notes to Consolidated Financial Statements

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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 1.9% and 1.31% at December 31, 2021 and 2020, 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 1.9% and 1.31% at December 31, 2021 and 2020, 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, 2021 and 2020.

**Digital assets** – Digital assets consist primarily of cryptocurrency which are accounted for as indefinite-lived intangible assets. Digital assets were approximately \$47,100,000 and \$18,900,000 at December 31, 2021 and 2020, 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 income line item. Impairment loss recognized on digital assets was approximately \$11,373,000 and \$0 for the years ended December 31, 2021 and 2020.

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 \$971,603,000 and \$207,756,000 during the years ended December 31, 2021 and 2020, respectively, in investment income. 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* 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, 2021, and 2020, SVCF had 1 and 3 endowment funds with deficiencies of this nature totaling \$76,177 and \$85,031, respectively. These deficiencies are reflected in net assets with donor restrictions.

	December 31,	
	2021	2020
Fair Value of Underwater Endowments	\$ 241,823	\$ 438,244
Original Endowment Gift Amount	318,000	523,275
Deficiencies of Underwater Endowment Funds	<u>\$ (76,177)</u>	<u>\$ (85,031)</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, 2021 and 2020:

**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** – Contributions are recognized as revenue when received or unconditionally 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, 2021 and 2020, SVCF and its supporting organizations and affiliates recognized approximately \$12,958,000 and \$17,025,000, respectively, in in-kind contributions.

**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 1.26% and 0.48% for the years ended December 31, 2021 and 2020, respectively.

## Silicon Valley Community Foundation

### Notes to Consolidated Financial Statements

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Conditional grants as of December 31, 2021 and 2020, were \$34,301,000 and \$71,808,000, respectively. Conditional grants are subject to grantees meeting various milestones.

For 2021 and 2020, included in grants expense are grants in the amount of \$395,000,000 and \$773,000,000, respectively that were transferred to other donor-advised fund providers. Included in contributions are gifts in the amount of \$1,331,000,000 and \$13,911,000 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 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, 2021, SVCF received 80% of its contributions from 9 donors. For the year ended December 31, 2020, SVCF received 70% of its contributions from 9 donors.

**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.

# Silicon Valley Community Foundation

## Notes to Consolidated Financial Statements

**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.

### 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, 2021 and 2020:

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					
Govt/Corporate	3,289,733	1,780,462	1,501,765	-	7,506
Foreign Bonds	65,965	3,321	-	-	62,644
High Yield				-	-
Global Equities					
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>
<b>LIABILITIES</b>					
Split interest agreements					
Liabilities to beneficiaries from split interest agreements	\$ 21,992	\$ -	\$ -	\$ 21,992	\$ -
Deposits held for others	\$ 95,548	\$ -	\$ -	\$ -	\$ 95,548

# Silicon Valley Community Foundation

## Notes to Consolidated Financial Statements

ASSETS	December 31, 2020 (in thousands)				
	Total	Level 1	Level 2	Level 3	NAV
Investments					
Cash Equivalents					
Money Market Securities	\$ 2,020,472	\$ 2,020,472	\$ -	\$ -	\$ -
Bank CDs and Deposits	151,287	41,905	109,382	-	-
Global Bonds					
Govt/Corporate	1,176,851	251,502	891,884	-	33,465
Foreign Bonds	78,624	-	-	-	78,624
High Yield	5,254	4,686	568	-	-
Global Equities					
US Equity	2,800,514	2,645,492	3,296	-	151,726
International	245,666	105,921	13,940	-	125,805
Emerging Market	66,166	26,013	-	-	40,153
Alternatives					
Hedge Funds	2,579,599	-	-	-	2,579,599
Private Equity	2,705,443	-	-	98,223	2,607,220
Real Assets	73,344	-	-	5,671	67,673
Real Estate	82,949	-	-	37,006	45,943
<b>Total investments</b>	<b>\$ 11,986,169</b>	<b>\$ 5,095,991</b>	<b>\$ 1,019,070</b>	<b>\$ 140,900</b>	<b>\$ 5,730,208</b>
Split interest agreements					
Beneficial interests in charitable remainder trusts	\$ 6,174	\$ -	\$ -	\$ 6,174	\$ -
<b>LIABILITIES</b>					
Split interest agreements					
Liabilities to beneficiaries from split interest agreements	\$ 18,310	\$ -	\$ -	\$ 18,310	\$ -
Deposits held for others	\$ 160,143	\$ -	\$ -	\$ -	\$ 160,143

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, 2021 and 2020, was \$402,526 and \$13,527,478, respectively.

# Silicon Valley Community Foundation

## Notes to Consolidated Financial Statements

The following table presents investment returns for the years ended December 31, 2021 and 2020:

	2021	2020
Investment income	\$ 58,799,439	\$ 95,019,724
Realized and unrealized gains (losses), net	2,338,005,438	2,333,082,801
Direct investment related expenses	(64,875,231)	(101,746,948)
	<u>\$ 2,331,929,646</u>	<u>\$ 2,326,355,577</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 and private companies, 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.

## Silicon Valley Community Foundation

### Notes to Consolidated 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, 2021 and 2020:

	2021	Private Equity	Real Assets	Real Estate
Balance, January 1	\$ 141,555,849	\$ 98,223,494	\$ 6,326,683	\$ 37,005,672
Transfers	30,091,464	30,023,508	67,956	-
Purchases	67,171,934	66,291,934	-	880,000
Sales	(35,129,644)	(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 (losses)	42,658,202	44,455,564	37,633	(1,834,995)
Balance, December 31	<u>\$ 262,887,998</u>	<u>\$ 228,869,316</u>	<u>\$ 4,617,505</u>	<u>\$ 29,400,677</u>
	2020	Private Equity	Real Assets	Real Estate
Balance, January 1	\$ 139,121,069	\$ 115,403,359	\$ 6,530,055	\$ 17,187,655
Transfers	(29,825,082)	(29,738,494)	(86,588)	-
Purchases	144,294,234	26,738,302	655,932	116,900,000
Sales	(122,982,137)	(24,889,083)	(654,014)	(97,439,040)
Investment income	-	-	-	-
Investment fees	(3,612)	(3,612)	-	-
Realized gains (losses)	15,937,867	18,088,827	-	(2,150,960)
Unrealized (loss) gains	(4,986,490)	(7,375,805)	(118,702)	2,508,017
Balance, December 31	<u>\$ 141,555,849</u>	<u>\$ 98,223,494</u>	<u>\$ 6,326,683</u>	<u>\$ 37,005,672</u>

# Silicon Valley Community Foundation

## Notes to Consolidated Financial Statements

### 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, 2021	Note	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Global bond funds	a	70,149,780	\$ -	Daily - Monthly	1 - 45 Days
Global equity funds	b	236,713,846	-	Monthly - Annually	6 - 90 Days
Hedge funds	c	2,977,817,437	9,889,482	Monthly - Illiquid	5 - 360 Days
Private equity funds	d	3,591,803,329	792,271,033	Annually - Illiquid	30 - 90 Days
Real asset funds	e	97,978,453	10,009,816	Illiquid	NA
Real estate funds	f	<u>102,732,827</u>	<u>27,734,597</u>	Illiquid	NA
Total		<u>\$7,077,195,672</u>	<u>\$ 839,904,928</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.

(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, 2021. 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.

## Silicon Valley Community Foundation

### Notes to Consolidated Financial Statements

(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, 2021:

	Fair Value at December 31, 2021	Valuation Techniques	Unobservable Inputs	Range
Private equity direct investments	\$228,869,316	Market, cost, or income	409A valuation company financials	na*
Real property and real estate limited partnership interests	\$29,400,677	Market comparables	Listing prices, general partner estimates	na*
Real assets	\$4,617,505	Market, cost, or income	Company financials, comparable sales	na*
Beneficial interests in charitable remainder trusts	\$5,353,436	Discounted cash flow	Discount rate life expectancies	1.9%, 2 to 65 years
Liabilities to beneficiaries from split interest agreements	\$21,992,000	Discounted cash flow	Discount rate life expectancies	1.9%, 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

*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 trustee 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, 2021 and 2020.

### Beneficial interests in charitable remainder trusts

Balance, January 1, 2020	\$ 5,595,859
CRT maturity	-
Unrealized gain	577,737
	<hr/>
Balance, December 31, 2020	6,173,596
CRT maturity	-
Unrealized loss	(820,160)
	<hr/>
Balance, December 31, 2021	<u>\$ 5,353,436</u>

### Liabilities to beneficiaries from split interest agreements

Balance, January 1, 2020	\$ 18,324,260
New additions during 2020	48,402
Trust maturities during 2020	(313,398)
Change in value due to change in actuarial life expectancy	(538,034)
Change in value in estimated fair value of underlying trust assets	788,574
	<hr/>
Balance, December 31, 2020	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	2,136,090
	<hr/>
Balance, December 31, 2021	<u>\$ 21,991,844</u>

### NOTE 4 – LIQUIDITY AND FUNDS AVAILABLE

The following table reflects SVCF's, its supporting organizations and affiliates financial assets as of December 31, 2021, 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.

# Silicon Valley Community Foundation

## Notes to Consolidated Financial Statements

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2021:

Financial assets	
Cash and cash equivalents	\$ 315,660,979
Investments	15,523,594,325
Contributions and grants receivable	15,354,574
Notes and other receivables	30,216,838
Beneficial interest in charitable remainder trusts	5,353,436
	<u>15,890,180,152</u>
Financial assets, at December 31, 2021	

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

Contributions and grants receivable collectible beyond one year	(6,116,666)
Notes and other receivables, net collectible beyond one year	(8,969,323)
Investments not convertible to cash within next 12 months	(7,289,199,955)
Investments and other financial assets held for others	(95,547,701)
Perpetual and term endowments and accumulated earnings	
subject to appropriation beyond one year	(310,792,712)
Investments in Board-designated endowments	(82,691,586)
Beneficial interest in charitable remainder trusts	(36,178,712)

Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$8,060,683,497</u></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, 2021 and 2020.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2020, was approximately \$5,635,881,000.

### NOTE 5 – CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable as of December 31, 2021, are expected to be collected 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
	<u>\$ 9,237,908</u>	<u>\$ 6,116,666</u>	<u>\$ 15,354,574</u>

# Silicon Valley Community Foundation

## Notes to Consolidated Financial Statements

Contributions and grants receivable as of December 31, 2020, are as follows:

	2020		
	Less than one year	Greater than one year	Total
Contributions receivable	\$ 8,596,177	\$ 581,677	\$ 9,177,854
Grants receivable	2,165,785	2,100,000	4,265,785
Total	<u>\$ 10,761,962</u>	<u>\$ 2,681,677</u>	<u>\$ 13,443,639</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, 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>

Notes receivable and other receivables as of December 31, 2020, consisted of the following:

	2020		
	Less than one year	Greater than one year	Total
Program related loans	\$ 6,892,808	\$ 21,995,520	\$ 28,888,328
Other receivables	1,054,252	383,951	1,438,203
Total	<u>\$ 7,947,060</u>	<u>\$ 22,379,471</u>	<u>\$ 30,326,531</u>

Program-related loans are stated at the amount of unpaid principal and are unsecured with maturities from one to ten years.

An outstanding executive loan exists in the amount of \$438,552 at December 31, 2021, 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.

# Silicon Valley Community Foundation

## Notes to Consolidated Financial Statements

### NOTE 7 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Building	\$ 119,614,316	\$ 119,614,316
Leasehold improvements	13,281,376	8,840,045
Construction in progress	177,747	3,528,644
Office equipment and other	3,401,007	3,196,639
Computer equipment	<u>6,174,077</u>	<u>5,708,267</u>
Total	142,648,523	140,887,911
Less: accumulated depreciation and amortization	<u>(24,043,578)</u>	<u>(24,975,753)</u>
Property and equipment, net	<u><u>\$ 118,604,945</u></u>	<u><u>\$ 115,912,158</u></u>

### NOTE 8 – GRANTS PAYABLE, NET

Grants payable are expected to be disbursed as follows:

Years Ending December 31,

2022	\$ 123,170,305
2023	277,257,041
2024	167,968,537
2025	113,842,507
2026	99,974,907
Thereafter	<u>11,895,893</u>
Total	794,109,190
Present value discount	<u>(14,084,377)</u>
Grants payable, net	<u><u>\$ 780,024,813</u></u>

# Silicon Valley Community Foundation

## Notes to Consolidated Financial Statements

### 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, 2021 and 2020, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2019	\$ 73,499,109	\$ 265,405,218	\$ 338,904,327
Investment return:			
Investment income	(3,887)	4,048,268	4,044,381
Net appreciation (realized and unrealized)	14,428,216	49,558,442	63,986,658
Total investment return	14,424,329	53,606,710	68,031,039
Contributions	3,283,834	13,689	3,297,523
Appropriation of endowment assets for expenditure	(19,338,319)	-	(19,338,319)
Other changes:			
Transfers (to)/from board-designated endowment funds	5,211,487	(12,235,762)	(7,024,275)
Release	5,897,854	(5,897,854)	-
Other transfers	-	-	-
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	(18,185,530)	-	(18,185,530)
Other changes:			
Transfers (to)/from board-designated endowment funds	2,537,136	(9,673,090)	(7,135,954)
Release	7,335,586	(7,335,586)	-
Other transfers	-	-	-
Endowment net assets, December 31, 2021	\$ 86,418,585	\$ 323,817,711	\$ 410,236,296

## 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	86,418,585	-	86,418,585
Total	<u>\$ 86,418,585</u>	<u>\$ 323,817,711</u>	<u>\$ 410,236,296</u>
December 31, 2020			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowments			
Original endowment gift amount	\$ -	\$ 98,245,077	\$ 98,245,077
Accumulated earnings	-	202,646,924	202,646,924
Total donor restricted endowments	-	300,892,001	300,892,001
Board designated endowments	82,978,294	-	82,978,294
Total	<u>\$ 82,978,294</u>	<u>\$ 300,892,001</u>	<u>\$ 383,870,295</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 \$674,000 and \$20,000 for the years ended December 31, 2021 and 2020, 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 \$4,373,000 and \$3,060,000 were donated by the investment manager during the years ended December 31, 2021 and 2020, 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. Contributions to the plan for the years ended December 31, 2021 and 2020, were approximately \$653,000 and \$629,000, respectively.

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 \$455,634 and \$253,944 for the years ended December 31, 2021 and 2020, 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. SVCF also maintains conference and office space in San Mateo with a lease, expiring in April 2025. Following is a schedule of future minimum rental payments under its non-cancelable operating leases.

<u>Years Ending December 31,</u>	
2022	\$ 3,312,245
2023	2,314,656
2024	554,191
2025	192,106
2026	1,396
After five years	-
	<hr/>
	<u>\$ 6,374,594</u>

Rental expense, for the main office facility, was approximately \$2,891,000 and \$2,802,000 for the years ended December 31, 2021 and 2020, respectively. Rental expense for the San Mateo office and conference center was approximately \$508,000 and \$388,000 for the years ended December 31, 2021 and 2020, respectively.

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 10, 2022, 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 (the "Foundation") as of and for the year ended December 31, 2021, and our report thereon dated June 10, 2022, 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  
June 10, 2022

# Silicon Valley Community Foundation

## Schedule of Agency Funds

December 31, 2021

The following are deposits held for others, by fund:

Fund	Asset Balance	Fund	Asset Balance	Fund	Asset Balance	Fund	Asset Balance	Fund	Asset Balance
1075	\$ 286,968	4769	\$ 29,506	5074	\$ 15,311	5576	\$ 19,881	6147	\$ 10,190
1076	651,261	4770	267,739	5075	13,998	5592	78,785	6153	20,244
1395	20,527	4771	36,520	5087	259,086	5594	37,057	6154	20,244
1596	82,814	4772	696,015	5088	259,118	5605	22,656	6196	7,000
1757	172,989	4773	519,388	5109	51,778	5649	217,016		
2025	2,656,098	4774	12,585	5127	134,490	5651	13,590		
3306	64,855	4775	16,423	5163	43,102	5662	13,434		
3358	38,566	4776	1,489,392	5176	11,126	5693	16,775		
3376	103,926	4777	26,375	5183	95,590	5724	49,267		
3409	145,333	4778	148,824	5184	45,927	5752	12,680		
3410	1,180,221	4779	1,403,018	5190	65,691	5788	14,537		
3476	265,793	4780	230,581	5200	25,649	5841	297,501		
3537	1,837,076	4781	32,270	5207	29,249	5853	114,978		
3544	763,425	4782	61,316	5217	11,167,657	5857	12,037		
4554	53,633,236	4783	101,595	5222	17,805	5864	32,726		
4742	20,858	4784	11,308	5248	62,105	5865	44,083		
4743	79,523	4786	2,234,941	5262	13,759	5894	12,863		
4744	13,235	4787	13,852	5283	15,914	5896	29,663		
4745	18,538	4788	79,838	5294	107,313	5897	30,600		
4746	32,030	4789	305,558	5295	30,067	5898	25,617		
4747	26,081	4790	241,299	5310	23,500	5908	5,092,235		
4748	18,358	4791	127,227	5311	28,564	5927	174,963		
4749	15,817	4792	318,662	5348	13,168	5930	14,702		
4750	26,586	4794	208,918	5349	16,592	5934	26,510		
4751	444,371	4795	14,575	5350	12,355	5939	745,286		
4752	7,042	4796	80,310	5361	24,202	5943	60,973		
4753	18,771	4797	27,166	5366	14,352	5952	31,874		
4754	26,152	4798	17,635	5368	40,134	5964	37,926		
4755	67,775	4856	90,425	5373	7,846	5965	39,652		
4756	132,694	4870	510,692	5387	12,644	5995	15,543		
4757	36,051	4874	22,217	5392	24,025	5996	14,362		
4758	63,118	4881	70,806	5393	61,890	6011	19,805		
4759	49,524	4993	31,626	5422	142,668	6024	272,413		
4761	11,783	4994	25,771	5455	99,263	6045	52,769		
4762	10,141	4995	34,252	5473	20,483	6065	381,759		
4763	13,131	4996	18,733	5474	59,051	6088	299,921		
4765	13,344	5018	106,981	5525	24,139	6089	38,684		
4766	44,152	5038	13,264	5534	22,036	6090	11,246		
4767	10,984	5040	979,306	5543	40,893	6124	34,315		
4768	20,789	5053	69,328	5575	15,202	6145	11,430		

Total deposits held for others

\$ 95,547,702

