



Report of Independent Auditors
and Consolidated Financial Statements

Santa Barbara Foundation

December 31, 2022 with
Summarized Comparative Totals for
December 31, 2021



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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 statement of financial position as of December 31, 2022, 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, 2022, 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, 2021 consolidated financial statements, and our report dated September 8, 2022, 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, 2021, 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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.



Los Angeles, California
September 7, 2023

Consolidated Financial Statements

Santa Barbara Foundation
Consolidated Statements of Financial Position
December 31, 2022 and 2021

ASSETS				
	Without Donor Restrictions	With Donor Restrictions	2022 Total	Summarized 2021 Total
ASSETS				
Cash and cash equivalents	\$ 68,229,116	\$ 58,838	\$ 68,287,954	\$ 41,399,337
Investments	396,930,229	61,660,689	458,590,918	407,796,125
Contributions receivable, net	21,576,061	204,723	21,780,784	41,854,136
Notes receivable, net	2,336,894	-	2,336,894	3,039,577
Beneficial interest in trusts	-	78,421,897	78,421,897	83,701,284
Property and equipment, net	12,866,063	-	12,866,063	13,294,088
Other assets	289,531	-	289,531	485,352
Total assets	\$ 502,227,894	\$ 140,346,147	\$ 642,574,041	\$ 591,569,899
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	\$ 397,965	\$ -	\$ 397,965	\$ 282,205
Grants payable, net	132,940	-	132,940	272,000
Note payable	2,828,357	-	2,828,357	2,912,211
Liabilities under split-interest agreements	-	1,035,112	1,035,112	1,355,303
Funds held on behalf of others	27,537,507	-	27,537,507	29,345,262
Total liabilities	30,896,769	1,035,112	31,931,881	34,166,981
NET ASSETS	471,331,125	139,311,035	610,642,160	557,402,918
Total liabilities and net assets	\$ 502,227,894	\$ 140,346,147	\$ 642,574,041	\$ 591,569,899

See accompanying notes.

Santa Barbara Foundation
Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	2022 Total	Summarized 2021 Total
REVENUE, GAINS, AND OTHER SUPPORT				
Contributions	\$ 51,128,604	\$ 51,530	\$ 51,180,134	\$ 48,130,563
Less: contributions raised on behalf of others	(3,105,942)	-	(3,105,942)	(3,401,426)
Total contributions and bequests	<u>48,022,662</u>	<u>51,530</u>	<u>48,074,192</u>	<u>44,729,137</u>
Investment income (loss) net	47,376,793	(7,247,811)	40,128,982	65,898,138
Less: investment loss (income) on behalf of others, net	3,862,958	-	3,862,958	(2,593,429)
Total investment income (loss), net	<u>51,239,751</u>	<u>(7,247,811)</u>	<u>43,991,940</u>	<u>63,304,709</u>
Change in value of split-interest agreements	-	(4,412,801)	(4,412,801)	3,042,792
Other income	460,674	-	460,674	469,167
Net assets released from restrictions				
Available for distribution per spending policy	2,926,220	(2,926,220)	-	-
Reclassifications and other releases from restrictions	1,696,665	(1,696,665)	-	-
Total revenue, gains, and other support	<u>104,345,972</u>	<u>(16,231,967)</u>	<u>88,114,005</u>	<u>111,545,805</u>
EXPENSES				
Program services				
Grants, net of rescinds	27,653,249	-	27,653,249	38,025,790
Less: grants made on behalf of others	(1,050,740)	-	(1,050,740)	(982,788)
Total grants, net of rescinds	26,602,509	-	26,602,509	37,043,002
Grant making and direct program	3,749,274	-	3,749,274	3,401,890
Total program services	<u>30,351,783</u>	<u>-</u>	<u>30,351,783</u>	<u>40,444,892</u>
Support services				
Administrative and fund management	2,953,052	-	2,953,052	2,581,540
Fundraising and development	1,569,928	-	1,569,928	1,161,430
Total support services	<u>4,522,980</u>	<u>-</u>	<u>4,522,980</u>	<u>3,742,970</u>
Total expenses	<u>34,874,763</u>	<u>-</u>	<u>34,874,763</u>	<u>44,187,862</u>
CHANGE IN NET ASSETS	69,471,209	(16,231,967)	53,239,242	67,357,943
NET ASSETS, beginning of year	401,859,916	155,543,002	557,402,918	490,044,975
NET ASSETS, end of year	<u>\$ 471,331,125</u>	<u>\$ 139,311,035</u>	<u>\$ 610,642,160</u>	<u>\$ 557,402,918</u>

See accompanying notes.

Santa Barbara Foundation
Consolidated Statements of Functional Expenses
Years Ended December 31, 2022 and 2021

	Program Services	Administrative and Fund Management	Fundraising and Development	2022 Total	Summarized 2021 Total
EXPENSES					
Grants, net of rescinds	\$ 26,602,509	\$ -	\$ -	\$ 26,602,509	\$ 37,043,002
Salaries	1,049,306	1,580,418	755,965	3,385,689	2,907,481
Consultants and professional services	1,091,620	173,669	15,699	1,280,988	1,248,311
Employee benefits	242,847	341,504	174,547	758,898	674,823
Depreciation and amortization	168,994	219,102	114,132	502,228	525,770
Project	310,942	-	-	310,942	203,936
Community relations	164,028	4,000	126,723	294,751	250,874
Technology	100,122	132,799	58,090	291,011	290,131
Payroll taxes	75,282	105,866	54,109	235,257	223,435
Meetings and conferences	121,173	55,816	23,569	200,558	55,893
Occupancy	65,481	74,833	54,800	195,114	154,859
Rent	101,832	35,928	15,171	152,931	136,278
Dues, subscriptions, licenses, and permits	75,193	41,493	17,506	134,192	80,494
Advertising	60,909	-	60,940	121,849	105,916
Publications	32,252	9,539	57,235	99,026	50,445
Interest	30,016	40,369	17,046	87,431	98,252
Unrelated business income tax	-	67,000	-	67,000	2,000
Office	20,514	24,802	8,609	53,925	47,822
Insurance	20,896	23,485	6,316	50,697	44,796
Telephone	17,867	22,429	9,471	49,767	43,344
	<u>\$ 30,351,783</u>	<u>\$ 2,953,052</u>	<u>\$ 1,569,928</u>	<u>\$ 34,874,763</u>	
	87%	8%	5%	100%	
	<u>\$ 40,444,892</u>	<u>\$ 2,581,540</u>	<u>\$ 1,161,430</u>		<u>\$ 44,187,862</u>
	91%	6%	3%		100%

See accompanying notes.

Santa Barbara Foundation
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received from donors, net of amounts restricted for endowments	\$ 33,828,587	\$ 30,084,272
Cash (spent) received into funds held on behalf of others, net of distributions and fees	(1,807,755)	5,012,066
Cash received from state, county, and city contracts and grants	969,679	497,905
Interest and dividends received	4,426,741	3,443,720
Miscellaneous receipts	460,674	469,167
Interest paid	(87,431)	(98,252)
Unrelated business income tax paid	(67,000)	(2,000)
Grants and awards paid	(25,741,569)	(34,976,252)
Cash paid to employees and suppliers for program services	(3,719,258)	(3,366,519)
Cash paid to employees and suppliers for support services	(3,584,758)	(2,969,628)
Net cash provided by (used in) operating activities	4,677,910	(1,905,521)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(74,201)	-
Purchases of investments	(336,769,209)	(78,934,646)
Proceeds from sales of investments	356,949,829	79,209,764
Proceeds from notes receivable	25,000	500,000
Return on capital shareholder distribution	1,003,245	690,229
Net cash provided by investing activities	21,134,664	1,465,347
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions received from charitable remainder trusts	1,108,367	1,024,651
Contributions restricted for endowments	51,530	1,200
Payments on notes payable	(83,854)	(79,933)
Net cash provided by financing activities	1,076,043	945,918
CHANGE IN CASH AND CASH EQUIVALENTS	26,888,617	505,744
CASH AND CASH EQUIVALENTS, beginning of year	41,399,337	40,893,593
CASH AND CASH EQUIVALENTS, end of year	\$ 68,287,954	\$ 41,399,337

See accompanying notes.

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 2022 and 2021, 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 2022 and 2021, 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, 2022 and 2021, 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 under generally accepted accounting principles (U.S. GAAP).

Reclassifications – Certain amounts from the December 31, 2021 financial statements have been reclassified to conform to the December 31, 2022 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

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 2021 in the accompanying consolidated financial statements are included to provide a basis for comparison with 2022 and are not intended to present all information necessary for a fair presentation of the 2021 consolidated financial statements in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with SBF's consolidated financial statements for the year ended December 31, 2021, 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.

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.

Santa Barbara Foundation

Notes to Consolidated Financial Statements

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

- Allocation of certain expenses by function;
- Discount factors used in determining contributions receivable, notes receivable, grants payable, annuities payable by charitable trust, and income interest in charitable trusts;
- Allowance for uncollectible contributions;
- 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 for the year ended December 31, 2022. Unconditional contributions, including 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. 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, 2022, 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.

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.

Santa Barbara Foundation

Notes to Consolidated Financial Statements

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, 2022, 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, 2022, there were six such trusts valued at \$874,038, with a corresponding liability for estimated future payments of \$564,031, factored by discount rates ranging between 2% and 8.2%.

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, 2022, there were thirty-one such trusts and two life insurance policies valued at a total of \$59,963,233, factored by discount rates ranging between 1.4% and 10%, included in beneficial interests in trusts within the consolidated statements of financial position.

Charitable lead trusts – SBF is named the lead beneficiary for a charitable lead trust held by third-party trustees. The charitable lead trust is 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, 2022, there was one such trust valued at \$1,121,600, factored by a discount rate of 1.6%.

Santa Barbara Foundation

Notes to Consolidated Financial Statements

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, 2022, there were twenty-eight charitable gift annuities valued at \$515,756 with a corresponding liability for estimated future payments of \$387,004, factored by discount rates ranging between 3.6% and 11.6%, included in investments within the consolidated statements of financial position. The value of \$515,756 exceeds the State of California required reserve of \$449,932 by \$65,824.

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 -11.3% and 7.9%. As of December 31, 2022, the fair value of the pooled income funds was \$423,808 with a corresponding liability of \$84,077.

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, 2022, SBF's share of the fair value of the trusts' investments of \$17,337,064 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.

Beneficial interests in trusts and split-interest agreements for which SBF is trustee totaled \$1,813,602 with a corresponding liability under split interest agreements of \$1,035,112 as of December 31, 2022. Beneficial interests in trusts and split-interest agreements for which SBF is not trustee and does not control contribution revenue and related assets totaled \$78,421,897 as of December 31, 2022.

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

Santa Barbara Foundation

Notes to Consolidated Financial Statements

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 using the applicable federal rate at the date of the grant award. All grants payable as of December 31, 2022, 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.

Recently adopted accounting standards – SBF adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* (ASU 2016-02), effective January 1, 2022. This standard was issued by the Financial Accounting Standards Board (FASB) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statements of financial position and disclosing key information about leasing arrangements. The ASU requires not-for-profit lessees to report a right-of-use asset along with a lease liability that arises from most leases. SBF used the practical expedients allowed by the standard to not reassess whether any expired or existing contracts are or contain leases, not reassess the lease classification for any expired or existing leases, and not reassess initial direct costs for any existing leases. SBF’s adoption of ASU 2016-02 as of January 1, 2022, did not have a material impact on its consolidated financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The provisions of the ASU establish new presentation and disclosure requirements about contributed nonfinancial assets. SBF adopted this standard on January 1, 2022, and applied it retrospectively for all periods presented. SBF’s adoption of ASU 2020-07 did not have a material impact on its consolidated financial statements.

Subsequent events – SBF has evaluated subsequent events through September 7, 2023, 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, net. At December 31, 2022, contributions and bequests receivable are expected to be collected as follows:

In one year or less	\$ 21,576,061
In more than one year	<u>242,100</u>
Total contributions receivable	21,818,161
Discount to present value	<u>(37,377)</u>
Contributions receivable, net	<u><u>\$ 21,780,784</u></u>

Santa Barbara Foundation
Notes to Consolidated Financial Statements

Note 3 – Notes Receivable

SBF has two 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, net, and are comprised of the following as of December 31, 2022:

Receivable in less than one year	\$ 225,000
Receivable in two to five years	<u>2,250,000</u>
Total notes receivable	2,475,000
Discount to present value	<u>(138,106)</u>
Notes receivable, net	<u><u>\$ 2,336,894</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 (4.142% at December 31, 2022), plus 1%, not to exceed 5%. 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. The \$4,000,000 note was partially forgiven for \$1,000,000 in December 2021 and for an additional \$1,000,000 in December 2022. The forgiven portion of the loan satisfied the conditions to be recognized as a contribution expense pursuant to FASB Accounting Standards Codification (ASC) 720-25-25 and FASB ASC 958-605-25-11. The note is discounted at a rate of 1.68%.

Note 4 – Investments Return

The following summarizes the investment return in the consolidated statements of activities and changes in net assets for the year ended December 31, 2022:

Interest and dividends	\$ 5,646,500
Less: interest and dividends on behalf of others	<u>(493,915)</u>
Total interest and dividends	<u>5,152,585</u>
Realized gain on investments	15,861,118
Unrealized gain on investments	19,343,222
Realized and unrealized loss on behalf of others	<u>4,042,284</u>
Total realized and unrealized gain on investments	<u>39,246,624</u>
Less: investment fees	(448,578)
Add back: investment fees on behalf of others	<u>41,309</u>
Total investment fees	<u>(407,269)</u>
Investment income, net	<u><u>\$ 43,991,940</u></u>

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Notes to Consolidated Financial Statements

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.

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.

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Notes to Consolidated Financial Statements

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.

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, 2022:

Description	Level 1	Level 2	Level 3	NAV or Equivalent	Total
Investments					
Global equities	\$ 64,145,423	\$ -	\$ -	\$ 28,279,920	\$ 92,425,343
Domestic equities	34,750,857	-	-	-	34,750,857
International equities	6,068,188	-	-	-	6,068,188
Domestic fixed income funds	6,594,132	-	-	-	6,594,132
Global fixed income funds	32,208,704	-	-	16,291,502	48,500,206
Fixed income (illiquid)	-	-	76,654,941	-	76,654,941
Closely held stock	-	-	126,267,375	-	126,267,375
Real estate/natural resources	4,954,123	-	-	17,730,473	22,684,596
Infrastructure	-	-	-	6,715,976	6,715,976
Private equity	-	-	-	23,758,681	23,758,681
Partnerships	-	-	3,216,723	-	3,216,723
Hedge funds	-	-	-	10,953,900	10,953,900
Total investments	148,721,427	-	206,139,039	103,730,452	458,590,918
Beneficial interest in trusts					
Beneficial interest in trusts	-	-	61,084,833	-	61,084,833
Beneficial income interest in perpetual trusts	-	-	17,337,064	-	17,337,064
Total beneficial interests in trust	-	-	78,421,897	-	78,421,897
Total assets measured at fair value	\$ 148,721,427	\$ -	\$ 284,560,936	\$ 103,730,452	\$ 537,012,815
Liabilities under split-interest agreements	\$ -	\$ 1,035,112	\$ -	\$ -	\$ 1,035,112

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 funds – 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.

Global fixed income funds – 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.

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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 fair value.

Closely held stock (illiquid) – Includes shares of a C Corporation held by EK SCT, 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 four core infrastructure funds that have exposure in transportation, communication, food-related water and electricity, power, and energy services.

Private equity – Includes 20 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, 2022:

Description	January 1, 2022	Net Gains and (Losses)	Purchases and Issuances	Transfers In and Out	Sales and Settlements	December 31, 2022
Fixed income (illiquid)	\$ 70,521,019	\$ 6,133,922	\$ -	\$ -	\$ -	\$ 76,654,941
Partnerships	3,036,446	180,277	-	-	-	3,216,723
Beneficial interest in trusts	83,701,284	(4,260,442)	-	(1,018,945)	-	78,421,897
Closely held stock	64,082,149	61,098,061	2,090,411	(1,003,246)	-	126,267,375
Total assets measured at fair value – Level 3	<u>\$ 221,340,898</u>	<u>\$ 63,151,818</u>	<u>\$ 2,090,411</u>	<u>\$ (2,022,191)</u>	<u>\$ -</u>	<u>\$ 284,560,936</u>

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The following table represents the Level 3 financial instruments as of December 31, 2022, 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)	\$ 76,654,941	Fair value with qualitative discounting model	Lack of control discount and lack of marketability discount	7.3%–8.7%
Partnerships	3,216,723	Market comparables	Listing prices and general partner estimates	6%–34%
Beneficial interest in trusts	61,084,833	Present value of annuity or remainder interest	Discounted rate, life expectancies, and remaining payments	1.4%–10%, 2 to 65 years
Beneficial income interest in perpetual trusts	17,337,064	Fair value	Remaining payments	-
Closely held stock		Discounted cash flow method	Control premium, lack of marketability discount	5%–25%
	<u>126,267,375</u>			
Total assets measured at fair value – Level 3	<u>\$284,560,936</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	\$ 28,279,920	\$ -	Monthly	3 to 5 days
Global fixed income	16,291,502	-	Monthly	3 to 30 days
Real estate/natural resources	17,730,473	7,425,290	Non-redeemable	-
Infrastructure	6,715,976	3,167,607	Non-redeemable	-
Private equity	23,758,681	16,755,896	Non-redeemable	-
Hedge funds	<u>10,953,900</u>	<u>-</u>	Daily to Semiannually	2 to 90 days
Total	<u>\$ 103,730,452</u>	<u>\$ 27,348,793</u>		

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Note 6 – Property and Equipment

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

Building and leasehold improvements	\$ 14,299,032
Land	3,265,379
Office equipment	385,971
Furniture	347,086
Donated artwork	<u>17,500</u>
 Total property and equipment	 18,314,968
 Less: accumulated depreciation and amortization	 <u>(5,448,905)</u>
 Property and equipment, net	 <u><u>\$ 12,866,063</u></u>

Note 7 – Note 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, 2022, is \$2,828,357.

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

2023	\$ 87,185
2024	88,914
2025	91,889
2026	94,724
2027 and Thereafter	<u>2,465,645</u>
 Total	 <u><u>\$ 2,828,357</u></u>

Note 8 – Grants

Grants payable as of December 31, 2022, of \$132,940 are due within one year.

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Notes to Consolidated Financial Statements

Grant expense is comprised of the following for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Donor advised	\$ 16,776,698	\$ 16,193,135
Competitive	4,074,689	3,399,674
Field of interest	2,564,099	2,758,405
Donor designated	1,685,353	1,446,771
Supporting organizations	876,157	509,000
Fiscal sponsorships	455,147	12,700,698
Pass-through	<u>170,366</u>	<u>35,319</u>
Total grants, net of rescinds	<u><u>\$ 26,602,509</u></u>	<u><u>\$ 37,043,002</u></u>

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 \$32,000,000 deposited with four different banks. \$10,000,000 of this uninsured cash was subsequently transferred to fully FDIC- insured cash sweep (ICS) and certificate of deposit account registry service (CDARS) accounts. In addition, SBF maintains significant cash balances in money market funds. Such balances are not fully insured. Certain Investments held with financial institutions are insured up to a specific limit by the Securities Investors Protection Corporation (SIPC). At December 31, 2022, the Foundation had amounts that were in excess of the SIPC insurance limits.

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, 2022, approximately 44% 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, 2022, approximately 32% of total assets were in the two supporting organizations, HSBF and EK SCT.

Major donors – For the year ended December 31, 2022, approximately 56% of contributions revenue were from two donors.

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Notes to Consolidated Financial Statements

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.

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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, 2022, 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, 2022, 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 this fund as of December 31, 2022, is as follows:

	2022
Fair value of underwater endowments	\$ 18,573,490
Original endowment gift amount	20,760,436
Deficiencies of underwater endowment funds	\$ (2,186,946)

Endowment net assets with donor restrictions totaled \$59,847,087 consisting of total original gift endowment contributions of \$55,894,130 and accumulated earnings of \$3,952,957 as of December 31, 2022. Changes in the endowment net assets with donor restrictions for the year ended December 31, 2022, are as follows:

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 70,559,969
Net investment return (loss)	(7,247,811)
Contributions	51,530
Appropriation of endowment net assets for expenditure	(2,926,220)
Reclassifications and other releases from restrictions	(590,381)
Endowment net assets, end of year	\$ 59,847,087

There were no endowment net assets without donor restrictions or assets classified as board-restricted endowment funds as of December 31, 2022.

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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 – Commitments

SBF leases office equipment and office space under non-cancellable operating leases through January 2028.

Rent expense under operating leases for the year ended December 31, 2022, was approximately \$90,143.

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, 2022, totaled \$272,225.

In addition, SBF has a non-qualified deferred compensation plan. SBF employer contributions for the year ended December 31, 2022, totaled \$20,500.

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.

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

	2022
Cash and cash equivalents	\$ 68,287,954
Contributions and bequests receivable, current portion	21,576,061
Less: non-cash bequests receivable of illiquid assets	(9,800,835)
Notes receivable, current portion	225,000
Other assets	289,531
	80,577,711
Investments	458,590,918
Less: investments not available for general expenditures within one year	
Illiquid, not convertible to cash beyond one year	(206,139,039)
Endowments and other funds subject to spending policy appropriations beyond one year	
Without donor restrictions	(103,946,740)
With donor restrictions	(59,847,087)
Funds held on behalf of others	(27,537,507)
Investments available for general expenditures within one year	61,120,545
Financial assets available to meet cash needs for general expenditures within one year	\$ 141,698,256

Note 15 – Net Assets

Net assets consist of the following for the years ended December 31, 2022 and 2021:

Net assets without donor restrictions

	2022	2021
Supporting organizations	\$ 203,276,249	\$ 135,089,935
Donor-advised funds	124,955,164	110,700,913
Undesignated funds	89,771,252	100,029,130
Field of interest funds	43,271,369	44,878,915
Donor-designated funds	6,158,669	7,078,666
Board-designated funds	2,358,513	2,421,584
Fiscal sponsorship	1,539,909	1,660,773
Total net assets without donor restrictions	\$ 471,331,125	\$ 401,859,916

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Net assets with donor restrictions	<u>2022</u>	<u>2021</u>
Cash	\$ 58,838	\$ -
Contributions receivable	204,723	202,543
Donor-restricted endowment funds	59,847,087	70,559,969
Split interest agreements	778,490	1,079,206
Beneficial interest in trusts	61,084,833	62,775,100
Beneficial income interest in perpetual trusts	<u>17,337,064</u>	<u>20,926,184</u>
Total net assets with donor restrictions	<u>\$ 139,311,035</u>	<u>\$ 155,543,002</u>