HARRINGTON GROUP
CERTIFIED PUBLIC ACCOUNTANTS, LLP

INLAND EMPIRE COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Inland Empire Community Foundation

Opinion

We have audited the accompanying financial statements of Inland Empire Community Foundation (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2023, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inland Empire Community Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Inland Empire Community Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Inland Empire Community Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 Inland Empire Community Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Inland Empire Community Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matter

Report on Summarized Comparative Information

We have previously audited Inland Empire Community Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2024, on our consideration of Inland Empire Community Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Inland Empire Community Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Inland Empire Community Foundation's internal control over financial reporting and compliance.

Harrington Group

Pasadena, California
May 13, 2024

INLAND EMPIRE COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION
December 31, 2023
With comparative totals at December 31, 2022

	2023	2022
ASSETS		
Cash and cash equivalents	**$ 43,617,156**	$ 38,605,650
Grants and contributions receivable (Note 4)	**2,124,507**	3,091,724
Other receivables	**65,014**	30,479
Prepaid expenses and deposits	**48,760**	51,227
Investments (Note 5)	**87,495,154**	79,347,889
Assets held in remainder trusts (Note 6)	**3,308,699**	3,546,946
Furniture and equipment (Note 7)	**17,621**	18,909
Right of use - operating assets (Note 9)	**175,676**	276,879
Right of use - financing assets (Note 9)	**8,106**	15,689
TOTAL ASSETS	**$ 136,860,693**	$ 124,985,392
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	**$ 678,545**	$ 419,622
Grants payable	**3,275,346**	115,110
Lease liability - operating leases (Note 9)	**178,882**	278,002
Lease liability - financing leases (Note 9)	**8,345**	16,069
Obligation under charitable gift annuities	**949,936**	948,359
Custodial funds	**-**	63,514
Unearned revenue (Note 11)	**244,826**	4,750,000
Agency funds (Note 8)	**17,903,622**	16,788,483
Line of credit (Note 15)	**900,000**	-
TOTAL LIABILITIES	**24,139,502**	23,379,159
NET ASSETS		
Without donor restrictions (Note 12)	**13,237,226**	12,458,848
With donor restrictions (Note 12)	**99,483,965**	89,147,385
TOTAL NET ASSETS	**112,721,191**	101,606,233
TOTAL LIABILITIES AND NET ASSETS	**$ 136,860,693**	$ 124,985,392

The accompanying notes are an integral part of these financial statements.

INLAND EMPIRE COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES
For the year ended December 31, 2023
With comparative totals for the year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	2023	2022
REVENUE AND SUPPORT				
REVENUE				
Unrealized gain (loss) on investments	$ 713,158	$ 4,539,212	**$ 5,252,370**	$ (17,593,477)
Realized gain on investments	526,417	4,778,216	**5,304,633**	1,803,984
Realized and unrealized gain (loss) on investments	1,239,575	9,317,428	**10,557,003**	(15,789,493)
Interest and dividend income, net of fees of $97,686 and $91,034, respectively	229,307	1,746,199	**1,975,506**	1,608,340
Investment gain (loss), net (Note 5)	1,468,882	11,063,627	**12,532,509**	(14,181,153)
Less: investment (gain) loss from agency funds (Note 8)		(2,442,384)	**(2,442,384)**	3,250,022
Investment income (loss), net of fees and agency funds income	1,468,882	8,621,243	**10,090,125**	(10,931,131)
Special events - net of expenses of $136,904 and $60,764, respectively		164,441	**164,441**	100,732
Management fees - agency funds	164,345		**164,345**	195,938
Change in value of split-interest agreements		137,393	**137,393**	(262,401)
Donated life insurance (Note 2)	4,445		**4,445**	3,586
Prior years' grants returned			**-**	222,209
Total revenue	1,637,672	8,923,077	**10,560,749**	(10,671,067)
Net assets released from restrictions	24,749,492	(24,749,492)	**-**	-
SUPPORT				
Contributions, bequests, and grants	7,273,050	26,294,177	**33,567,227**	35,373,305
Less: support from agency funds (Note 8)		(131,182)	**(131,182)**	(911,442)
Total support, net	7,273,050	26,162,995	**33,436,045**	34,461,863
TOTAL REVENUE AND SUPPORT	33,660,214	10,336,580	**43,996,794**	23,790,796
EXPENSES				
Program services:				
Grants awarded	29,003,618		**29,003,618**	24,715,760
Less: agency fund expenses and grants awarded	(1,294,081)		**(1,294,081)**	(7,419,927)
Grants awarded, net	27,709,537		**27,709,537**	17,295,833
Grants and program related expenses	547,601		**547,601**	582,976
Community leadership	3,139,588		**3,139,588**	1,189,877
Supporting services:				
Administrative	486,520		**486,520**	517,800
Development	998,590		**998,590**	1,046,310
TOTAL EXPENSES	32,881,836	-	**32,881,836**	20,632,796
CHANGE IN NET ASSETS	778,378	10,336,580	**11,114,958**	3,158,000
NET ASSETS, BEGINNING OF YEAR	12,458,848	89,147,385	**101,606,233**	98,448,233
NET ASSETS, END OF YEAR	$ 13,237,226	$ 99,483,965	**$ 112,721,191**	$ 101,606,233

The accompanying notes are an integral part of these financial statements.

INLAND EMPIRE COMMUNITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2023
With comparative totals for the year ended December 31, 2022

	Grants and Related Program Expenses	Community Leadership	Administrative	Development	Total Expenses 2023	2022
GRANTS						
Grants awarded, net	$ 27,709,537	$ -	$ -	$ -	**$ 27,709,537**	$ 17,295,833
Total grants	27,709,537	-	-	-	**27,709,537**	17,295,833
OPERATING EXPENSES						
Salaries	343,974	684,396	290,720	653,233	**1,972,323**	1,786,177
Outside services	27,617	1,465,134	21,973	49,372	**1,564,096**	501,322
Travel and seminars	15,271	323,633	5,357	21,275	**365,536**	70,483
Employee benefits	40,566	85,561	36,345	81,665	**244,137**	223,478
Marketing	6,000	199,706			**205,706**	158,718
Payroll taxes	26,222	52,174	22,163	49,799	**150,358**	132,024
Occupancy	25,192	37,463	30,983	46,938	**140,576**	135,240
Office expenses	24,369	80,466	7,046	23,134	**135,015**	75,803
Dues and subscriptions	18,009	39,654	3,697	31,099	**92,459**	63,330
Awards and recognition	1,305	59,011	1,103	2,955	**64,374**	24,252
Website		53,409		2,218	**55,627**	2,489
Accounting			31,000		**31,000**	31,000
Printing	2,198	18,081	846	5,569	**26,694**	11,040
Telephone	4,197	10,729	3,421	7,726	**26,073**	20,735
Depreciation			22,003		**22,003**	27,190
Legal	4,620	12,202	1,411	3,171	**21,404**	28,475
Insurance	2,636	6,876	3,242	4,911	**17,665**	15,404
Miscellaneous	1,835	4,462	1,888	4,243	**12,428**	8,338
Staff meetings	2,175	3,819	1,457	4,153	**11,604**	17,879
Board development	1,415	2,812	1,865	2,684	**8,776**	-
Donated life insurance (Note 2)				4,445	**4,445**	3,586
Total operating expenses	547,601	3,139,588	486,520	998,590	**5,172,299**	3,336,963
TOTAL 2023 FUNCTIONAL EXPENSES	**$ 28,257,138**	**$ 3,139,588**	**$ 486,520**	**$ 998,590**	**$ 32,881,836**	
TOTAL 2022 FUNCTIONAL EXPENSES	$ 17,878,809	$ 1,189,877	$ 517,800	$ 1,046,310		$ 20,632,796

The accompanying notes are an integral part of these financial statements.

INLAND EMPIRE COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS
For the year ended December 31, 2023
With comparative totals for the year ended December 31, 2022

	2023	2022
CASH FLOWS FROM (TO) OPERATING ACTIVITIES:		
Change in net assets	**$ 11,114,958**	$ 3,158,000
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in cash surrender value of life insurance	**4,445**	3,586
Depreciation expense	**22,003**	27,190
Realized (gain) on investments	**(526,417)**	(152,138)
Unrealized (gain) loss on investments	**(713,158)**	1,927,727
Change in value of split-interest agreements	**(137,393)**	262,401
Amortization of right-of-use assets, operating leases	**101,203**	251,895
Amortization of right-of-use assets, finance leases	**7,583**	26,107
Decrease (increase) in operating assets:		
Grants and contributions receivable	**967,217**	3,133
Other receivables	**(34,535)**	(5,312)
Prepaid expenses and deposits	**2,467**	35,799
Assets held in remainder trust	**238,247**	475,123
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	**258,923**	(121,609)
Grants payable	**3,160,236**	(3,397,342)
Obligations under charitable gift annuities	**1,577**	(246,132)
Reduction of lease liability, operating leases	**(99,120)**	(292,568)
Custodial funds	**(63,514)**	(27,891)
Unearned revenue	**(4,505,174)**	4,750,000
Agency funds	**1,115,139**	(9,954,445)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**10,914,687**	(3,276,476)
CASH FLOWS FROM (TO) INVESTING ACTIVITIES:		
Purchase of equipment	**(20,715)**	-
Proceeds from sale of investments	**4,646,320**	5,745,325
Purchase of investments	**(128,128)**	(2,776,303)
NET CASH PROVIDED BY INVESTING ACTIVITIES	**4,497,477**	2,969,022
CASH FLOWS (TO) FROM FINANCING ACTIVITIES:		
Restricted realized (gain) on investments	**(4,778,216)**	(1,651,846)
Restricted unrealized (gain) loss on investments	**(4,539,212)**	15,665,750
Interest and dividends, net, restricted for reinvestment	**(1,975,506)**	(1,608,340)
Proceed from line of credit	**900,000**	-
Reduction of lease liability, financing leases	**(7,724)**	(14,018)
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	**(10,400,658)**	12,391,546
NET INCREASE IN CASH AND CASH EQUIVALENTS	**5,011,506**	12,084,092
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**38,605,650**	26,521,558
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 43,617,156**	$ 38,605,650
SUPPLEMENTAL DISCLOSURES:		
Operating activities reflects interest paid:	**$ 2,333**	$ 919
Right-of-use assets upon adoption of ASC 842:	**$ -**	$ 310,061

The accompanying notes are an integral part of these financial statements.

1. Organization

Inland Empire Community Foundation ("the Foundation") is a California nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and a non-private foundation under Section 509(a)(1) of the Internal Revenue Code 1986. The Foundation serves as a leader, catalyst, and resource for philanthropy and seeks to improve the lives of individuals in Riverside and San Bernardino Counties. The Foundation accomplishes this by developing partnerships with philanthropic individuals, community leaders, and the non-profit sector to ensure that together they can build permanent endowments, make grants for charitable causes, and be a catalyst to solve community concerns and strengthen non-profit organizations.

Established in 1941 as a community trust, it was known as the Riverside Foundation from (1941-1983); Riverside Community Foundation from (1983-1997); The Community Foundation of Riverside County from (1997-2000); The Community Foundation, with the tag line, Serving Riverside and San Bernardino Counties from (2000-2019). The Foundation is an independent, publicly supported philanthropic organization, founded for the purpose of improving the quality of life in the Riverside and San Bernardino Counties through grants to tax-exempt organizations and through educational scholarships.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor Restrictions. Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

continued

2. Summary of Significant Accounting Policies, continued

Grants and Contributions Receivable

All grants and contributions receivable at December 31, 2023 are expected to be collected in less than one year with the exception of the following: Evans Charitable Remainder Trust, for which the Foundation is the beneficiary following the lifetimes of one income beneficiary plus two years of distribution to a successor income beneficiary; and The William C. Hunter Charitable Lead Trust, for which the Foundation will receive annual distributions through 2026. No discount has been recorded on the receivable greater than one year, as the amount is not deemed material to the financial statements. See grants and contributions receivable details in Note 4.

Concentration of Credit Risks

The Foundation places its cash and cash equivalents in bank deposit accounts at high-credit, quality financial institutions. At times, such accounts may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Foundation has not incurred losses related to these accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investment securities, in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position. The Board routinely reviews the performance of its investments.

Investments

Investments in money market funds and marketable securities are reported at their fair market values based upon published quotations. Investments for which the fair market values are not readily determinable are recorded at cost or, if received as a contribution, at their fair market values as determined at the time of the gift. Securities are generally held in custodial investment accounts administered by financial institutions. Cash and cash equivalents held at securities institutions and not used for operations are treated as investments.

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses and interest and dividend income are reflected in the Statement of Activities as investment (loss) gain income, net (see Note 5).

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

continued

2. Summary of Significant Accounting Policies, continued

Level 1 inputs - quoted prices in active markets for identical assets
Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets
Level 3 inputs - estimates using the best information available when there is little or no market

The Foundation is required to measure contributions receivable, certain investments, and charitable gift annuities at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five hundred dollars and the useful life is greater than one year.

Since its inception, the Foundation has received donated equipment and furniture the value of which did not meet its criteria for capitalization. As such, these items were expensed when donated.

Donated Life Insurance

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended December 31, 2023, the Foundation received $4,445 of donated life insurance, which was valued at the estimated fair market value of the policy. The donated life insurance policy was used in development, and is shown on the statement of functional expenses.

Income Taxes

The Foundation is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Foundation in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Foundation returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing the Foundation's programs and other activities have been presented in the Statement of Functional Expenses.

continued

2. Summary of Significant Accounting Policies, continued

During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Foundation uses payroll hours to allocate indirect costs.

Revenue and Revenue Recognition

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Consequently, at December 31, 2023, all contributions have been recognized in the accompanying statement of activities because either there were no conditions or the condition(s) on which they depend have been met.

The Foundation has adopted Accounting Standards Update ("ASU") No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Foundation's financial reporting.

Leases

The Foundation applies Accounting Standards Codification ("ASC") *842, Leases*, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property, plant or equipment for a period of time in excess of twelve months in exchange for consideration. The Foundation defines control of the asset as the right to obtain substantially all of the economic benefits from use of the identified asset as well as the right to direct the use of the identified asset. The Foundation further determines all the existing leases are operating leases, which are included in Right-of-Use ("ROU") assets and lease liabilities in the Statement of Financial Position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could vary from those estimates.

continued

2. Summary of Significant Accounting Policies, continued

Comparative Totals

The financial statements included certain prior-year summarized comparative information in total but not by net assets 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 the Foundation's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Reclassification

Certain accounts from the December 31, 2022 financial statements have been reclassified for comparative purposes to conform to December 31, 2023 presentation.

Subsequent Events

Management has evaluated subsequent events through May 13, 2024, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

3. Liquidity and Availability of Resources

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	$43,617,156
Other receivable and other assets	113,774
Short term investments	2,234,067
Line of credit for use over next 12 months	5,000,000
Financial assets available to meet general expenditures over the next twelve months	$50,964,997

The assets above include $21,376,061 in donor advised funds as of December 31, 2023. The Foundation generally uses these assets for grantmaking based on donor recommendations.

continued

3. Liquidity and Availability of Resources, continued

Endowment funds consist of donor-restricted endowments and board-designated endowments. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. The Foundation's board-designated endowments are subject to an annual spending rate. For the year ended December 31, 2023, this rate is 4% and $940,304 of the appropriation from the board-designated endowments will be available during the calendar year ending December 31, 2024. Although the Foundation does not intend to spend from the board-designated endowments (other than amounts appropriated per the board's annual spending rate approval), these amounts could be made available if necessary.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds.

4. Grants and Contributions Receivable

Grants and contributions receivable at December 31, 2023 and 2022 consist of the following:

	December 31,	
	2023	2022
Evans Charitable Remainder Trust (CRT)	**$ 738,016**	$ 677,289
Community Economic Resilience Fund (CERF)	**465,990**	-
Obershaw Trust	**450,000**	450,000
Bill and Melinda Gates Foundation	**250,000**	250,000
William C. Hunter Charitable Lead Trust (CLT)	**164,335**	214,335
Other	**56,066**	-
Estate of Robert A. Dailey-Dechomai	**100**	100
Chris and Molly Carpenter Estate	**-**	1,500,000
	$2,124,507	$3,091,724

5. Investments

Investments at December 31, 2023 and 2022 consist of the following:

	December 31,	
	2023	2022
Mutual funds	**$60,235,631**	$55,340,217
Bonds	**25,526,537**	19,350,720
Money market funds	**1,555,301**	4,474,822
Cash value of life insurance	**177,684**	182,129
Real estate partnership	**1**	1
	$87,495,154	$79,347,889

continued

5. Investments, continued

Investment income, net

December 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Net realized and unrealized gain	$1,239,575	$ 9,317,428	**$10,557,003**
Interest and dividends	239,075	1,834,117	**2,073,192**
Less: investment fees and charges	(9,768)	(87,918)	**(97,686)**
Net investment income	$1,468,882	$11,063,627	**$12,532,509**
December 31, 2022			
Net realized and unrealized gain	$(1,775,589)	($14,013,904)	($15,789,493)
Interest and dividends	137,001	1,562,478	1,699,479
Less: investment fees and charges	(9,753)	(81,386)	(91,139)
Net investment income	$(1,648,341)	($12,532,812)	($14,181,153)

Interest and dividend income is accrued as the income is earned. Interest and dividend income is shown on the Statement of Activities net of related investment fees of $97,686 and $91,139 for the years ended December 31, 2023 and 2022, respectively.

6. Split-interest Agreements

Split-interest agreements of $3,308,699 and $3,546,946 at December 31, 2023 and 2022, respectively, consist of charitable gift annuity agreements ("CGAs"). Under the terms of CGAs, the Foundation receives assets from the grantors and in return agrees to pay annual distributions to the grantors during their life or joint lives, if applicable, and then to the survivor for the remainder of his/her life. The Foundation records the assets received at fair value on the date of receipt and records a liability equal to the estimated present value of the future required distributions to the grantors. For CGAs with donor-directed beneficiaries, the difference between the fair value of the assets and the liabilities is included in the Statement of Activities as a donor restricted contribution during the year of receipt. The Foundation is to distribute the residual under these agreements to donor designated charitable causes. Adjustments to the liability to reflect the revaluation of the present value of the estimated future payments to the grantors, amortization of the discount, and revaluation of the assets are recognized as a change in the value of the CGAs in donor restricted net assets class.

The Foundation also has a beneficial interest in one charitable remainder trusts of which the Foundation is the trustee. The beneficial interest is based on underlying investments. Those investments in marketable securities with readily determinable fair values and all debt instruments are valued at their current fair values. Liabilities to the beneficiaries with lead interests are based on the present value of the estimated future payments to be made less estimated return on trust assets. Income and gains and losses on trust assets and distributions to the other beneficiaries are reflected in the statement of financial position. Adjustments to the liability to reflect the revaluation of the present value of the estimated future payments to the other beneficiaries, amortization of the discount, and revaluation of the investments held by the trust are recognized as a change in the value of the charitable remainder trust agreement in the with donor restrictions net assets class.

continued

7. Furniture and Equipment

Furniture and equipment at December 31, 2023 and 2022 consist of the following:

	December 31,	
	2023	2022
Furniture, equipment, and software	**$ 204,045**	$ 193,416
Accumulated depreciation	**(186,424)**	(174,507)
	$ 17,621	$ 18,909

Depreciation expense for the years ended December 31, 2023 and 2022 was $22,003 and $27,190, respectively.

8. Agency Funds

The Foundation receives and distributes assets under certain agency and intermediary arrangements. The Foundation accepts these contributions from donors and agrees to transfer those assets, the return on investment of those assets, or both, to an entity that is specified by the donors. When a not-for-profit organization establishes a fund at the Foundation with its own funds and specifies itself or its affiliate as the beneficiary of that fund, the Foundation accounts for the transfer of such assets as a liability. The liability for such funds has been established at the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the not-for-profit organizations. The agency funds activity at December 31, 2023 and 2022 was as follows:

	December 31,	
	2023	2022
Beginning balances	**$16,788,483**	$26,742,928
New agency funds	**131,182**	911,443
Realized gain	**1,144,883**	383,840
Unrealized gain (loss)	**962,609**	(3,972,962)
Interest and dividends, net of bank fees	**334,891**	339,100
Sub-total, investment gain	**2,442,383**	(3,250,022)
Grants awarded and expenses	**(1,294,081)**	(7,419,927)
Management fees	**(164,345)**	(195,939)
Ending balances	**$17,903,622**	$16,788,483

continued

9. Right-of-Use Assets and Liabilities – Operating/Financing Leases

The Foundation evaluated current contracts to determine which met the criteria of a lease. ROU assets represent the Foundation's right to use underlying assets for the lease term, and the lease liabilities represent the Foundation's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases and finance leases, were calculated based on the present value of future lease payments over the lease terms. the Foundation used a published U.S. Treasury risk free rate of return. Lease terms, in the calculations, may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term.

The Foundation's operating leases consist of office space, while the financing lease consists of a copier.

The ROU assets and lease liabilities for these leases were determined based on the current terms in force as of December 31, 2023. No additional options have been included.

Cash paid for operating leases for the year ended December 31, 2023, and December 31, 2022 was $105,808 and $34,920 respectively. Cash paid for financing leases for the year ended December 31, 2023 was $8,359 and $8,359 respectively. There were no non-cash financing transactions related to leasing during the year ended December 31, 2023.

	Operating	Financing
Weighted average remaining lease terms	1.75 years	0.67 years
Weighted average discount rate:	3.00%	3.00%

Future maturities under operating and financing leases are as follows:

Year ending December 31,	Operating	Financing
2024	$108,982	$8,523
2025	74,093	-
	183,075	8,523
Less: Present value discount	(4,193)	(178)
	$178,882	$8,345

Rent expense under the operating lease for the years ended December 31, 2023 and 2022 was $140,576 and $135,240, respectively.

Amortizations under operating and financing leases are as follows:

	Operating	Financing
ROU assets balances, as of January 1, 2023	$ 276,879	$15,689
Less: Amortization	(101,203)	(7,583)
ROU assets balances, as of December 31, 2023	$ 175,676	$ 8,106

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10. Fair Value Measurements

The table below presents the balances of assets measured at fair value at December 31, 2023 on a recurring basis:

	Level 1	Level 2	Level 3	Total
Investments:				
Blend	$40,222,229	$ -	$ -	**$40,222,229**
Bonds	25,526,537			**25,526,537**
Growth	5,868,997			**5,868,997**
Hedge fund		6,531,106		**6,531,106**
Real estate	3,121,156			**3,121,156**
Emerging markets	2,252,046			**2,252,046**
Allocation	2,240,097			**2,240,097**
	79,231,062	6,531,106		**85,762,168**
Money market funds	1,555,301			**1,555,301**
Other:				
Real estate partnership	1			**1**
Cash value of life insurance			177,684	**177,684**
	80,786,364	6,531,106	177,684	**87,495,154**
Assets held in remainder trusts	3,308,699			**3,308,699**
Contribution receivable, remainder trust			738,016	**738,016**
Contribution receivable, Estate of Robert A. Dailey-Dechomai			100	**100**
	$84,095,063	$6,531,106	$915,800	**$91,541,969**

continued

10. Fair Value Measurements, continued

The table below presents the balances of assets measured at fair value at December 31, 2022 on a recurring basis:

	Level 1	Level 2	Level 3	Total
Investments:				
Blend	$25,354,825	$ -	$ -	$25,354,825
Bonds	18,590,134			18,590,134
Growth	11,827,753			11,827,753
Value	5,377,459			5,377,459
Allocation	3,855,718			3,855,718
Hedge fund		4,461,376		4,461,376
Real estate	2,460,213			2,460,213
Emerging markets	2,836,314			2,836,314
	70,302,416	4,461,376		74,763,792
Money market funds	4,401,967			4,401,967
Other:				
Real estate partnership	1			1
Cash value of life insurance			182,129	182,129
	74,704,384	4,461,376	182,129	79,347,889
Assets held in remainder trusts	3,546,946			3,546,946
Contribution receivable, remainder trust			677,289	677,289
Contribution receivable, Estate of Robert A. Dailey-Dechomai			100	100
	$78,251,330	$4,461,376	$859,518	$83,572,224

continued

10. Fair Value Measurements, continued

The fair value of investments and real estate partnership haave been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The fair value of assets held in remainder trusts is measured on a recurring basis by calculating the change in value of the client's beneficial interest in the trust, which has underlying assets invested in the market (Level 1 inputs).

The fair value of hedge fund have been measured on a recurring basis using quoted prices for similar assets in inactive market (Level 2 inputs).

The fair value of the cash value of life insurance and contribution receivables were measured based on information received from the trusts' attorneys and the Foundation's estimate (Level 3 inputs).

The following table provides further details of the Level 3 fair value measurements as of December 31, 2023 and 2022:

	Cash Value of Life Insurance	Contribution Receivable	Total
December 31, 2023			
Fair value at January 1, 2023	$182,129	$677,289	**$859,418**
Addition			**-**
Change in value in remainder trust		60,727	**60,727**
Cash received			**-**
Total loss	(4,445)		**(4,445)**
Fair value at December 31, 2023	$177,684	$738,016	**$915,700**
December 31, 2022			
Fair value at January 1, 2022	$185,714	$738,669	$924,383
Addition			-
Change in value in remainder trust		(61,380)	(61,380)
Cash received			-
Total loss	(3,585)		(3,585)
Fair value at December 31, 2022	$182,129	$677,289	$859,418

The (loss) and gain are reported in contributions in the Statement of Activities.

11. Unearned Revenue

Unearned revenue from government agencies/contracts and grants for the years ended December 31, 2023 and 2022 consist of the following:

	2023	2022
California Arts Council	**$244,826**	$4,750,000

11. Unearned Revenue, continued

On August 19, 2022, the Foundation received a conditional program grant from the California Arts Council, in the amount of $4,750,000. With support from the California Arts Council, the Foundation will administer a regranting program to IE-based artists and organizations in partnership with two county and one regional arts council for public art, media and messaging projects addressing health inequities in highest-priority communities.

The deadline to use the funds is September 30, 2024. As of December 31, 2023, The Foundation had spent $4,505,174. The Foundation anticipates to spend down the full amount by the end of fiscal year December 31, 2024. Unearned revenue related for the year ended December 31, 2022, was $244,826.

12. Net Assets Without Donor Restrictions and With Donor Restrictions

Net assets without donor restrictions and with donor restrictions consist of the following at December 31, 2023 and 2022:

	2023	2022
Net assets without donor restrictions	**$ 6,200,423**	$ 5,311,664
Without donor restrictions - Board designated funds:		
Community impact funds	**2,616,048**	2,615,117
Operating reserve	**1,186,936**	1,205,707
Current operations	**91,440**	183,959
Peggy Fouke Wortz funds	**3,142,379**	3,142,401
Total net assets without donor restrictions	**13,237,226**	12,458,848
Net assets with donor restrictions		
Donor designated to meet community needs	**87,876,514**	76,901,254
Gift annuities and trusts	**1,583,597**	1,717,755
Specific grant programs	**10,023,854**	10,528,376
Total net assets with donor restrictions	**99,483,965**	89,147,385
	$112,721,191	$101,606,233

Net assets released from purpose restrictions by incurring expenses satisfying the purpose as specified by donors for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
S.L. Gimbel Foundation Advised Fund	**$ 6,436,552**	$ 4,973,140
Riverside County ARPA Fund	**5,720,544**	-
California Creative Corps Fund	**4,265,000**	-
Grants made to meet community needs	**3,092,659**	7,256,349
James Irvine Foundation Grants	**2,097,500**	2,991,610
S.L. Gimbel Foundation Scholarship Fund	**1,206,465**	601,500
SD Foundation	**824,661**	1,858,418
Community Economic Resilience Fund Program	**600,000**	-
San Manuel Employee Dependent Scholarship Fund	**510,556**	1,796,361
Youth Grantmakers Committee	**-**	32,847
Total net assets released	**$24,753,937**	$19,510,225

continued

13. Retirement Plan

The Foundation has a defined contribution 401(k) profit-sharing plan covering substantially all employees with at least one-quarter year of service who have attained age 18. The plan includes non-elective safe harbor 3% contribution and a 1% of profit sharing for all participants. The contribution is made each pay period. At December 31, 2023 and 2022, the Foundation's expense for contributions to the plan totaled $76,283 and $66,608, respectively.

14. Commitments and Contingencies

Contracts

The Foundation's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Foundation has no provisions for the possible disallowance of program costs on its financial statements.

Paycheck Protection Program Loan

The Small Business Administration ("SBA") reserves the right to review any loan in their discretion and the SBA will review any loan over $2 million. Areas of review include eligibility, necessity, calculation of the loan amount, use of loan proceeds, and the calculation of the loan forgiveness amount. Paycheck Protection Program loan documentation should be retained for six years after the date the loan is forgiven or repaid in full.

15. Line of Credit

The Foundation has a revolving line of credit with a bank, in the amount of $5,000,000, at a variable interest rate based of no less than 8%, due September 2024. At December 31, 2023, the outstanding balance of the line of credit was $900,000.

16. Related Party Transaction

During the fiscal year ended December 31, 2023, the Foundation engaged in a related party transaction with CEO's spouse, who provided grant writing services for a specific program. As the spouse of the CEO, this transaction is considered a related party transaction. The terms of the agreement were established at arm's length, and the compensation paid to him was commensurate with prevailing market rates for similar services. The Board of Directors reviewed and approved the transaction in accordance with the Foundation's related party transaction policy. For the year ended December 31, 2023, the total payments to the company were $7,500.