



REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS

SANTA BARBARA FOUNDATION

December 31, 2021 with Summarized Comparative Totals
for December 31, 2020

Table of Contents

	PAGE
Report of Independent Auditors	1–2
Consolidated Financial Statements	
Consolidated statements of financial position	3
Consolidated statements of activities and changes in net assets	4
Consolidated statements of functional expenses	5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7–26

Report of Independent Auditors

The Audit Committee
Santa Barbara Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Santa Barbara Foundation and its supporting organizations and affiliates, which comprise the consolidated statements of financial position as of December 31, 2021, and the related consolidated statements of activities and changes in net assets, 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 Santa Barbara Foundation and its supporting organizations and affiliates as of December 31, 2021, and the changes in their net assets 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 Santa Barbara 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.

Other Matter

We have previously audited the Santa Barbara Foundation and its supporting organizations and affiliates' December 31, 2020, consolidated financial statements, and our report dated September 9, 2021, expressed an unmodified audit opinion on those audited consolidated financial statements. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Santa Barbara Foundation and its supporting organizations and affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the 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 Santa Barba 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 Santa Barba 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.

Moss Adams LLP

Los Angeles, California

September 8, 2022

Santa Barbara Foundation
Consolidated Statements of Financial Position

	ASSETS			
	Without Donor Restrictions	With Donor Restrictions	2021 Total	Summarized 2020 Total
ASSETS				
Cash and cash equivalents	\$ 41,399,337	\$ -	\$ 41,399,337	\$ 40,893,593
Investments	334,801,647	72,994,478	407,796,125	332,815,342
Contributions receivable, net	41,651,593	202,543	41,854,136	46,340,597
Notes receivable, net	3,039,577	-	3,039,577	5,084,109
Beneficial interest in trusts	-	83,701,284	83,701,284	80,212,494
Property and equipment, net	13,294,088	-	13,294,088	13,819,857
Other assets	485,352	-	485,352	744,191
	<u>434,671,594</u>	<u>156,898,305</u>	<u>591,569,899</u>	<u>519,910,183</u>
Total assets	<u>\$ 434,671,594</u>	<u>\$ 156,898,305</u>	<u>\$ 591,569,899</u>	<u>\$ 519,910,183</u>
	LIABILITIES AND NET ASSETS			
LIABILITIES				
Accounts payable and accrued expenses	\$ 282,205	\$ -	\$ 282,205	\$ 358,352
Grants payable, net	272,000	-	272,000	205,250
Notes payable, net	2,912,211	-	2,912,211	3,594,644
Liabilities under split-interest agreements	-	1,355,303	1,355,303	1,373,766
Funds held on behalf of others	29,345,262	-	29,345,262	24,333,196
	<u>32,811,678</u>	<u>1,355,303</u>	<u>34,166,981</u>	<u>29,865,208</u>
Total liabilities	<u>32,811,678</u>	<u>1,355,303</u>	<u>34,166,981</u>	<u>29,865,208</u>
NET ASSETS	<u>401,859,916</u>	<u>155,543,002</u>	<u>557,402,918</u>	<u>490,044,975</u>
Total liabilities and net assets	<u>\$ 434,671,594</u>	<u>\$ 156,898,305</u>	<u>\$ 591,569,899</u>	<u>\$ 519,910,183</u>

See accompanying notes.

Santa Barbara Foundation

Consolidated Statements of Activities and Changes in Net Assets

	Without Donor Restrictions	With Donor Restrictions	2021 Total	Summarized 2020 Total
REVENUE, GAINS, AND OTHER SUPPORT				
Contributions	\$ 48,129,363	\$ 1,200	\$ 48,130,563	\$ 37,111,580
Less: contributions raised on behalf of others	(3,401,426)	-	(3,401,426)	(3,965,858)
Total contributions and bequests	44,727,937	1,200	44,729,137	33,145,722
Investment income, net	57,195,635	8,702,503	65,898,138	8,606,136
Less: investment income on behalf of others, net	(2,593,429)	-	(2,593,429)	(2,408,680)
Total investment income, net	54,602,206	8,702,503	63,304,709	6,197,456
Change in value of split-interest agreements	-	3,042,792	3,042,792	3,565,701
Other income	469,167	-	469,167	96,739
Net assets released from restrictions				
Available for distribution per spending policy	2,359,075	(2,359,075)	-	-
Reclassifications and other releases from restrictions	246,532	(246,532)	-	-
Total revenue, gains, and other support	102,404,917	9,140,888	111,545,805	43,005,618
EXPENSES				
Program services				
Grants, net of rescinds	38,019,990	-	38,019,990	30,935,919
Less: grants made on behalf of others	(982,788)	-	(982,788)	(5,347,126)
Total grants, net of rescinds	37,037,202	-	37,037,202	25,588,793
Grant making and direct program	3,407,690	-	3,407,690	3,524,287
Total program services	40,444,892	-	40,444,892	29,113,080
Support services				
Administrative and fund management	2,581,540	-	2,581,540	2,531,155
Fundraising and development	1,161,430	-	1,161,430	1,507,579
Total support services	3,742,970	-	3,742,970	4,038,734
Total expenses	44,187,862	-	44,187,862	33,151,814
CHANGE IN NET ASSETS	58,217,055	9,140,888	67,357,943	9,853,804
NET ASSETS, beginning of year	343,642,861	146,402,114	490,044,975	480,191,171
NET ASSETS, end of year	\$ 401,859,916	\$ 155,543,002	\$ 557,402,918	\$ 490,044,975

Santa Barbara Foundation
Consolidated Statements of Functional Expenses

	Program Services	Administrative and Fund Management	Fundraising and Development	2021 Total	Summarized 2020 Total
EXPENSES					
Grants, net of rescinds	\$ 37,037,202	\$ -	\$ -	\$ 37,037,202	\$ 25,588,793
Salaries	1,038,970	1,322,331	546,180	2,907,481	3,095,277
Consultants and professional services	1,003,462	214,682	30,167	1,248,311	1,430,387
Employee benefits	236,188	310,418	128,217	674,823	636,775
Depreciation and amortization	184,542	233,697	107,531	525,770	527,422
Technology	110,689	131,551	47,891	290,131	227,315
Community relations	159,718	4,450	86,706	250,874	319,313
Payroll taxes	78,202	102,780	42,453	223,435	214,217
Program	203,936	-	-	203,936	158,581
Occupancy	49,307	54,531	51,021	154,859	147,080
Rent	89,095	34,650	12,533	136,278	121,783
Advertising	74,264	-	31,652	105,916	147,339
Interest	35,371	46,178	16,703	98,252	130,794
Dues, subscriptions, licenses, and permits	36,070	34,093	12,331	82,494	127,739
Meetings and conferences	20,122	26,269	9,502	55,893	57,110
Publications	25,729	3,530	21,186	50,445	29,626
Office	24,025	18,503	5,294	47,822	46,608
Insurance	15,848	24,055	4,893	44,796	83,320
Telephone	16,352	19,822	7,170	43,344	56,635
Scholarship awards	5,800	-	-	5,800	5,700
	<u>\$ 40,444,892</u>	<u>\$ 2,581,540</u>	<u>\$ 1,161,430</u>	<u>\$ 44,187,862</u>	
Total expenses, 2021					
	<u>\$ 29,113,080</u>	<u>\$ 2,531,155</u>	<u>\$ 1,507,579</u>		<u>\$ 33,151,814</u>
Total expenses, 2020					

See accompanying notes.

Santa Barbara Foundation

Consolidated Statements of Cash Flows

	Years Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received from donors, net of amounts restricted for endowments	\$ 30,084,272	\$ 15,967,682
Cash received into funds held on behalf of others, net of distributions and fees	5,012,066	1,027,412
Cash received from state, county, and city contracts and grants	497,905	326,500
Interest and dividends received, net of present value discount	3,443,720	2,045,970
Deposits refunded	-	783,579
Miscellaneous receipts	469,167	465,466
Interest paid	(98,252)	(130,794)
Unrelated business income tax paid	(2,000)	(100)
Grants and awards paid	(34,976,252)	(25,427,384)
Cash paid to employees and suppliers for program services	(3,366,519)	(3,473,692)
Cash paid to employees and suppliers for support services	(2,969,628)	(3,664,266)
Net cash used by operating activities	(1,905,521)	(12,079,627)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(45,368)
Purchases of investments	(78,934,646)	(108,048,145)
Proceeds from sales of investments	79,209,764	124,086,295
Proceeds from notes receivable	500,000	345,377
Return on capital shareholder distribution	690,229	458,973
Net cash provided by investing activities	1,465,347	16,797,132
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions received from charitable remainder trusts	1,024,651	1,006,732
Contributions restricted for endowments	1,200	255,034
Proceeds from SBA PPP loan	-	602,500
Payments on notes payable	(79,933)	(674,966)
Net cash provided by financing activities	945,918	1,189,300
CHANGE IN CASH AND CASH EQUIVALENTS	505,744	5,906,805
CASH AND CASH EQUIVALENTS, beginning of year	40,893,593	34,986,788
CASH AND CASH EQUIVALENTS, end of year	\$ 41,399,337	\$ 40,893,593

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies

Organization – The Santa Barbara Foundation (“SBF”) is a community foundation incorporated in 1928 under the laws of the State of California as a nonprofit corporation to enrich the lives of the people of Santa Barbara County through philanthropy. It is the mission of SBF to mobilize collective wisdom and philanthropic capital to build empathetic, inclusive, and resilient communities. SBF continues to serve as one of the largest private funding sources for area nonprofits, agencies, and college-bound students.

Supporting organizations – SBF works with entities organized as supporting organizations to SBF for the specific and primary purpose of benefiting, performing functions of, and engaging in activities consistent with SBF’s charitable purposes. SBF 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 and 2020, the following supporting organizations were effectively under SBF’s control and were consolidated for financial statement purposes:

- Highland Santa Barbara Foundation, Inc. (“HSBF”) – organized in November 2011
- The Eric and Kelly Schwartz Charitable Trust (“EKSCT”) – organized in August 2015

Affiliates – In 2021 and 2020, the following affiliates were effectively under SBF’s control and were consolidated for financial statement purposes:

- 1111 Chapala Street, LLC, whose primary operating asset is a commercial building located in Santa Barbara, California;
- 300 East Islay Street, LLC, whose primary operating asset is a residential building located in Santa Barbara, California; and
- SBF Properties, LLC, whose purpose is to receive gifts of real property.

Principles of consolidation – The accompanying consolidated financial statements as of December 31, 2021 and 2020, include the financial statements of SBF and its supporting organizations and affiliates, listed above. All material inter-organizational transactions and balances have been eliminated in the consolidation.

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

Reclassifications – Certain amounts from the December 31, 2020, financial statements have been reclassified to conform to the December 31, 2021, financial statement presentation.

Description of net assets – SBF reports information regarding its financial position and activities in two classes of net assets—with donor restrictions and without donor restrictions—based on the existence or absence of donor-imposed restrictions.

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

SBF's governing documents provide the Board of Trustees with the variance power to modify any restriction or condition placed on gifts to SBF if, in its sole judgment, the Board of Trustees determines that the restriction becomes in effect unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

- *Net assets without donor restrictions* represent net assets that are not subject to donor-imposed time restrictions. Net assets without donor restrictions include board-designated funds that have been purposed for designing an Impact Investing program that will promote philanthropic donations, further community impact, and enhance opportunity for financial return.
- *Net assets with donor restrictions* represent net assets that are subject to donor-imposed time restrictions. Net assets with donor restrictions generally include contributions and bequests receivable and planned gifts. Earnings on net assets with donor restrictions are reported as an increase in net assets with donor restrictions. Earnings on donor-restricted endowment funds that have not yet been appropriated are also classified as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as "net assets released from restrictions." Net assets with donor restrictions include perpetual income trusts for which the related income is reported as contributions without donor restrictions when received on the consolidated statements of activities and changes in net assets. The change in value of the underlying assets is recorded as an unrealized gain or loss in net assets with donor restrictions on the consolidated statements of activities and changes in net assets. Net assets with donor restrictions also consist of those donor-restricted endowments held by SBF as defined under the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Functional expense allocation – Salaries, employee benefits, and payroll taxes are allocated based on time spent in each functional area by specific employee as estimated by management. Indirect costs included in meetings and conferences, depreciation and amortization, technology, occupancy, office, and rent expense are allocated based on number of employees by functional area based on time spent by specific employee as estimated by management. Certain advertising 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.

Comparative amounts – The amounts shown for 2020 in the accompanying consolidated financial statements are included to provide a basis for comparison with 2021 and are not intended to present all information necessary for a fair presentation of the 2020 consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with SBF's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Cash and cash equivalents – SBF considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. Those estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. It is at least reasonably possible that the significant estimates could change in the coming year.

Significant estimates used in the preparation of these consolidated financial statements include:

- Allocation of certain expenses by function;
- Discount factors used in determining contributions and bequests receivable, notes receivable, grants payable, annuities payable by charitable trust, and income interest in charitable trusts;
- Allowance for uncollectible contributions and bequests receivable;
- Fair value of assets held by charitable trusts;
- Fair value of certain investments; and
- Depreciable lives of property and equipment.

Contributions – Unconditional contributions received are recorded at their fair value on the date of donation. Contributions have been evaluated and determined to be non-reciprocal and unconditional. Contributions, including unconditional promises to give, are recognized as revenue when received. Unconditional promises to give must be accompanied by written documentation prior to being recognized as revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of December 31, 2021, there were no conditional promises to give. Bequests are recorded at their estimated fair value when all the events required for the transfer of the assets from the estate of the donor to SBF have occurred and/or the court has issued an order to transfer the assets. Noncurrent contributions and bequests receivable are discounted at the net present value utilizing the applicable federal rate set by the Internal Revenue Service (IRS) at the date of the gift.

Donated goods and services – Donated goods and services received by SBF are recorded as contributions at fair value at the time of the donation or receipt. For the year ended December 31, 2021, numerous volunteers gave their time and expertise to SBF in a wide variety of areas including: committees, administrative activities, technical and financial advice, and office and public relations activities. These contributions, despite their considerable value to the mission of SBF, are not reflected in the consolidated financial statements. Donated or contributed services are reported at fair value in the consolidated financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets, or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Investments – SBF records investments at fair value. The fair value of investments in securities traded on national securities exchanges is valued at the closing price on the last business day of the year. The investments in hedge funds, partnerships, and private equity, for which quoted market prices are not readily available, are determined by management in good faith with the assistance of third-party investment managers using methods they consider appropriate at net asset value (NAV). Realized and unrealized gains and losses are included in the change in net assets, net of investment expenses.

Income taxes – SBF 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, SBF 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.

SBF and its supporting organizations and affiliates evaluate uncertain tax positions, whereby the effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of December 31, 2021, SBF and its supporting organizations and affiliates have no uncertain tax positions requiring accrual.

Beneficial interest in trusts and split interest agreements – SBF has a beneficial interest in various trusts and other split-interest agreements. A split-interest agreement is a contribution that results in the sharing of legal rights to certain assets by the nonprofit entity and the donor, including other specified individuals or organizations designated by the donor. Such split-interest agreements are held in charitable remainder trusts, life insurance policies, charitable lead trusts, charitable gift annuities, pooled income funds, and perpetual interest trusts, as follows:

Charitable remainder trusts – SBF is named as an irrevocable remainder beneficiary of charitable trusts, which have been established by donors to provide income, generally for life, to designated beneficiaries. SBF is also the irrevocable remainder beneficiary of two life insurance policies. At the end of the term, or upon the death of the income beneficiaries, assets remaining in the trusts will be transferred to SBF. Each year, beneficiaries receive a percentage of the trust's fair value, generally limited to net income or net income with make-up provisions.

If SBF is the trustee, the fair value of the trust is included in investments within the consolidated statements of financial position, a corresponding liability is recorded for the present value of estimated future payments as specified in the trust agreement, and the difference is recognized as a contribution. As of December 31, 2021, there were six such trusts valued at \$1,196,950, with a corresponding liability for estimated future payments of \$743,564, factored by a discount rate of 1.6%.

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

If SBF is not the trustee, contribution revenue and related assets are recognized at the fair value of the trusts' investments net of the present value of estimated future payments to beneficiaries. As of December 31, 2021, there were thirty-one such trusts and two life insurance policies valued at a total of \$60,722,684, factored by discount rates ranging between 1.2% and 5%, included in beneficial interests in trusts within the consolidated statements of financial position.

Charitable lead trusts – SBF is named the lead beneficiary for charitable lead trusts held by third-party trustees. Charitable lead trusts are included in beneficial interests in trusts within the consolidated statements of financial position at the present value of future payments to be received under the trust agreement. As of December 31, 2021, there were five such trusts valued at \$2,052,416, factored by a discount rate of 1.6%.

Charitable gift annuities – Charitable gift annuity donors have contributed assets to SBF in exchange for a promise by SBF to pay a fixed amount for a specified period to the donor or to individuals or organizations designated by the donor. Under the terms of the agreements, no trust exists, as the assets received are held by SBF, and the liability is an obligation of SBF. SBF records new gifts at the fair value of the assets net of the present value of the estimated future payments to beneficiaries factored by the IRS applicable federal rate (AFR) discount rate in effect at the date of the gift contract. As of December 31, 2021, there were thirty-three charitable gift annuities valued at \$723,732 with a corresponding liability for estimated future payments of \$434,150, factored by discount rates ranging between 1.0% and 6.2%, included in investments within the consolidated statements of financial position. The value of \$723,732 exceeds the State of California required reserve of \$533,861 by \$189,871.

Pooled income funds – Pooled income fund donors have contributed assets to SBF in exchange for a net income payout for a specified period. Under the terms of the agreements, no trust exists, as the assets are held by SBF. The fair value of the asset is included in investments within the consolidated statements of financial position and a corresponding liability is recorded for the present value of estimated future payments to beneficiaries factored by the highest yearly rate of return for the past three years for each portfolio ranging between 8.9% and 13.2%. As of December 31, 2021, the fair value of the pooled income funds was \$513,827 with a corresponding liability of \$177,589.

Perpetual income trust interest – SBF is an income beneficiary of seven perpetual trusts. Under these arrangements, the corpus is not controlled by the management of SBF, but SBF has the irrevocable right to receive income on the underlying assets in perpetuity. Five trusts provide discretionary income, and two trusts provide restricted income for student aid and Lompoc area projects. As of December 31, 2021, SBF's share of the fair value of the trusts' investments of \$20,926,184 is included in beneficial interests in trusts within the consolidated statements of financial position.

For all beneficial interests in trusts and split-interest agreements, changes in value in subsequent years are recognized in the consolidated statements of activities and changes in net assets as change in value of split-interest agreements.

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Beneficial interests in trusts and split-interest agreements for which SBF is trustee totaled \$2,434,509 with a corresponding liability under split interest agreements of \$1,355,303 as of December 31, 2021. Beneficial interests in trusts and split-interest agreements for which SBF is not trustee and does not control contribution revenue and related assets totaled \$83,701,284 as of December 31, 2021.

Property and equipment – Property and equipment are stated at cost, or fair value if donated. In general, SBF capitalizes assets with a cost of \$5,000 or more and an expected useful life of greater than one year. Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

Land	Non-depreciable
Building	27.5–40 years
Leasehold improvements	10–40 years
Office equipment	3–10 years
Furniture	5–10 years

Funds held on behalf of others – SBF receives and distributes assets under certain agency and intermediary arrangements. If a not-for-profit organization (NPO) establishes a fund at SBF with its own funds and specifies itself or its affiliate as the beneficiary of that fund, then SBF accounts for this transfer of assets by such NPO as a liability. The liability is 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 NPO and is reflected under “funds held on behalf of others” on the consolidated statements of financial position.

Grants – Grants are recorded as expenses when they are approved by the Board of Trustees. Grants that are expected to be paid in more than one year are recorded at the present value of future payments factored by a discount rate of 5%. All grants payable as of December 31, 2021, are expected to be paid within one year and are not required to be discounted at the present value. SBF records the rescission of grants in the year the grant is cancelled.

Subsequent events – SBF has evaluated subsequent events through September 8, 2022, the date which the consolidated financial statements were available to be issued.

Note 2 – Contributions Receivable

Unconditional promises are included in the consolidated financial statements as contributions receivable. At December 31, 2021, contributions and bequests receivable are expected to be collected as follows:

In one year or less	\$ 41,651,593
In more than one year	242,100
Discount to present value	<u>(39,557)</u>
Contributions receivable, net	<u>\$ 41,854,136</u>

Santa Barbara Foundation
Notes to Consolidated Financial Statements

Note 3 – Notes Receivable

SBF has three unsecured promissory notes from a donor-advised fund and from a board-designated fund to a nonprofit charitable organization. The notes are presented within the consolidated statements of financial position as notes receivable and are comprised of the following as of December 31, 2021:

Receivable in less than one year	\$ 225,000
Receivable in two to five years	<u>3,275,000</u>
Total notes receivable	3,500,000
Discount to present value	<u>(460,423)</u>
Notes receivable, net	<u><u>\$ 3,039,577</u></u>

In December 2016, SBF issued two promissory notes in the amount of \$4,000,000 and \$500,000, each bearing interest at a variable rate of 1-month LIBOR (0.1% at December 31, 2021), plus 1%. Interest is payable in semi-annual installments. Principal payments of 5% of the original principal amount are due annually, commencing October 15, 2022, with the remaining principal balance due October 15, 2026. In December 2021, the \$4,000,000 note was partially forgiven for \$1,000,000. The forgiven portion of the loan satisfied the conditions to be recognized as a contribution expense pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 720-25-25 and FASB ASC 958-605-25-11. The remaining principal balances on the notes as of December 31, 2021, are \$3,000,000 and \$500,000, respectively.

In September 2016, SBF issued a promissory note in the amount of \$1,000,000 bearing interest at a rate of 0.61% per annum. The outstanding principal and interest payments were due in September 2017. In March 2021, SBF offered full forgiveness on the principal balance under the condition that the accrued interest balance was paid in full. In December 2021, SBF received interest payments in the amount of \$31,703, and the outstanding principal balance was forgiven in full. The forgiveness of the loan satisfied the conditions to be recognized as a contribution expense pursuant to FASB ASC 720-25-25 and FASB ASC 958-605-25-11.

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 4 – Investments

The following summarizes the investment return in the consolidated statements of activities and changes in net assets for the year ended December 31, 2021:

Interest and dividends	\$ 4,648,488
Less: interest and dividends on behalf of others	<u>(300,419)</u>
Total interest and dividends	<u>4,348,069</u>
Realized gain on investments	8,236,489
Unrealized gain on investments	53,748,474
Less: realized and unrealized gain on behalf of others	<u>(2,600,475)</u>
Total realized and unrealized gain on investments	<u>59,384,488</u>
Less: investment fees	(735,313)
Add back: investment fees on behalf of others	<u>307,465</u>
Total investment fees	<u>(427,848)</u>
Investment income, net	<u>\$ 63,304,709</u>

Note 5 – Fair Value Measurement

Fair value is defined as the price that would be received by SBF to sell an asset or be paid by SBF to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. A fair value hierarchy has been established that prioritizes valuation inputs into three broad levels to ensure consistency and comparability. There are three levels of inputs to measure fair value. The valuation hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

The standard describes the three levels used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, discounted cash flows, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 5 – Fair Value Measurement (continued)

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the consolidated statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then Level 2 fair values are estimated by using pricing models for quoted prices of securities with similar characteristics or discounted cash flows. The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value of Level 3 securities is based on information provided by fund managers, external investment advisors, and other market factors to determine if the carrying value of these investments should be adjusted. Other factors may include, but are not limited to, estimates of liquidation value, prices of recent transactions in the same or similar funds, current performance, future expectations of the particular investment, and changes in market outlook and the financing environment. Because of the inherent uncertainty of valuations, however, those estimated values may differ from the values that would have been used had a ready market existed, and the differences could be material. Independent appraisals of significant real estate held for investment are conducted at frequencies as determined by the fund manager for valuation purposes.

Financial instruments are considered valued at NAV when the investments (hedge funds, private equity, commingled funds, and real asset/real estate funds) are valued at NAV based on capital statements provided by entities that calculate fair value using NAV per share or its equivalent.

The Investment Committee, in conjunction with the external investment advisors, monitors and analyzes the valuation of the investments on a quarterly basis. The Investment Committee reports to the Board of Trustees. The valuation considers variables such as financial performance of investments, recent sale prices of investments, and other pertinent information.

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 5 – Fair Value Measurement (continued)

The following table presents assets recognized in the consolidated statements of financial position measured at fair value on a recurring basis and the level in which the fair value measurements fall at December 31, 2021:

Description	Level 1	Level 2	Level 3	NAV or Equivalent	Total
Investments					
Global equities	\$ 71,921,798	\$ -	\$ -	\$ 31,422,146	\$ 103,343,944
Domestic equities	11,226,915	-	-	-	11,226,915
International equities	1,332,080	-	-	-	1,332,080
Domestic fixed income funds	3,332,561	-	-	-	3,332,561
Global fixed income funds	26,415,380	6,981,821	-	49,895,603	83,292,804
Fixed income (illiquid)	-	-	70,521,019	-	70,521,019
Closely held stock	-	-	64,082,149	-	64,082,149
Real estate/natural resources	13,148,621	-	-	14,493,072	27,641,693
Infrastructure	1,404,714	-	-	5,109,802	6,514,516
Private equity	-	-	-	22,841,126	22,841,126
Partnerships	-	-	3,036,446	-	3,036,446
Hedge funds	-	-	-	10,630,872	10,630,872
Total investments	128,782,069	6,981,821	137,639,614	134,392,621	407,796,125
Assets held under charitable trust agreements					
Charitable trusts, life policy	-	-	62,775,100	-	62,775,100
Total assets held under charitable trust agreements	-	-	62,775,100	-	62,775,100
Perpetual income interest	-	-	20,926,184	-	20,926,184
Beneficial interest in trusts	-	-	83,701,284	-	83,701,284
Total assets measured at fair value	\$ 128,782,069	\$ 6,981,821	\$ 221,340,898	\$ 134,392,621	\$ 491,497,409
Liabilities under split-interest agreements	\$ -	\$ 1,355,303	\$ -	\$ -	\$ 1,355,303

The following is a description of the general classification of investments pursuant to the valuation hierarchy:

Global equities – Includes investment in domestic and international equities of varying market capitalizations selected by the investment manager. Equities are held as separate ownership shares of a specific company or in the form of mutual funds, commingled funds, or exchange-traded funds (ETFs).

Domestic and international equities – Includes investment in either domestic or international equities of varying market capitalizations. Equities are held as separate ownership shares of a specific company or in the form of mutual funds, commingled funds, or ETFs.

Domestic fixed income – Includes investment in domestic fixed income positions as held in the investment portfolio through either individual bond holdings (treasuries, corporate, government, mortgage, etc.), commingled funds, or through fixed income mutual funds.

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 5 – Fair Value Measurement (continued)

Global fixed income – Includes investment in domestic and international fixed income positions held through either individual bond holdings (treasuries, corporate, government, mortgage, etc.) or through fixed income mutual funds, commingled funds, or ETFs.

Fixed income (illiquid) – Includes 100 participation shares in a non-controlling partnership interest composed primarily of collateralized loan obligations. 100% of this investment is held by a supporting organization, HSBF, at the fair market value.

Closely held stock (illiquid) – Includes shares of a C Corporation held by EKSCT, a supporting organization.

Real estate/natural resources – Includes fourteen limited partnerships that invest in a diverse group of private real estate investment funds or similar entities that focus on the acquisition, redevelopment, operation, and management of real estate properties or natural resources: timber, precious metals, commodities, mining, energy, etc.

Infrastructure – Includes an ETF and three core infrastructure funds that have exposure in transportation, communication, food-related water and electricity, power, and energy services.

Private equity – Includes nineteen broadly diversified private equity partnerships with varying allocations to buyouts, distressed opportunities, venture capital, special situations, and secondary funds. Holdings are invested in diversified portfolios of investment partnerships, each of which has a defined term, typically ten to fifteen years, with no right to withdraw prior to termination of the investment partnership. Funds are called as needed by managers and distributions are received through the liquidation of the underlying assets of the fund.

Partnerships – Includes three limited partnership interests that are illiquid and receive varying income distributions controlled by the general partner: (1) 24% interest, invested locally in a real estate holding; (2) 38.44% interest, terminating in June 2062, invested locally in multiple real estate holdings; and (3) 7.7% interest, invested in multiple other partnerships with domestic and international exposure.

Hedge funds – Includes one hedge fund in the latter stages of redemption and four risk mitigating hedge funds.

The following table provides a reconciliation of assets measured at fair value using significant unobservable inputs (Level 3) for the year ended December 31, 2021:

Description	January 1, 2021	Net Gains and (Losses)	Purchases and Issuances	Transfers In and Out	Sales and Settlements	December 31, 2021
Fixed income (illiquid)	\$ 48,146,754	\$ 22,374,265	\$ -	\$ -	\$ -	\$ 70,521,019
Partnerships	3,146,000	(109,554)	-	-	-	3,036,446
Beneficial interest in trusts	80,212,494	2,986,457	1,526,984	-	(1,024,651)	83,701,284
Closely held stock	50,684,120	10,859,508	3,228,750	(690,229)	-	64,082,149
Total assets measured at fair value – Level 3	<u>\$ 182,189,368</u>	<u>\$ 36,110,676</u>	<u>\$ 4,755,734</u>	<u>\$ (690,229)</u>	<u>\$ (1,024,651)</u>	<u>\$ 221,340,898</u>

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 5 – Fair Value Measurement (continued)

The following table represents the Level 3 financial instruments as of December 31, 2021, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs.

Investment	Total Fair Value	Valuation Technique	Unobservable Inputs	Range
Fixed income (illiquid)	\$ 70,521,019	Fair value with qualitative discounting model	Lack of control discount and lack of marketability discount	8%–9.8%
Partnerships	3,036,446	Market comparables	Listing prices and general partner estimates	13%–27.6%
Beneficial interest in trusts	62,775,100	Present value of annuity or remainder interest	Discounted rate, life expectancies, and remaining payments	1.2%–5%, 2 to 65 years
Beneficial income interest in perpetual trusts	20,926,184	Fair value	Remaining payments	-
Closely held stock	64,082,149	Discounted cash flow method	Control premium, lack of marketability discount	5%–25%
Total assets measured at fair value – Level 3	<u>\$ 221,340,898</u>			

The following table provides redemption data and unfunded commitments for investments held at NAV or equivalent:

Investment	Total Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global equities	\$ 31,422,146	\$ -	Monthly	3 to 5 days
Global fixed income	49,895,603	-	Monthly	3 to 30 days
Real estate/natural resources	14,493,072	8,215,631	Non-redeemable	-
Infrastructure	5,109,802	1,948,066	Non-redeemable	-
Private equity	22,841,126	14,347,281	Non-redeemable	-
Hedge funds	10,630,872	-	Daily to Semiannually	2 to 90 days
Total	<u>\$ 134,392,621</u>	<u>\$ 24,510,978</u>		

Santa Barbara Foundation
Notes to Consolidated Financial Statements

Note 6 – Property and Equipment

Property and equipment at December 31, 2021, consist of the following:

Building and leasehold improvements	\$ 14,299,033
Land	3,265,379
Office equipment	318,321
Furniture	366,310
Donated artwork	<u>17,500</u>
 Total property and equipment	 18,266,543
 Less: accumulated depreciation and amortization	 <u>(4,972,455)</u>
 Property and equipment, net	 <u><u>\$ 13,294,088</u></u>

Note 7 – Notes Payable

Mortgage note payable – SBF has a mortgage note payable on the 1111 Chapala Street building with Montecito Bank & Trust, which is secured by the property, at an interest rate of 3%. Principal and interest payments of \$14,274 are due monthly with a final balloon payment due on January 20, 2031. In January 2021, the mortgage was refinanced to modify the interest rate to 3% and to extend the maturity date to January 20, 2031. The outstanding principal balance on the mortgage as of December 31, 2021, is \$2,912,211.

Payment Protection Program loan – In April 2020, SBF obtained an unsecured forgivable Small Business Administration (SBA) Paycheck Protection Program (PPP) loan through Montecito Bank & Trust at an interest rate of 1%. Principal and interest payments are due monthly beginning August 2021 and due in full on April 16, 2022. In June 2021, SBF received notification from the SBA that the outstanding principal and interest of \$602,500 and \$6,801, respectively, on the PPP loan was authorized for full forgiveness. The forgiven portion of the principal balance is recognized as contribution revenue without donor restrictions within the consolidated statements of activities and changes in net assets.

Future maturities of principal obligations for the years ending December 31 are as follows:

2022	\$ 84,838
2023	87,418
2024	90,077
2025	92,817
2026 and Thereafter	<u>2,557,061</u>
 Total	 <u><u>\$ 2,912,211</u></u>

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 8 – Grants

Grants payable as of December 31, 2021, of \$272,000 are due within one year.

Grant expense is comprised of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Donor advised	\$ 16,193,135	\$ 13,862,387
Field of interest	2,752,605	5,788,483
Competitive	3,399,674	3,584,985
Donor designated	1,446,771	1,386,066
Supporting organizations	509,000	842,685
Fiscal sponsorships	12,700,698	85,901
Pass-through	35,319	38,286
	<u>\$ 37,037,202</u>	<u>\$ 25,588,793</u>
Total grants, net of rescinds		

Note 9 – Concentrations and Risks

Credit risk – SBF maintains cash balances at several banks insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC only insures the first \$250,000 of funds on deposit at any one institution. SBF had uninsured cash of approximately \$17,500,000 deposited with three different banks. In addition, SBF maintains significant cash balances in money market funds. Such balances are not fully insured.

Market risk – SBF holds its investments in a diversified portfolio. Nevertheless, these investments are exposed to various risks and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such change could materially affect the amounts reported in the consolidated financial statements.

Concentrated investments – As of the year ended December 31, 2021, approximately 33% of the fair value of investments and a significant portion of the unrealized gains and losses are attributable to the two supporting organizations, HSBF and EK SCT. The fair value of HSBF's illiquid fixed income and EK SCT's closely held stock position are based upon annual independent third-party valuations using the same techniques and variables as in prior years.

Supporting organization assets – As of the year ended December 31, 2021, approximately 23% of total assets were in the two supporting organizations, HSBF and EK SCT.

Major donors – For the year ended December 31, 2021, approximately 25% of contributions revenue were from two donors.

Note 10 – Endowment Funds

Interpretation of relevant law – The Board of Trustees of SBF, in concurrence with the advice of legal counsel, has interpreted the California adopted UPMIFA as requiring a long-term investment strategy designed to preserve the fair value of the original gift, as of the gift date. As a result of this interpretation, SBF has classified with the explicit prohibition by the donor as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by SBF in a manner consistent with the standard for prudence prescribed by UPMIFA. In accordance with California UPMIFA, the organization considers the following factors in making a determination to appropriate or invest donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of SBF 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 SBF.
- (7) The investment policies of SBF.

Endowment investment and spending policies – SBF has adopted investment and 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 long-term purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity for donor-specified purposes. The endowment assets are invested in a manner that is intended to produce results that provide a reasonable balance between the quest for growth and the need to protect principal. The investment policy calls for a diversified portfolio utilizing various asset classes with a goal of reducing portfolio volatility and risk.

SBF's long-term endowment is invested in a diversified portfolio of domestic equities, international equities, fixed income, and a broad array of alternative investments. The portfolio employs both passive index funds and actively managed funds. The portfolio's objective is to achieve a total return equivalent to or greater than SBF's financial requirements over the long-term time horizon. Long-term investment strategies are used to manage risk with the goal to grow charitable dollars over time. SBF also provides four other investment options for donors that have a shorter time horizon and more immediate spending needs, including a socially responsible investment option.

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 10 – Endowment Funds (continued)

SBF uses a total investment return methodology for determining its spending policy each year. The portfolio's total returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The spending policy calculates the amount of money annually distributed from SBF's various discretionary funds and other endowed funds for grant making and administrative support. The approved spending policy for the year ended December 31, 2021, for discretionary funds was 4.5%, while other endowed funds were 4%. These percentages are calculated based on a rolling average of the market value for the previous three years.

The spending policy is reviewed annually in light of changing market assumptions, investment returns, and the rate of inflation. Accordingly, over the long term, SBF expects current spending policy to allow its endowment assets to grow.

Endowment funds with deficiencies – From time to time, the fair value of the assets associated with individual donor-restricted funds may fall below the level that current law requires SBF to retain for a fund of perpetual duration. In accordance with U.S. GAAP, these deficiencies are reported as a reduction in net assets with donor restrictions. Such deficiencies may result from unfavorable market fluctuations, particularly if the funds were invested in the endowment pool shortly prior to significant market declines. SBF has adopted a policy to spend from underwater endowments with certain limitations. As of December 31, 2021 and 2020, respectively, SBF held one and five endowment funds where the principal had fallen below the original corpus due to market conditions. The total fair values, original gift amounts, and deficiencies related to these funds as of December 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Fair value of underwater endowments	\$ 19,345	\$ 11,135,911
Original endowment gift amount	<u>32,622</u>	<u>11,729,191</u>
Deficiencies of underwater endowment funds	<u>\$ (13,277)</u>	<u>\$ (593,280)</u>

Santa Barbara Foundation
Notes to Consolidated Financial Statements

Note 10 – Endowment Funds (continued)

Endowment net assets with donor restrictions totaled \$70,559,969 consisting of total original gift endowment contributions of \$55,842,600 and accumulated earnings of \$14,717,369 as of December 31, 2021. Changes in the endowment net assets with donor restrictions for the year ended December 31, 2021, are as follows:

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 65,030,197
Net investment return	8,702,503
Contributions	1,200
Appropriation of endowment net assets for expenditure	(2,359,075)
Reclassifications and other releases from restrictions	(814,856)
Endowment net assets, end of year	\$ 70,559,969

There were no endowment net assets without donor restrictions or assets classified as board-restricted endowment funds as of December 31, 2021.

Note 11 – Related-Party Transactions

A majority of trustees and committee members of SBF also serve as trustees of entities receiving grants and support from SBF. Each trustee and committee member completes a conflict of interest declaration form annually. Trustees and committee members who have conflicts abstain from voting.

Note 12 – Leases

SBF leases office equipment and office space under non-cancellable operating leases through November 2026. Minimum rental payments under the terms of these leases are as follows for the years ending December 31:

2022	\$ 86,102
2023	66,746
2024	11,230
2025	6,592
2026	2,572
Total	\$ 173,242

Lease expense for the year ended December 31, 2021, totaled \$81,120.

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 13 – Retirement Plans

SBF employees who work at least 1,000 hours per year are eligible to participate in a deferred salary savings plan under Section 401(k) of the Internal Revenue Code after one full calendar month of service. SBF matches at its discretion up to 4% of the eligible salary upon participation. For eligible employees with more than one year of service, SBF, at its discretion, contributes up to an additional 6% of the participant's eligible salary for a total of 10%. SBF employer contributions for the year ended December 31, 2021, totaled \$249,025.

In addition, SBF has a non-qualified deferred compensation plan. SBF employer contributions for the year ended December 31, 2021, totaled \$19,500.

Note 14 – Liquidity

SBF structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. SBF invests cash in excess of daily requirements in short-term investments and money market funds.

Financial assets available to meet cash needs for general expenditure for the following year are comprised of current assets and investments, adjusted for amounts unavailable due to illiquidity, endowments and other funds spending policy appropriations beyond one year, and current liabilities payable to vendors, financial institutions, and nonprofit organizations.

Santa Barbara Foundation
Notes to Consolidated Financial Statements

Note 14 – Liquidity (continued)

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 41,399,337	\$ 40,893,593
Contributions and bequests receivable, current portion	41,651,593	185,000
Less: non-cash bequests receivable of illiquid assets	(14,161,542)	-
Notes receivable, current portion	225,000	1,500,000
Other assets	<u>485,352</u>	<u>261,761</u>
	<u>69,599,740</u>	<u>42,840,354</u>
Investments	407,796,125	332,815,342
Less: investments not available for general expenditures within one year		
Illiquid, not convertible to cash beyond one year	(137,639,614)	(104,366,424)
Endowments and other funds subject to spending policy appropriations beyond one year		
Without donor restrictions	(112,676,954)	(100,218,460)
With donor restrictions	(70,559,969)	(65,030,197)
Funds held on behalf of others	<u>(29,345,262)</u>	<u>(24,333,196)</u>
Investments available for general expenditures within one year	<u>57,574,326</u>	<u>38,867,065</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 127,174,066</u>	<u>\$ 81,707,419</u>

Santa Barbara Foundation

Notes to Consolidated Financial Statements

Note 15 – Net Assets

Net assets consist of the following for the years ended December 31, 2021 and 2020:

Net Assets Without Donor Restrictions

	<u>2021</u>	<u>2020</u>
Supporting organizations	\$ 135,089,935	\$ 98,950,856
Donor-advised funds	110,700,913	99,649,393
Undesignated funds	100,029,130	91,741,181
Field of interest funds	44,878,915	42,757,075
Donor-designated funds	7,078,666	6,662,439
Board-designated funds	2,421,584	2,280,386
Fiscal sponsorship	<u>1,660,773</u>	<u>1,601,531</u>
Total net assets without donor restrictions	<u>\$ 401,859,916</u>	<u>\$ 343,642,861</u>

Net Assets With Donor Restrictions

Contributions receivable	\$ 202,543	\$ 143,638
Donor-restricted endowment funds	70,559,969	65,030,197
Split interest agreements	1,079,206	1,015,786
Beneficial interest in remainder trusts	62,775,100	62,556,156
Beneficial income interest in perpetual trusts	<u>20,926,184</u>	<u>17,656,337</u>
Total net assets with donor restrictions	<u>\$ 155,543,002</u>	<u>\$ 146,402,114</u>