

AUDITED FINANCIAL STATEMENTS
FOOTHILLS COMMUNITY FOUNDATION
June 30, 2025

TABLE OF CONTENTS
FOOTHILLS COMMUNITY FOUNDATION
June 30, 2025

Independent Auditors' Report 1

AUDITED FINANCIAL STATEMENTS

Statements of Financial Position 3
Statement of Activities for the Year Ended June 30, 2025 4
Statement of Activities for the Year Ended June 30, 2024 5
Statement of Functional Expenses for the Year Ended June 30, 2025 6
Statement of Functional Expenses for the Year Ended June 30, 2024 7
Statements of Cash Flows 8
Notes to the Financial Statements 9

1704 Laurel Street
Columbia, SC 29201

P.O. Box 2411
Columbia, SC 29202

Phone (803) 799-0555
Fax (803) 799-4212



125 W. Stone Avenue
Greenville, SC 29609

Phone (864) 271-7503
Fax (864) 751-5889

www.hobbscpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Foothills Community Foundation

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Foothills Community Foundation (the "*Foundation*"), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Restatement of the Prior Period

As discussed in Note B of the financial statements, the Foundation identified three additional funds that were not previously classified as agency endowments in the prior fiscal year, which resulted in a restatement. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, im-

plementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Columbia, South Carolina
January 12, 2026

The Holt Group, P.A.

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION
 FOOTHILLS COMMUNITY FOUNDATION

	June 30,	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 616,827	\$ 467,370
Total Current Assets	<u>616,827</u>	<u>467,370</u>
Noncurrent Assets		
Long-term investments	45,374,106	41,641,939
Property and equipment, net	2,181	3,626
Total Noncurrent Assets	<u>45,376,287</u>	<u>41,645,565</u>
TOTAL ASSETS	<u>\$ 45,993,114</u>	<u>\$ 42,112,935</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,000	\$ 7,874
Funds held for agency endowments	2,119,006	1,923,204
Total Liabilities	<u>2,121,006</u>	<u>1,931,078</u>
Net Assets		
Without donor restrictions		
Unrestricted funds	9,654,133	9,151,349
Funds subject to variance power	34,217,975	31,030,508
Total Net Assets	<u>43,872,108</u>	<u>40,181,857</u>
TOTAL LIABILITES AND NET ASSETS	<u>\$ 45,993,114</u>	<u>\$ 42,112,935</u>

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

STATEMENT OF ACTIVITIES
FOOTHILLS COMMUNITY FOUNDATION
For the Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING REVENUES, GAINS AND OTHER SUPPORT			
Contributions	\$ 6,984,478		\$ 6,984,478
Less: contributions to agency endowments	(61,580)		(61,580)
Investment income, net of related investment expense			
Interest income	640,331		640,331
Dividend income	530,618		530,618
Net realized gain on investments	24,595		24,595
Net unrealized gain on investments	2,866,797		2,866,797
Investment fees	(210,011)		(210,011)
Less: investment income net of related investment fees from agency endowments	(184,212)		(184,212)
Total Operating Revenues, Gains and Other Support	<u>10,591,016</u>	<u>\$ -</u>	<u>10,591,016</u>
EXPENSES			
Program services	6,683,432		6,683,432
Supporting services			
Management and general	196,199		196,199
Fundraising	21,134		21,134
Total Expenses	<u>6,900,765</u>	<u>-</u>	<u>6,900,765</u>
CHANGE IN NET ASSETS	3,690,251	-	3,690,251
Net assets at beginning of year, as restated	<u>40,181,857</u>	<u>-</u>	<u>40,181,857</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 43,872,108</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 43,872,108</u></u>

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

STATEMENT OF ACTIVITIES
FOOTHILLS COMMUNITY FOUNDATION
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING REVENUES, GAINS AND OTHER SUPPORT			
Contributions	\$ 1,855,443		\$ 1,855,443
Less: contributions to agency endowments	(156,457)		(156,457)
Rental loss, net	(63,869)		(63,869)
Pooled investment income	4,351,594		4,351,594
Less: pooled investment income to agency endowments	(365,099)		(365,099)
Interest income	306,597		306,597
Dividend income	43,468		43,468
Gain on sale of building	897,887		897,887
Change in value of split-interest agreements	600,375		600,375
Net realized gain on investments	38,128		38,128
Net unrealized gain on investments	229,843		229,843
Total Operating Revenues, Gains and Other Support	<u>7,737,910</u>	<u>\$ -</u>	<u>7,737,910</u>
EXPENSES			
Program services	3,785,717		3,785,717
Supporting services			
Management and general	240,857		240,857
Fundraising	21,462		21,462
Total Expenses	<u>4,048,036</u>	<u>-</u>	<u>4,048,036</u>
CHANGE IN NET ASSETS	3,689,874	-	3,689,874
Net assets at beginning of year, as restated	<u>36,491,983</u>	<u>-</u>	<u>36,491,983</u>
NET ASSETS AT END OF YEAR	<u>\$ 40,181,857</u>	<u>\$ -</u>	<u>\$ 40,181,857</u>

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

STATEMENT OF FUNCTIONAL EXPENSES
 FOOTHILLS COMMUNITY FOUNDATION
 For the Year Ended June 30, 2025

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 153,132	\$ 89,000	\$ 19,632	\$ 261,764
Payroll taxes	11,715	6,809	1,502	20,025
Total Personnel	164,847	95,808	21,134	281,789
Donations and grants	6,503,283			6,503,283
Less: grants to agency endowments	(49,990)			(49,990)
Accounting and professional		72,560		72,560
Advertising and marketing		4,193		4,193
Computer expense	25,907	2,879		28,786
Dues and subscriptions		2,645		2,645
Depreciation		1,445		1,445
Development	12,575			12,575
Conferences and education		2,687		2,687
Fees and licenses		4,274		4,274
Office supplies and expense		4,814		4,814
Postage	2,250	250		2,500
Miscellaneous		1,915		1,915
Occupancy	16,837	1,871		18,708
Printing	7,723	858		8,581
TOTAL EXPENSES	\$ 6,683,432	\$ 196,199	\$ 21,134	\$ 6,900,765

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

STATEMENT OF FUNCTIONAL EXPENSES
 FOOTHILLS COMMUNITY FOUNDATION
 For the Year Ended June 30, 2024

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 152,219	\$ 88,469	\$ 19,515	\$ 260,203
Payroll taxes	12,089	7,026	1,550	20,665
Fringe benefits	3,098	1,801	397	5,296
Total Personnel	167,406	97,296	21,462	286,164
Donations and grants	4,442,179			4,442,179
Less: grants to agency endowments	(870,291)			(870,291)
Accounting and professional		51,707		51,707
Advertising and marketing		22,234		22,234
Computer expense	18,431	9,495		27,926
Dues and subscriptions		241		241
Depreciation		1,744		1,744
Development	13,974			13,974
Conferences and education		650		650
Fees and licenses		5,170		5,170
Management fee		7,516		7,516
Office supplies and expense		4,205		4,205
Postage	2,002	222		2,224
Miscellaneous		8,653		8,653
Printing	12,016	1,335		13,351
Closing costs		30,389		30,389
TOTAL EXPENSES	\$ 3,785,717	\$ 240,857	\$ 21,462	\$ 4,048,036

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

STATEMENTS OF CASH FLOWS
 FOOTHILLS COMMUNITY FOUNDATION

	For the Years Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,690,251	\$ 3,689,874
Adjustments to reconcile the change in net assets to to net cash provided by operating activities:		
Depreciation	1,445	27,051
Net realized gain on investments	(24,595)	(38,128)
Net unrealized gain on investments	(2,866,797)	(229,843)
Gain on sale of property	-	(897,887)
Change in value of annuity obligations	-	(575,841)
Change in operating assets and liabilities:		
Decrease in prepaid expenses	-	5,766
Decrease in accounts payable and accrued expenses	(5,874)	(31,801)
Increase (decrease) in funds held for agency endowments	195,802	(393,282)
NET CASH PROVIDED BY OPERATING ACTIVITIES	990,232	1,555,909
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(840,775)	(4,795,274)
Proceeds from the sale of fixed assets	-	2,900,000
NET CASH USED IN INVESTING ACTIVITIES	(840,775)	(1,895,274)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on obligations under charitable gift annuity	-	(23,019)
NET CASH USED IN FINANCING ACTIVITIES	-	(23,019)
NET CHANGE IN CASH AND CASH EQUIVALENTS	149,457	(362,384)
Cash and cash equivalents at beginning of year	467,370	829,754
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 616,827	\$ 467,370

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

NOTES TO THE FINANCIAL STATEMENTS
FOOTHILLS COMMUNITY FOUNDATION
June 30, 2025

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Foothills Community Foundation, (the "*Foundation*") is a non-profit entity incorporated under the laws of the State of South Carolina in September 1999. The mission of the Foundation is to retain and nurture charitable wealth in three South Carolina counties of Anderson, Oconee and Pickens for the perpetual benefit of the people in those communities. The Foundation receives and administers gifts, grants and bequests for charitable purposes in the areas of humanities, arts, education, the environment, health and social services. The Foundation is primarily supported by contributions from various donors, which include individuals, families, corporations and other not-for-profit organizations.

Summary of Significant Accounting Policies

Basis of Accounting: The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America and the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification ("*ASC*") provide that if the governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as net assets without donor restrictions. The Board of Directors (the "*Board*") of the Foundation has the ability known as variance power; however, the Board would generally intend to exercise this authority only if the stated purpose of a contribution becomes no longer applicable and incapable of fulfillment. Accordingly, the Foundation's financial statements classify the majority of funds, including the corpus of certain donor advised funds, as net assets without donor restrictions, but segregate for internal management and record keeping the portion that is held as donor advised from the funds that are currently available for grants administration.

Interpretation of Relevant Law with Regulating Body: The Foundation's Board has determined that the Foundation is not subject to the net asset classification of funds requirements of ASC 958-205 because: (1) the Board retains complete variance power pursuant to its governing instruments and fund agreements over the spending purpose and amount (including principal) for substantially all assets owned by the Foundation, and (2) the Board has never earmarked or otherwise designated any portion of the Foundation's assets as a donor restricted endowment that is not subject to expenditure if circumstances warrant.

Basis of Presentation: The Foundation's net assets and its support and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions using two classifications: without donor restrictions and with donor restrictions. Most contributions, including those with donor-imposed restrictions, are subject to the variance power established by the Foundation's governing documents. The variance power allows the Board of Directors to modify donor instructions that are incapable of fulfillment or inconsistent with the charitable needs of the community. As a result of the variance power, most contributions are classified as net assets without donor restrictions for financial statement purposes.

NOTES TO THE FINANCIAL STATEMENTS
FOOTHILLS COMMUNITY FOUNDATION

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Consistent with the National Standards for U.S. Community Foundations, the Foundation classifies its net assets without donor restrictions (noting that all are subject to the variance power) as follows:

Designated – Represent unrestricted funds given by contributions with stipulation that the funds be used for a specific not-for-profit organization or project, and the Foundation has been given the authority to change a designation if the Foundation decides that conditions and circumstances have so changed that literal compliance with the original designation is unnecessary, undesirable, impractical or impossible.

Donor advised – Represent funds given by contributors who may from time to time suggest that the Board consider a request for a particular grant distribution. The contributors may make recommendations as to which charities should receive grants. These recommendations are advisory only and are subject to the Board's approval.

Field-of-interest – Represent funds available for expenditure at the Board's discretion, but only in the particular field of concern specified in the fund agreement.

Scholarship – Are available for the purpose of providing scholarships for high school and college students.

Fiscal sponsorship – Represent funds given by contributors for a particular project/organization that may not yet have tax exempt status.

Discretionary – Represent unrestricted funds available for expenditure at the Board's discretion.

Special purpose – Represent funds given by contributors with the stipulation that the funds be used to administer a specific program which is delineated in the grant or fund contract. The Foundation acts as the administrator for these funds.

Unrestricted - Funds in which the donor does not provide a restriction of use.

Cash and Cash Equivalents: The Foundation considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, except for mutual funds which is determined to be an investment.

Cash that is designated for specific purposes is not included with cash that is available for operations and is included in noncurrent assets.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note E for the discussion of fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOOTHILLS COMMUNITY FOUNDATION

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Interest income is recorded on the accrual basis, net of investment expenses. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) (i.e. realized and unrealized gains and losses on investments) is included in the statement of activities, net of investment expenses, as increases or decreases in net assets without donor restrictions unless such income or appreciation is restricted by donor or law.

Pooled Investments: The Board has the ultimate responsibility for its investment funds and related investment returns. The Foundation's pooled funds are invested under an asset allocation policy that is expected to provide returns adequate to enable the Foundation to make grants and pay operating expenses. Under its current policy, the Foundation's pooled funds are invested in a manner intended to produce results that exceed certain relevant market indices over a specified time horizon.

To satisfy its long-term rate of return objectives, the Foundation exercises due care to diversify pooled investment fund assets through its strategies to achieve the stated objectives for the Foundation in accordance with the asset allocation policy. Actual investment returns in any given year will fluctuate. Investment transactions are reported on a trade-date basis. Realized gains and losses of equity and debt securities are determined by specific identification. Realized gains and losses of mutual funds are determined by average cost basis of shares sold.

Property and Equipment: Property and equipment acquisitions greater than \$300 are capitalized at cost. Cost of additions and major improvements are also capitalized. Expenditures for maintenance and repairs are charged directly to operations as incurred. Depreciation is charged to operations over the estimated useful lives of the assets, ranging from three to seven years using the straight-line method.

Revenue Recognition: Gifts, grants, and other income are recorded as revenue and support when received by the Foundation. Such revenue and support are recorded at fair value. The Foundation's policy is to include revenue and support in revenue and support without donor restrictions if the restriction is satisfied in the year the revenue and support is received. Revenue and support are available for use unless specifically restricted by the donor. Investment income is recognized when earned. Contributed services are recorded as contributions at their fair value if such services create or enhance nonfinancial assets, would have been purchased if not provided by contribution, or require specialized skills and are provided by individuals possessing such specialized skills. In addition, the appropriate value of donated services of individuals are recorded as an expense when such services qualify for cost reimbursement from third-party providers. The Foundation had no significant contributed services recorded as of June 30, 2025 or 2024.

In-kind Services and Materials: In-kind services and material are recorded at the fair value of the donation received. In-Kind services are recognized if the services create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

NOTES TO THE FINANCIAL STATEMENTS
FOOTHILLS COMMUNITY FOUNDATION

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional Expense Allocation: The costs of providing the Foundation’s various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and management and general based on management’s judgement.

Advertising: Advertising and marketing costs are expensed as they are incurred, which is generally when the advertising and promotion first takes place. Advertising and marketing costs for the years ended June 30, 2025 and 2024 was \$4,193 and \$22,234, respectively.

Income Taxes: The Foundation has received a determination letter from the Internal Revenue Service (IRS) indicating it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax under Internal Revenue Code (“IRC”) Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A)(iv), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. Management is not aware of any transactions which would jeopardize their tax-exempt status.

Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Foundation and to recognize a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2025 and 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. U.S. state jurisdictions have statutes of limitations that generally range from three to five years.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The significant estimates in these financial statements relate to the estimation of fair value of investments, estimated useful life of fixed assets, and functional expense classification. Actual results could differ from those estimates.

Reclassifications: The amounts shown for 2024 in the accompanying financial statements are included to provide a basis for comparison with 2025. Certain amounts have been reclassified to facilitate the comparison with the current year. These reclassifications have no impact on net assets as previously reported.

NOTES TO THE FINANCIAL STATEMENTS
 FOOTHILLS COMMUNITY FOUNDATION

NOTE B -- RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

During the year ended June 30, 2025, the Foundation determined errors in the previous fiscal year that required a restatement of the Foundation's net assets as previously reported due to identifying three additional funds that were not properly classified as agency endowments in the prior fiscal year. As a result of the errors, a correction related to funds held for agency endowments (understated by \$171,760) was required. The effect of correcting this error is shown in the table below:

Net assets at June 30, 2024, as previously reported	\$ 40,353,617
Correction to funds held for agency endowments	(171,760)
Net assets at June 30, 2024, as restated	<u>\$ 40,181,857</u>

NOTE C -- CONCENTRATION OF CREDIT RISK

The Foundation maintains cash accounts at various institutions that at times may exceed amounts insured. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Carrying value is placed at actual year-end bank balances. The Foundation's bank balances consist of the following at June 30:

	2025	2024
Cash on deposit insured by the FDIC or collateralized	\$ 250,000	\$ 250,000
Cash on deposit, uninsured	370,301	231,323
TOTAL	<u>\$ 620,301</u>	<u>\$ 481,323</u>

NOTE D -- INVESTMENTS

Individual Funds

Approximately 27% and 28% of the Foundation's investments are held in individual funds at two investment houses and are tracked individually for income and charitable withdrawals at June 30, 2025 and June 30, 2024, respectively. The investments held in the individual funds are summarized as follows:

	June 30, 2025	
	Cost	Fair Value
Short-term investments		
Money market funds	\$ 145,063	\$ 145,063
Fixed income investments		
Treasury bills and corporate bonds - domestic	4,038,209	4,054,053
Mutual funds	1,921,055	1,966,248
Equity investments		
Exchange traded funds	5,838,767	5,984,699
TOTAL INDIVIDUAL FUNDS	<u>\$ 11,943,094</u>	<u>\$ 12,150,063</u>

NOTES TO THE FINANCIAL STATEMENTS
 FOOTHILLS COMMUNITY FOUNDATION

NOTE D -- INVESTMENTS – Continued

	June 30, 2024	
	Cost	Fair Value
Short-term investments		
Money market funds	\$ 677,826	\$ 677,826
Fixed income investments		
Treasury bills and corporate bonds - domestic	10,231,087	10,249,369
Mutual funds	45,558	46,871
Equity investments		
Exchange traded funds	149,745	178,868
Publicly traded equities	512,481	531,871
TOTAL INDIVIDUAL FUNDS	<u>\$ 11,616,697</u>	<u>\$ 11,684,805</u>

Pooled Funds

Approximately 73% and 72% of the Foundation’s investments are held in a pooled fund allocated into an investment strategy as directed by the Foundation’s Board at June 30, 2025 and 2024, respectively. The allocated assets of each individual fund share in the overall earnings each month. The timing of the donations and charitable withdrawals into or out of each individual fund are taken into account when earnings are calculated. The current investment strategy agreed upon by the Foundation’s Board is a 60/40 split between equity investments and fixed income investments. The investments held in the pooled funds are summarized as follows at:

	June 30, 2025	
	Cost	Fair Value
Short-term investments		
Money market funds	\$ 374,046	\$ 374,046
Fixed income investments		
Treasury bills	10,346,398	10,645,565
Equity investments		
Exchange traded funds	5,409,601	6,090,611
Publicly traded equities	13,934,476	14,220,318
Alternative investments		
Publicly traded alternative investments	992,678	1,212,687
Real estate funds	680,816	680,816
TOTAL POOLED FUNDS	<u>\$ 31,738,015</u>	<u>\$ 33,224,043</u>

The remainder of this page was left intentionally blank.

NOTES TO THE FINANCIAL STATEMENTS
 FOOTHILLS COMMUNITY FOUNDATION

NOTE D -- INVESTMENTS – Continued

	June 30, 2024	
	Cost	Fair Value
Short-term investments		
Money market funds	\$ 479,827	\$ 479,827
Fixed income investments		
Treasury bills	8,680,472	8,789,496
Equity investments		
Exchange traded funds	3,470,148	3,631,549
Publicly traded equities	15,968,335	16,413,753
Alternative investments		
Real estate funds	642,509	642,509
TOTAL POOLED FUNDS	<u>\$ 29,241,291</u>	<u>\$ 29,957,134</u>

Investment income is comprised of the following at June 30:

	2025	2024
Dividends and interest	\$ 1,170,949	\$ 958,793
Realized gains	24,595	38,128
Unrealized gains	2,866,797	3,480,769
Management fees	(394,223)	(454,421)
TOTAL INVESTMENT INCOME, NET	<u>\$ 3,668,118</u>	<u>\$ 4,023,269</u>

NOTE E -- FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability; and
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTES TO THE FINANCIAL STATEMENTS
FOOTHILLS COMMUNITY FOUNDATION

NOTE E -- FAIR VALUE MEASUREMENTS – Continued

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability'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. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used at June 30, 2025 and 2024.

Short-Term Investments: Short-term investments include cash equivalents and fixed income investments with maturities of less than one year. Short-term investments are valued using observable market data and are categorized as Level 1 to the degree that they can be valued based on quoted market prices in active markets. Although these cash equivalents are readily available, it is the intent of the Foundation to hold these cash equivalents for investment purposes and therefore has classified them as investments.

Equity Investments: Equity investments consist of corporate stocks and daily traded mutual funds. Securities held in corporate stocks and daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied. Corporate stocks that are traded in inactive markets are categorized as Level 2.

Fixed Income Investments: Fixed income investments consist of treasury bills, domestic corporate bonds and daily traded mutual funds. All investments in debt securities are valued based on quoted market prices in active markets and are categorized as Level 1.

Alternative Investments: Alternative investments consist of real estate investment trusts which is valued based on net asset value (NAV) and traded on major stock exchanges. Therefore, these investments are categorized as Level 1.

Funds Held for Agency Endowments: The carrying amounts is based upon the underlying investments of the funds which are presented at fair value and is categorized as Level 1.

The remainder of this page was intentionally left blank.

NOTES TO THE FINANCIAL STATEMENTS
FOOTHILLS COMMUNITY FOUNDATION

NOTE E -- FAIR VALUE MEASUREMENTS – Continued

The following tables set forth, by level within the fair value hierarchy, the Foundation’s assets and liabilities at fair value at:

	June 30, 2025			Total
	Level 1	Level 2	Level 3	
ASSETS				
Short-term investments				
Money market funds	\$ 519,109			\$ 519,109
Fixed income investments				
Treasury bills and corporate bonds – domestic	14,699,619			14,699,619
Mutual funds	1,966,248			1,966,248
Equity investments				
Exchange traded funds	12,075,310			12,075,310
Publicly traded equities	14,220,317			14,220,317
Alternative investments				
Publicly traded alternative investments	1,212,687			1,212,687
Real estate investment trust	680,816			680,816
TOTAL ASSETS AT FAIR VALUE	<u>\$ 45,374,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,374,106</u>
LIABILITIES				
Funds held as agency endowments	\$ 2,119,006			\$ 2,119,006
TOTAL LIABILITIES AT FAIR VALUE	<u>\$ 2,119,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,119,006</u>
	June 30, 2024			
	Level 1	Level 2	Level 3	Total
ASSETS				
Short-term investments				
Money market funds	\$ 1,157,653			\$ 1,157,653
Fixed income investments				
Treasury bills and corporate bonds – domestic	19,038,865			19,038,865
Mutual funds	46,871			46,871
Equity investments				
Exchange traded funds	3,810,417			3,810,417
Publicly traded equities	16,945,624			16,945,624
Alternative investments				
Real estate investment trust	642,509			642,509
TOTAL ASSETS AT FAIR VALUE	<u>\$ 41,641,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,641,939</u>
LIABILITIES				
Funds held as agency endowments, as restated	\$ 1,923,204			\$ 1,923,204
TOTAL LIABILITIES AT FAIR VALUE	<u>\$ 1,923,204</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,923,204</u>

NOTES TO THE FINANCIAL STATEMENTS
FOOTHILLS COMMUNITY FOUNDATION

NOTE F -- PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	2025	2024
Furniture and equipment	\$ 57,409	\$ 57,409
Less accumulated depreciation	(55,228)	(53,783)
TOTAL PROPERTY AND EQUIPMENT, NET	\$ 2,181	\$ 3,626

Depreciation expense was \$1,445 and \$1,774 for the years ending June 30, 2025 and 2024, respectively.

NOTE G -- FUNDS HELD FOR AGENCY ENDOWMENTS

Generally accepted accounting principles establishes standards for transactions in which an organization accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. The principles specifically require that, if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, that community foundation must account for the transfer of such assets as a liability rather than a contribution. The Foundation refers to such funds as agency endowments. Agency endowments for the years ended June 30, 2025 and June 2024 were \$2,119,006 and \$1,923,204, respectively.

NOTE H -- FUNDS SUBJECT TO VARIANCE POWER

The following table details the various funds with donor restrictions subject to variance power at June 30:

Funds Subject to Variance Power	2025	2024
Designated funds	\$ 389,973	\$ 391,013
Donor advised funds	24,266,781	21,906,487
Field-of-interest funds	7,444,266	6,438,594
Fiscal sponsorship funds	273,251	587,104
Scholarship funds	1,381,848	1,258,326
Special purpose funds	461,856	448,984
TOTAL FUNDS SUBJECT TO VARIANCE POWER	\$ 34,217,975	\$ 31,030,508

The remainder of this page was intentionally left blank.

NOTES TO THE FINANCIAL STATEMENTS
 FOOTHILLS COMMUNITY FOUNDATION

NOTE I -- CONCETRATION OF INVESTMENTS

As of June 30, 2025 and 2024, 33% and 32% of the Foundation's total investments were held in a single donor-advised fund (DAF), respectively.

This concentration represents a significant source of support. While the Organization is not aware of any intention by the donor to reduce future giving, the loss or reduction of such support could have a material impact on the Foundation's operations.

Management regularly evaluates funding sources and continues to seek diversification of contributions to reduce dependency on any single donor or funding channel.

NOTE J -- LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following table reflects the Foundation's financial assets as of June 30, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Board has set aside the funds for a specific contingency reserve. Board designations could be drawn upon if the Board approves that action. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due.

	<u>2025</u>	<u>2024</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 616,827	\$ 467,370
Investments	<u>45,374,106</u>	<u>41,641,939</u>
Total Financial Assets	45,990,933	42,109,309
Less those unavailable for general expenditure within one year, due to:		
Designated funds	(389,973)	(391,013)
Donor advised funds	(24,266,781)	(21,906,487)
Field-of-interest funds	(7,444,266)	(6,438,594)
Fiscal sponsorship funds	(273,251)	(587,104)
Scholarship funds	(1,381,848)	(1,258,326)
Special purpose funds	<u>(461,855)</u>	<u>(448,984)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 11,772,959</u>	<u>\$ 10,907,041</u>

NOTES TO THE FINANCIAL STATEMENTS
FOOTHILLS COMMUNITY FOUNDATION

NOTE K -- RELATED PARTIES

Certain board members, staff and family members of board and staff have funds in which the Foundation manages. There are also board members, staff and family members of board and staff that are on nonprofit boards that receive grants from the Foundation. All board members and staff are required to complete and sign conflict of interest forms annually and to adhere to the Conflict of Interest Policy.

As of June 30, 2025 and 2024, the Foundation managed funds for board members, staff, and their family members totaling \$17,422,419 and \$15,844,354 respectively.

NOTE L -- SUBSEQUENT EVENTS

In August 2025, the Foundation received a gift from a Trust in which a board members is a Trustees in the amount of \$15,986,469 which was directed to a donor advised fund within the pooled investment fund.

Management has evaluated subsequent events through January 12, 2026, which represents the date the financial statements were available to be issued.

