

SOLANO COMMUNITY FOUNDATION

FINANCIAL STATEMENTS

December 31, 2023

Scinto Group, LLP

Certified Public Accountants/Business Consultants

TABLE OF CONTENTS

Independent Auditors' Report	1-2
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses.....	6
Notes to Financial Statements	7-13

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Solano Community Foundation
Fairfield, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Solano Community Foundation, a non-profit organization (the Foundation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, and the related statement of activities and changes in net assets, functional expenses, and 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 the 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 the Foundation's ability to continue as a going concern for 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 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 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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



Scinto Group, LLP
Grass Valley, California
June 18, 2024

SOLANO COMMUNITY FOUNDATION
Statement of Financial Position
As of December 31, 2023

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 158,705
Investments	<u>12,624,025</u>
Total Current Assets	12,782,730
Fixed Assets, Net	<u>15,188</u>
Total Assets	<u><u>\$ 12,797,918</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Total Liabilities \$ -

Net Assets

Without Donor Restrictions	3,776,130
With Donor Restrictions	<u>9,021,788</u>
Total Net Assets	<u>12,797,918</u>
Total Liabilities and Net Assets	<u><u>\$ 12,797,918</u></u>

See the accompanying Notes and Independent Auditors' Report.

SOLANO COMMUNITY FOUNDATION
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	\$ 299,305	\$ 1,559,137	\$ 1,858,442
Interest and Dividend Income	346,558	-	346,558
Realized Gain on Investment Securities	97,339	-	97,339
Unrealized Gain on Investment Securities	1,099,515	-	1,099,515
Net Assets Released From Restrictions	862,248	(862,248)	-
Total Support and Revenue	<u>2,704,965</u>	<u>696,889</u>	<u>3,401,854</u>
Expenses			
Program Services	824,753	-	824,753
Management and General	139,927	-	139,927
Fundraising	82,248	-	82,248
Total Expenses	<u>1,046,928</u>	<u>-</u>	<u>1,046,928</u>
Increase in Net Assets	1,658,037	696,889	2,354,926
Net Assets, Beginning of the Year	<u>2,118,093</u>	<u>8,324,899</u>	<u>10,442,992</u>
Net Assets, End of Year	<u><u>\$ 3,776,130</u></u>	<u><u>\$ 9,021,788</u></u>	<u><u>\$ 12,797,918</u></u>

See the accompanying Notes and Independent Auditors' Report.

SOLANO COMMUNITY FOUNDATION
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities	
Increase in net assets	\$ 2,354,926
Adjustments to reconcile change in net assets to net cash provided by operations:	
Depreciation	2,837
Unrealized gain on marketable securities	<u>(1,099,515)</u>
Net Cash Flows Provided by Operating Activities	<u>1,258,248</u>
 Cash Flows from Investing Activities	
Acquisition of property and equipment	(9,942)
Purchases of securities	(2,364,163)
Sales of securities	<u>1,033,640</u>
Net Cash Flows Used by Investing Activities	<u>(1,340,465)</u>
 Cash Flows from Financing Activities	<u>-</u>
 Net Decrease in Cash and Cash Equivalents	(82,217)
 Cash and Cash Equivalents, Beginning of Year	<u>240,922</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 158,705</u>

See the accompanying Notes and Independent Auditor's Report.

SOLANO COMMUNITY FOUNDATION
Statement of Functional Expenses
For the Year Ended December 31, 2023

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Grants	\$ 495,744	\$ -	\$ -	\$ 495,744
Salaries and Wages	169,937	70,807	42,484	283,228
Rent & Occupancy	53,291	22,205	13,323	88,819
Miscellaneous	21,547	8,978	5,385	35,910
Professional Fees	16,487	6,870	4,121	27,478
Payroll Taxes	14,141	5,892	3,535	23,568
Information Technology	13,393	5,581	3,348	22,322
Employee Benefits	9,960	4,150	2,490	16,600
Insurance	8,227	3,428	2,056	13,711
Dues and Memberships	6,937	2,891	1,734	11,562
Payroll Processing Fees	5,699	2,375	1,424	9,498
Telephone and Internet	3,058	1,274	764	5,096
Professional Development	2,869	1,196	717	4,782
Accounting	900	375	225	1,500
Office Expense	756	315	189	1,260
Travel	725	302	182	1,209
Bank Charges	474	198	118	790
Printing and Copying	473	197	119	789
Licenses and Permits	135	56	34	225
Total Expenses Before Depreciation	<u>824,753</u>	<u>137,090</u>	<u>82,248</u>	<u>1,044,091</u>
Depreciation	-	2,837	-	2,837
Total Functional Expenses	<u>\$ 824,753</u>	<u>\$ 139,927</u>	<u>\$ 82,248</u>	<u>\$ 1,046,928</u>

See the accompanying Notes and Independent Auditors' Report.

SOLANO COMMUNITY FOUNDATION
Notes to the Financial Statements
December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Solano Community Foundation (“Foundation”) is a not-for-profit corporation and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is a community charitable foundation dedicated to encouraging philanthropy in the Solano County area to the benefit of charitable organizations, to improving the quality and scope of charitable efforts and to facilitate collaboration among donors and various local nonprofit organizations. The Foundation did not have any unrelated business income during the year ended December 31, 2023.

Basis of Accounting

The Foundation’s accounting records and accompanying financial statements are maintained and prepared on the accrual method of accounting in conformity with generally accepted accounting principles (GAAP). Revenue is recognized when earned and expenditures are recognized when the related liability is incurred, rather than when cash is received or disbursed.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification FASB ASC 958-225-45-1, *Financial Statements of Not-For-Profit Organizations*. Under FASB ASC 958-225-45-1, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

GAAP also provides that if the governing body of an organization has the unilateral power to redirect the use of a donor’s contribution to another beneficiary, such contributions must be classified as without donor restrictions. The Foundation’s agreements with donors include a variance power provision giving the Board of Directors of the Foundation this ability. The Board of Directors may only exercise variance power and modify the restrictions or conditions on a distribution from a component fund if the restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs designated. Accordingly, the Foundation has reported a large portion of donor advised funds as without donor restriction.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash on deposit. The Foundation considers deposits that can be redeemed on demand and investments that have original maturities of less than three months when purchased to be cash equivalents. As of December 31, 2023, the Foundation’s cash and cash equivalents were deposited primarily in two financial institutions.

SOLANO COMMUNITY FOUNDATION
Notes to the Financial Statements
December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value of Financial Instruments

The carrying value of the Foundation's financial instruments including cash and investments, approximate fair values due to the short-term nature of these instruments.

Fair value accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Foundation has two securities trading accounts measured at fair value using Level 1 inputs on a recurring basis as of December 31, 2023.

Marketable Securities

In accordance with GAAP, investments in marketable securities are reported at fair value based on quoted prices in active markets for identical assets in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as an increase in net assets without donor restrictions if the restrictions are met (either by passage of time or by purpose) in the reporting period in which the income and gains are recognized.

Property and Equipment

It is the Foundation's policy to capitalize all expenditures for fixed assets that have lives of greater than one year and costs of over \$500. Purchased fixed assets are capitalized at historical cost. Donated fixed assets are recorded as contributions at their estimated fair market value and are recorded as unrestricted unless the donor has restricted the donated assets to a specific purpose. Maintenance and repairs are expensed when incurred, while betterments are capitalized and depreciated. Depreciation is computed using the straight-line method over 3 to 7 years.

SOLANO COMMUNITY FOUNDATION
Notes to the Financial Statements
December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Operating Expenses

The costs of providing the various programs and other activities have been allocated between grants, other programs, management and general and fundraising expenses in the accompanying statement of activities based on targeted percentages set with the annual budget. Grant expenses are charitable costs expended for the direct benefit of others. Other program expenses relate to activities which support the grant-making process. Management and general as well as fundraising expenses support the general operating and fundraising expenses of the foundation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Public Support and Revenue

Annual contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial 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 their fair market values in the period received.

SOLANO COMMUNITY FOUNDATION
Notes to the Financial Statements
December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Classes of Net Assets

The financial statements report amount by class of net assets:

- a) *Without Donor Restrictions* are those currently available for use in the activities of the Foundation under the direction of the board, and those resources invested in equipment and furniture.
- b) *With Donor Restrictions* are the net assets with donor imposed restrictions that expire upon the passage of time or once specific actions are undertaken by the Foundation. These net assets are classified as restricted when donations are collected or pledged and released from restriction when expenses related to the restricted purpose are incurred. As of December 31, 2023, restricted net assets amounted to \$0 and are included in net assets with donor restrictions in the Statement of Financial Position.
- c) *Endowments* are those contributed with donor stipulation that they be held in perpetuity with use of income for unrestricted or restricted purposes. Endowments are included with Net Assets With Donor Restrictions on the financial statements. At December 31, 2023, permanently restricted net assets amounted to \$9,021,788 and are included in net assets with donor restrictions in the Statement of Financial Position.

Financial Assets

The Organization has \$829,585 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and unrestricted investments. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

Contributions

Under FASB ASC 958-605-25-2, contributions received are recorded as net assets with donor restrictions or without donor restrictions support depending on the existence or nature of any donor restrictions.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Foundation to concentrations of credit risk, consist primarily of cash. The Foundation places cash with high-quality financial institutions. As of December 31, 2023, the Foundation had \$0 in excess of the FDIC insured limits.

SOLANO COMMUNITY FOUNDATION
Notes to the Financial Statements
December 31, 2023

NOTE 2 – INVESTMENTS

Investments as of December 31, 2023 consist mostly of cash and marketable securities and are summarized as follows:

<u>Description</u>	<u>2022</u>	<u>Purchases</u>	<u>Sales</u>	<u>Unrealized Gain (Loss)</u>	<u>2023</u>
Marketable Securities	\$ 10,193,987	\$ 2,364,163	\$ (1,033,640)	\$ 1,099,515	\$ 12,624,025
Total	\$ 10,193,987	\$ 2,364,163	\$ (1,033,640)	\$ 1,099,515	\$ 12,624,025

NOTE 3 – FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION

Fixed assets and changes in fixed assets at December 31, 2023 are summarized as follows:

<u>Description</u>	<u>2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>2023</u>
Furniture and Fixtures	\$ 51,480	\$ -	\$ -	\$ 51,480
Equipment	31,904	9,942	(10,829)	31,017
Computers and Software	43,655	-	(43,655)	-
Total	127,039	9,942	(54,484)	82,497
Less: Accumulated Depreciation	(118,956)	(2,837)	54,484	(67,309)
Net Fixed Assets	\$ 8,083	\$ 7,105	\$ -	\$ 15,188

Depreciation expense for the year ended December 31, 2023 amounted to \$2,837.

NOTE 4 – ENDOWMENTS

The Foundation's endowment consists of thirty-five donor advised funds, with restriction based on the Foundation's evaluation of the degree of permanency in an agreement with donors, as well as funds designated by the Board of Directors to function as endowments as of December 31, 2023. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of restrictions. Donors agree in writing to the terms and conditions in effect for establishing restricted (endowed) or unrestricted gifts to the Foundation. The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original donor's gift, as of the date of the gift absent explicit donor stipulations to the contrary.

SOLANO COMMUNITY FOUNDATION
Notes to the Financial Statements
December 31, 2023

NOTE 4 – ENDOWMENTS – CONTINUED

As a result of this interpretation, the Foundation classifies endowments at (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the funds.

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (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 effects of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the organization.
- (7) The investment policies of the organization.

Return Objectives and Risk Parameters

The Foundation has adopted investment spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the corpus of endowment assets. Endowment assets include those assets with donor restrictions and donor-advised funds that the Foundation must hold in perpetuity unless released from restriction. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the average yield results of a blend of diversified equity and bond index funds while assuming a moderate level of investment risk. The Foundation expects its endowment funds over time to provide an average rate of return of at least 6% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term-rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Foundation has a policy of appropriating for distribution each year the net investment earnings of donor restricted endowment funds. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to retain the historical cost value of all donor-restricted gifts in the future.

SOLANO COMMUNITY FOUNDATION
Notes to the Financial Statements
December 31, 2023

NOTE 4 – ENDOWMENTS – CONTINUED

Endowment Net Asset Composition by Type of Fund
As of December 31, 2023:

	<u>W/O Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Permanent Endowment</u>	<u>Endowment Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 9,021,788	\$ 9,021,788
Total Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,021,788</u>	<u>\$ 9,021,788</u>

Changes in Endowment Net Assets and Endowment Funds
for the Fiscal Year Ended December 31, 2023:

	<u>W/O Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Permanent Endowment</u>	<u>Endowment Total</u>
Net assets (Endowment), beginning of year	\$ -	\$ -	\$ 7,462,651	\$ 7,462,561
Investment return			-	-
Contributions	-	-	1,559,137	1,559,137
Grant Expenses	-	-	-	-
Net assets (Endowment), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,021,788</u>	<u>\$ 9,021,788</u>

NOTE 5 – SUBSEQUENT EVENTS

Events subsequent to December 31, 2023 have been evaluated through June 18, 2024, the date at which the Foundation's financial statements were available to be issued. No events requiring disclosures have occurred through this date.