

Ventura County Community Foundation

Consolidated Financial Statements
and Supplementary Information

September 30, 2025
(With Comparative Totals for 2024)



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ventura County Community Foundation

Opinion

We have audited the accompanying consolidated financial statements of Ventura County Community Foundation (the "Foundation"), which comprise the consolidated statement of financial position as of September 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ventura County Community Foundation as of September 30, 2025, and the changes in their net assets and their 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. 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 Ventura County Community Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Ventura County Community Foundation's 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, 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 Ventura County Community Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ventura County Community Foundation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information on pages 31 - 32 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Ventura County Community Foundation's 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 4, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Armanino LLP

Los Angeles, California

February 23, 2026

Ventura County Community Foundation
Consolidated Statement of Financial Position
September 30, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 6,770,430	\$ 4,003,747
Contributions receivable, net	24,573,073	32,712,850
Prepaid expenses and other assets	450,297	275,407
Investments	235,532,647	213,597,066
Planned giving	1,687,223	686,550
Employee retention credit receivable	123,529	480,195
Interest rate swap asset	962,672	917,176
Fixed assets	7,825,163	7,846,554
Total assets	\$ 277,925,034	\$ 260,519,545
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 440,010	\$ 399,177
Grants payable	1,030,783	352,093
Notes payable	3,897,375	4,030,475
Funds held for designated purpose (Note 6)	27,549,397	26,403,022
Funds held as agency endowments	28,244,087	25,855,134
Planned giving liability	976,627	320,956
Tenant security deposits	67,682	65,716
Total liabilities	62,205,961	57,426,573
Net assets		
Without donor restrictions		
Funds under management	173,435,782	153,574,338
General	11,488,384	10,472,983
Total without donor restrictions	184,924,166	164,047,321
With donor restrictions	30,794,907	39,045,651
Total net assets	215,719,073	203,092,972
Total liabilities and net assets	\$ 277,925,034	\$ 260,519,545

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

Ventura County Community Foundation
Consolidated Statement of Activities
For the Year Ended September 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenues, gains and other support				
Revenue and other support				
Contributions, grants and bequests	\$ 7,824,670	\$ 5,265,017	\$ 13,089,687	\$ 39,065,130
Rental income	1,009,164	-	1,009,164	986,371
Management fees	<u>408,604</u>	-	<u>408,604</u>	<u>419,075</u>
Total revenue and other support	9,242,438	5,265,017	14,507,455	40,470,576
Investment gain, net of expenses	16,414,816	378,667	16,793,483	27,194,783
Net assets released from restriction	<u>13,894,428</u>	<u>(13,894,428)</u>	-	-
Total revenues, gains, and other support	<u>39,551,682</u>	<u>(8,250,744)</u>	<u>31,300,938</u>	<u>67,665,359</u>
Functional expenses				
Program services				
Grantmaking and distributions	15,405,831	-	15,405,831	12,118,804
Other program services	<u>1,843,742</u>	-	<u>1,843,742</u>	<u>2,089,016</u>
Total program services	<u>17,249,573</u>	-	<u>17,249,573</u>	<u>14,207,820</u>
Supporting services				
Management and general	1,136,219	-	1,136,219	1,059,496
Fundraising	<u>345,340</u>	-	<u>345,340</u>	<u>319,159</u>
Total support services	<u>1,481,559</u>	-	<u>1,481,559</u>	<u>1,378,655</u>
Total functional expenses	<u>18,731,132</u>	-	<u>18,731,132</u>	<u>15,586,475</u>
Change in net assets from operations	<u>20,820,550</u>	<u>(8,250,744)</u>	<u>12,569,806</u>	<u>52,078,884</u>
Non-operating				
Change in value of interest rate swap	45,496	-	45,496	(335,369)
Other income	31,464	-	31,464	-
Employee retention credit	-	-	-	480,195
Loss on disposal of fixed assets	<u>(20,665)</u>	-	<u>(20,665)</u>	-
Total non-operating	<u>56,295</u>	-	<u>56,295</u>	<u>144,826</u>
Change in net assets	20,876,845	(8,250,744)	12,626,101	52,223,710
Net assets, beginning of year	<u>164,047,321</u>	<u>39,045,651</u>	<u>203,092,972</u>	<u>150,869,262</u>
Net assets, end of year	<u>\$184,924,166</u>	<u>\$ 30,794,907</u>	<u>\$215,719,073</u>	<u>\$203,092,972</u>

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

Ventura County Community Foundation
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2025
(With Comparative Totals for 2024)

	Program Services			Supporting Services			2025 Total	2024 Total
	Grantmaking and Distributions	Other Program Services	Total Program Services	Management and General	Fundraising	Total Support Services		
Personnel expenses								
Salaries and wages	\$ 1,145,954	\$ 558,658	\$ 1,704,612	\$ 540,966	\$ 262,295	\$ 803,261	\$ 2,507,873	\$ 1,948,881
Payroll taxes	73,556	39,300	112,856	34,260	16,612	50,872	163,728	125,229
Retirement plan contributions	42,191	21,744	63,935	19,759	9,580	29,339	93,274	60,406
Employee benefits	39,238	27,887	67,125	17,346	8,411	25,757	92,882	68,886
Total personnel expenses	1,300,939	647,589	1,948,528	612,331	296,898	909,229	2,857,757	2,203,402
Grants	13,851,436	-	13,851,436	-	-	-	13,851,436	10,864,588
Other professional services	4,350	272,296	276,646	135,653	7,013	142,666	419,312	893,368
Repairs and maintenance	-	228,936	228,936	19,070	-	19,070	248,006	225,890
Depreciation and amortization	-	203,950	203,950	11,470	-	11,470	215,420	209,817
Utilities	-	143,553	143,553	-	-	-	143,553	161,956
Interest expense	-	142,957	142,957	-	-	-	142,957	148,078
Training, membership and conferences	13,280	18,853	32,133	98,698	4,732	103,430	135,563	103,855
Information technology	61,702	30,384	92,086	29,270	14,119	43,389	135,475	131,612
Insurance	1,996	19,292	21,288	101,707	455	102,162	123,450	117,506
Legal fees	102,105	11,391	113,496	7,080	-	7,080	120,576	190,514
Advertising and public relations	30,331	61,940	92,271	15,883	8,283	24,166	116,437	109,445
Accounting fees	14,880	-	14,880	78,389	-	78,389	93,269	84,850
Property management fees	-	44,950	44,950	-	-	-	44,950	44,596
Telephone	7,625	3,717	11,342	3,600	1,745	5,345	16,687	15,839
Printing and copying	4,565	4,110	8,675	2,366	3,014	5,380	14,055	13,750
Office supplies	4,496	2,260	6,756	2,123	1,029	3,152	9,908	12,397
Life insurance	5,000	-	5,000	4,474	-	4,474	9,474	9,232
Miscellaneous	-	-	-	-	7,699	7,699	7,699	16,238
Bank charges	-	264	264	7,310	-	7,310	7,574	6,362
Travel	3,126	1,368	4,494	2,040	353	2,393	6,887	3,039
Property taxes	-	5,932	5,932	-	-	-	5,932	5,782
Rent	-	-	-	4,755	-	4,755	4,755	14,359
	<u>\$ 15,405,831</u>	<u>\$ 1,843,742</u>	<u>\$ 17,249,573</u>	<u>\$ 1,136,219</u>	<u>\$ 345,340</u>	<u>\$ 1,481,559</u>	<u>\$ 18,731,132</u>	<u>\$ 15,586,475</u>

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

Ventura County Community Foundation
Consolidated Statement of Cash Flows
For the Year Ended September 30, 2025
(With Comparative Totals for 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 12,626,101	\$ 52,223,710
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	214,225	206,282
Loss on disposal of fixed assets	20,665	-
Realized and unrealized gains on investments	(14,890,357)	(25,782,416)
Change in split value	(361,704)	(17,086)
Planned giving contributions	(700,620)	-
Recognition of planned giving liability	350,020	-
Change in planned giving asset value	(17,030)	(47,986)
Change in planned giving liability value	22,627	5,069
Unrealized (gain) loss on interest rate swap	(45,496)	335,369
Amortization of note payable discount	1,195	3,535
Change in employee retention credit receivable value	74,930	-
Changes in operating assets and liabilities		
Contributions receivable, net	8,139,777	(25,893,034)
Prepaid expenses and other assets	(174,890)	(32,034)
Employee retention credit receivable	281,736	(480,195)
Accounts payable and accrued expenses	40,833	(6,480)
Grants payable	678,691	(226,923)
Funds held for designated purpose	1,146,375	2,791,911
Funds held as agency endowments	2,388,953	5,279,982
Tenant security deposits	1,966	(947)
Net cash provided by operating activities	9,797,997	8,358,757
Cash flows from investing activities		
Proceeds from sale of investments	47,432,671	59,630,115
Purchase of fixed assets	(213,499)	-
Purchase of investments	(54,116,191)	(68,340,503)
Net cash used in investing activities	(6,897,019)	(8,710,388)
Cash flows from financing activities		
Principal payments on note payable	(134,295)	(129,181)
Net cash used in financing activities	(134,295)	(129,181)
Net increase (decrease) in cash and cash equivalents	2,766,683	(480,812)
Cash and cash equivalents, beginning of year	4,003,747	4,484,559
Cash and cash equivalents, end of year	\$ 6,770,430	\$ 4,003,747
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 142,957	\$ 148,078

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

Ventura County Community Foundation
Notes to Consolidated Financial Statements
September 30, 2025

1. NATURE OF OPERATIONS

Ventura County Community Foundation (the "Foundation"), was formed to provide a vehicle through which contributions and bequests can be made for charitable and related purposes, primarily in Ventura County, enabling and promoting philanthropy to improve our communities, with the provision that these funds would be administered and distributed by an independent organization. The Foundation is a fiduciary to more than 600 individual funds, each established with a gift instrument describing either the general or specific purpose for which grants are made.

The Foundation is the sole member of the VCCF Nonprofit Center LLC ("VCNC"), which houses 13 nonprofit organizations and provides conference room space to over 3,000 nonprofits in its community and is described more fully in Note 2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying consolidated financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S GAAP").

Basis of consolidation

VCCF Nonprofit Center, LLC ("VCNC") is a wholly-owned subsidiary of the Foundation whose primary operating asset is an office building located in Camarillo, California, serving as the VCCF Nonprofit Center, the Foundation's offices, and the VCCF resource library. The Foundation's investment in the VCCF Nonprofit Center utilized 83% of the Cornerstone Administrative funds, whose designated purpose was to support the operations of the Foundation and the VCCF resource library. Returns from the building are allocated to the Cornerstone Administrative funds (at approximately 63%) and to the Foundation (at approximately 37%) representing the proportionate share of their full investments, respectively.

The accounts of the Ventura County Community Foundation Complex Asset Supporting Organization ("CASO") are included in these financial statements. Its public charity status is attained through its affiliation with the Foundation.

In the accompanying supplementary information, the operating activity of the Foundation and VCNC are included in "Operating and Non-profit Center" while CASO's activities are included in "Under Management". The Foundation has eliminated all material intercompany accounts and transactions.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between the years presented. The reclassifications had no impact on previously reported net assets.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
September 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Supporting organizations

The Foundation previously worked with the Martin V. and Martha K. Smith Foundation (the "Smith Foundation"). In 2021, the Smith Foundation approved a plan to sunset operations and distribute its remaining assets, which resulted in the establishment of a donor advised fund and a designated endowment fund at the Foundation. Beginning January 1, 2028, distributions from the designated endowment fund, which has a balance of \$503,943 at September 30, 2025, are designated to support the Foundation's operations.

CASO is also a supporting organization. VCCF has both control of CASO and an economic interest in its activities, and therefore consolidates that entity.

Classification of net assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

- *Net assets without donor restrictions* - Includes contributions with no donor-imposed restrictions. Contributions with donor-imposed restrictions that are subject to the variance power established by the Foundation's governing documents are also considered without donor restrictions. The variance provision gives the Board of Directors (the "Board") the power to modify any restriction placed on gifts to the Foundation that become incapable of fulfillment or is no longer consistent with the charitable needs of the community. Accordingly, unless time restrictions have been imposed on contributions, net assets are generally classified as without donor restrictions. It is the Foundation's policy that, absent contrary explicit directions in the transferring instrument from the donor regarding the use of the principal, all or part of the principal of any fund may be used subject to certain conditions, including the approval of the Board consistent with all legal requirements. These funds have been separated as funds under management in net assets without donor restrictions on the consolidated statement of financial position. Contributions with donor-imposed restrictions that are met during the same fiscal year as the contribution is made are included as without donor restriction support that net assets without donor restrictions.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
September 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of net assets (continued)

- *Net assets with donor restrictions* - (See Note 11): These are subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Investment income generated from perpetually donor restricted net assets is temporarily donor restricted by law until appropriated by the Board in support of the purpose of each fund and in accordance with the Foundation's programs and operations. The Foundation's perpetually donor restricted net assets consist of contributions from and related activity of perpetual funds not subject to the variance power and held by the Foundation as defined under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

Classifications on fund basis

Within net assets, the Foundation has further classified its funds as:

- *Endowed* – Consists of funds for various purposes, mostly subject to the variance power and are all governed by UPMIFA, that are intended to last in perpetuity. These funds are typically invested in one of the Foundation's investment pools and are subject to the Foundation's spending policy which provides for a specific appropriation for distribution on an annual basis.
- *Quasi-endowed* – Consists of funds for particular purposes, subject to the variance power, that were established with the intent that they are available to be spent at any time if so desired, but are intended to be long term assets of the Foundation. These funds are typically invested in one of the Foundation's investment pools.
- *Pass-through* – Consists of funds for particular purposes, subject to a variance power, that were established with the intent that they would be spent within 12 to 18 months and are held in a money market fund.

Within these classifications there are additional types of funds:

- *Advised funds* – The Foundation offers several types of funds that enable donors to identify funding opportunities aligned with their values and charitable interest. Donor advised funds allow donors to recommend grant recipients, subject to the Foundation's due diligence and approval. At September 30, 2025, total advised funds included within net assets was \$42,421,116.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
September 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classifications on fund basis (continued)

- Agency and Designated Funds – The Foundation receives and distributes assets under certain agency and intermediary arrangements. U.S. GAAP establishes standards for transactions in which a recipient 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. U.S. GAAP requires that if a not-for-profit organization establishes a fund at a recipient organization with its own funds and specifies itself or its affiliate as the beneficiary of that fund (Agency Funds), the recipient organization must account for the transfer of such assets as a liability. The liability is reflected under funds held as agency endowments on the accompanying consolidated statement of financial position. In addition, related amounts received or distributed, investment income or loss, and expenses are presented separately in the accompanying consolidated statement of activities. At September 30, 2025, total agency funds included within funds held as agency endowments on the consolidated statement of financial position were \$28,244,087. The Foundation also receives and distributes assets contributed by donors to benefit specific not-for-profit organization(s). These funds (Designated Funds) differ from Agency Funds as they are established by the donor and not established by the not-for-profit organization. At September 30, 2025, total designated funds included within net assets was \$48,887,591.
- Board-designated endowment – These funds were previously donor-advised and currently do not have a donor-advisor, so the Board of the Foundation acts as the advisor. At September 30, 2025, total board-designated endowment funds included within net assets was \$18,180,176.
- Field of Interest – These funds enable donors to identify a broad charitable purpose or a category of interest (e.g., arts, education or human services) and/or geographic area or target population (e.g., senior citizens, children and youth or immigrants). At September 30, 2025, total field of interest funds included within net assets was \$60,860,444.
- General – Unrestricted funds that are available for operations of the Foundation. At September 30, 2025, total general funds included within net assets was \$11,782,809.
- Planned giving – These include charitable remainder trusts, charitable gift annuities, and life insurance policies. At September 30, 2025, total planned giving funds included within net assets was \$693,048.
- Scholarship funds – The Foundation administers a scholarship program. The majority are designated for current or former residents of Ventura County. At September 30, 2025, total scholarship funds included within net assets was \$30,557,766.
- Regranting funds – In response to a wide variety of community needs, the Foundation establishes funds to collect and distribute resources for a specific purpose. Regranting funds under management included within net assets totaled \$2,336,123 at September 30, 2025.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
September 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status

The Foundation and CASO are nonprofit public benefit corporations organized under the laws of California and, as such, are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and corresponding state provisions.

The consolidated financial statements also contain VCNC, a single member limited liability company that is taxed as a partnership under the IRC. Taxable income of VCNC is passed through to its member and reported on their respective income tax return.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. It is at least reasonably possible that the significant estimates could change in the coming year and accordingly, actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the consolidated statement of cash flows, the Foundation considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. There are additional cash and cash equivalents in the investment portfolio that are part of the strategic investment allocation as advised by the Foundation's investment consultant and approved by the Investment Committee and the Foundation's full board. These are detailed in Note 4.

Contributions and contributions receivable

Contributions received are recorded at their fair value on the date of donation. Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Foundation routinely assesses the financial strength of its donors and records an allowance for potentially uncollectible accounts when deemed necessary. At September 30, 2025 the allowance for doubtful contribution receivables was \$68,929.

Investments

Investments are monitored by the Board of Directors' investment oversight committee and are stated at fair value. Unrealized gains and losses are recognized aggregately. Realized gains and losses are recognized immediately and are computed using the specific identification method.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
September 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets

Purchases of fixed assets are recorded at cost. Donated items are recorded at fair value when received.

Depreciation and amortization on both purchased and donated items are recorded using the straight-line method over the shorter of the estimated useful life of the related asset or the term of the lease for leasehold improvements as follows:

Buildings	40 years
Furniture and equipment	5 - 7 years
Leasehold improvements	5 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges which materially increase values or extend useful lives are capitalized and depreciated or amortized over the estimated useful lives of the related assets.

Depreciation and amortization expense for the year ended September 30, 2025 was \$214,225.

Impairment of long-lived assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable. During the year ended September 30, 2025, the Foundation determined that no assets were impaired.

Grants and grants payable

Grants are recorded as expenses when they are recommended by the donor and the Board approves grants retrospectively, subject to the due diligence process of the Foundation. For funds held to benefit specific Agencies, the Board approves those grants at the beginning of the fiscal year, and those are recorded as expenses when they are requested by the Agency. Grants included in grants payable at September 30, 2025 are scheduled to be paid during the fiscal year ended September 30, 2026.

Concentrations

The Foundation cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times during the year, cash in these accounts may exceed the federally insured amounts. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

The Foundation maintains a majority of its investment cash balances in money market funds. Such balances are not fully insured.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
September 30, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations (continued)

A majority of the donors to the Foundation are from Ventura County.

Donated services

Donated goods and services received by the Foundation are recorded at fair market value at the time of the donation. During the fiscal year ended September 30, 2025, approximately one hundred volunteers gave their time and expertise to the Foundation in a wide variety of areas including service on the Board; grants and scholarship committees; administrative, technical and financial advice; and office and public relations activities. This contribution, despite its considerable value to the mission of the Foundation, is not reflected in the financial statements as the contributions do not meet the requirements for recognition under GAAP.

Donated property and investments

Donated property and investments are recorded as contributions at their fair market value at date of receipt.

Functional expenses

The Foundation allocated its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their functional classification. Expenses that are common to several functions are allocated based on the number of full-time equivalent employees working in each functional area, since the benefit received is most closely related to the time spent by the employees.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivables are expected to be realized in the following periods:

In one year or less	\$ 23,890,000
Between one and five years	826,800
	24,716,800
Discount	(74,798)
Allowance for doubtful contribution receivables	(68,929)
	\$ 24,573,073

Ventura County Community Foundation
Notes to Consolidated Financial Statements
September 30, 2025

3. CONTRIBUTIONS RECEIVABLE (continued)

Beneficial interest in trust

The Foundation is the residual beneficiary of an irrevocable trust, the assets of which are not in the possession of the Foundation. Upon liquidation of the trust, the Foundation shall receive distributions from the proceeds of the assets. The Foundation recognizes annually the change in the present value of the estimated future benefits to be received when the trust assets are liquidated and distributed as increases or decreases in the value of split-interest agreement on the consolidated statement of activities. Ventura County Community Foundation recorded an initial receivable of \$25,000,000 for the estimated value, based on the expected present value of discounted cash flows, of its beneficial interest in the trust. During the year ended September 30, 2025, the Foundation received a \$1,400,000 distribution, reducing the carrying value of the receivable to \$23,600,000. This amount is included within contributions receivable, net on the consolidated statement of financial position. Due to the uncertainty in the timing and amounts of cash flows, and the lack of additional definitive information during the year ended September 30, 2025, management has not adjusted the beneficial interest beyond the value of the distributions received.

4. FAIR VALUE MEASUREMENT

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

- *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 active market 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; including general partner estimates and recent third-party appraisals.

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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
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4. FAIR VALUE MEASUREMENT (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of September 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 1,703,320	\$ -	\$ -	\$ 1,703,320
Fixed income composite	50,059,274	-	-	50,059,274
Equity	101,585,373	-	-	101,585,373
Real asset composite	<u>7,576,323</u>	<u>-</u>	<u>-</u>	<u>7,576,323</u>
	<u>160,924,290</u>	<u>-</u>	<u>-</u>	<u>160,924,290</u>
Cash surrender value of life insurance	-	220,269	-	220,269
Charitable gift annuities	-	787,528	-	787,528
Charitable remainder trusts	<u>-</u>	<u>679,426</u>	<u>-</u>	<u>679,426</u>
	<u>-</u>	<u>1,687,223</u>	<u>-</u>	<u>1,687,223</u>
	<u>\$ 160,924,290</u>	<u>\$ 1,687,223</u>	<u>\$ -</u>	162,611,513
Investments measured at net asset value				<u>74,608,357</u>
				<u>\$ 237,219,870</u>

Life insurance, charitable gift annuities, and charitable remainder trusts are included within planned giving on the consolidated statement of financial position.

The Foundation measures the fair value of certain investments using the Net Asset Value ("NAV") per share (or its equivalent) as a practical expedient. NAV is used as an estimate of fair value for investments that do not have readily determinable fair values. The following table presents information about investments measured at fair value on a recurring basis using NAV by major category as of September 30, 2025:

<u>Description</u>	<u>NAV in Funds</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
AEA Investors Fund VI	\$ 274,905	\$ 26,612	Illiquid	N/A
AEA Investors Fund VII	925,764	59,424	Illiquid	N/A
AG Realty Fund VIII	107,685	154,179	Illiquid	N/A
Altas Partners Holdings II	1,110,101	133,722	Illiquid	N/A
Altas Partners Holdings III	578,709	1,138,932	Illiquid	N/A
Ares US Real Estate Opportunity IV	341,776	1,147,504	Illiquid	N/A
Canterbury SPFS Fund VIII	1,185,987	N/A	Illiquid	N/A
Canyon Value Realization	438,475	N/A	Annual	100 days
CCI Core Bond	37,654,240	N/A	Weekly	5 days
Centerbridge Partners Real Estate	369,893	130,907	Illiquid	N/A

Ventura County Community Foundation
Notes to Consolidated Financial Statements
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4. FAIR VALUE MEASUREMENT (continued)

Description	NAV in Funds	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Centerbridge Pre-Fund Balance	8,210	N/A	Illiquid	N/A
Centerbridge Partners (II) Real Estate Fund II	565,453	475,697	Illiquid	N/A
Centerbridge (II) Pre-Fund Balance	46,014	N/A	Illiquid	N/A
Chicago Pacific Founders Fund IV	-	3,000,000	Illiquid	N/A
Dunes Point II-A	438,858	83,539	Illiquid	N/A
Dunes Point IV	-	2,500,000	Illiquid	N/A
Foundation Infrastructure Debt II	1,111,672	1,407,973	Illiquid	N/A
Goldentree Master Fund	4,034,598	N/A	Annual	90 days
Graham Partners VI	867,779	630,942	Illiquid	N/A
Greenspring Global IX-B	1,023,508	N/A	Illiquid	N/A
HKW Capital Partners V	1,200,566	44,412	Illiquid	N/A
J.C. Flowers III LP	56,525	76,847	Illiquid	N/A
LGT Capital Partners VI	422,716	1,192,500	Illiquid	N/A
Montauk TriGuard Fund IV	73,930	97,557	Illiquid	N/A
Montauk TriGuard Fund V	230,813	200,943	Illiquid	N/A
Montauk TriGuard Fund VI	272,800	171,751	Illiquid	N/A
NB Private Debt Fund V	991,036	1,505,874	Illiquid	N/A
New Mountain IV	107,759	134,932	Illiquid	N/A
New Mountain VI	1,721,467	229,697	Illiquid	N/A
New Mountain VII	572,560	1,378,719	Illiquid	N/A
Oaktree PIF 2009	16,436	302,697	Illiquid	N/A
Quad-C Partners	1,129,389	959,587	Illiquid	N/A
Riverwood Capital III	1,371,752	94,709	Illiquid	N/A
Riverwood Capital IV	537,019	767,671	Illiquid	N/A
Searchlight Capital III	1,524,011	212,263	Illiquid	N/A
Searchlight Capital IV	529,612	519,054	Illiquid	N/A
Siguler Guff BRIC Opps Fund II	9,054	20,000	Illiquid	N/A
Siguler Guff BRIC Opportunities	12,699	50,000	Illiquid	N/A
Silver Point Capital Offshore	3,741,700	N/A	Annual	90 days
Silverlake Partners III	146,079	96,329	Illiquid	N/A
Silverlake Partners IV	1,098,488	27,269	Illiquid	N/A
Silverlake Partners VI	1,296,270	59,869	Illiquid	N/A
StepStone VC Global Partners IX	-	47,022	Illiquid	N/A
Strategic Investors Fund X	1,789,285	N/A	Illiquid	N/A
Strategic Partners Offshore IX	1,167,465	599,421	Illiquid	N/A
Strategic Partners Fund VIII	-	1,156,881	Illiquid	N/A
SVB Strategic Investors Fund X	-	128,250	Illiquid	N/A
SVB Strategic Investors Fund XI	1,358,713	603,225	Illiquid	N/A
WhiteHawk IV	2,146,586	375,000	Illiquid	N/A
	<u>\$ 74,608,357</u>			

Ventura County Community Foundation
Notes to Consolidated Financial Statements
September 30, 2025

4. FAIR VALUE MEASUREMENT (continued)

The Foundation uses NAV to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

5. INVESTMENT RETURN

The following schedule summarizes the investment returns for non-agency and agency funds in the consolidated statement of activities and the consolidated statement of financial position, respectively, for the year ended September 30, 2025:

	Non-agency (VCCF)	Agency	Total
Investment earnings			
Net realized gains	\$ 8,123,394	\$ 1,337,966	\$ 9,461,360
Net unrealized gains	6,766,963	1,247,563	8,014,526
Dividends and interest	<u>2,734,408</u>	<u>1,402,360</u>	<u>4,136,768</u>
	17,624,765	3,987,889	21,612,654
Investment expense	<u>(831,282)</u>	<u>(179,929)</u>	<u>(1,011,211)</u>
	<u>\$ 16,793,483</u>	<u>\$ 3,807,960</u>	<u>\$ 20,601,443</u>

The amounts reported above under "Agency" reflect the investment earnings and fees related to the funds held as agency endowments, as well as the Ormond Beach funds (Note 6), and are accounted for as changes to the funds held as agency endowments liability and funds held for designated purpose, respectively.

In seeking to attain the investment objectives set forth in the governing investment policy, the Board exercises prudence and appropriate care in accordance with UPMIFA. UPMIFA requires fiduciaries to apply the standard of prudence in investment decision making, stating "Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the institutional fund's Portfolio..." All investment actions and decisions must be based solely on the interest of the Foundation. Fiduciaries must provide full and fair disclosure to the Board of all material facts regarding any potential conflicts of interests.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
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6. COMPLEX ASSET SUPPORTING ORGANIZATION

In January 2020, Ormond Beach Power, LLC and the City of Oxnard entered into an agreement where CASO would be the fiduciary of funds for the demolition and remediation of the Ormond Beach Generating Station. Ormond Beach Power, LLC will make regular contributions to a fund held by CASO at the Foundation until the sum of all their contributions made to the fund totals \$25 million. CASO's sole responsibility in the agreement is to hold on to the funds until the ultimate demolition and remediation of the Ormond Beach Generation Station and has no duty to review disbursements. As of September 30, 2025, the Foundation had \$27,549,397 of assets under management for CASO, which are included within funds held for designated purpose on the accompanying statement of financial position.

7. PLANNED GIVING ASSETS

Planned giving assets consisted of the following:

Charitable gift annuities	\$ 787,528
Cash surrender value of life insurance	220,269
Charitable remainder trusts	<u>679,426</u>
	<u>\$ 1,687,223</u>

Charitable gift annuities

Donors have contributed assets to the Foundation in exchange for a promise by the Foundation to pay to the donor or to individuals or organizations designated by the donor a fixed amount for a specified period of time. Under the terms of the charitable gift annuity agreements, no trust exists, as the assets received are held by, and the liability is an obligation of, the Foundation. The present value of payments to beneficiaries under these arrangements is calculated using discount rates representing risk-free rates in existence at the date of the gift. The liability ("planned giving liability" on the accompanying consolidated statement of activities) is the value of the annuity contract as determined by Section 72 of the Internal Revenue Code and the tax tables thereunder. Charitable gift annuities are included within planned giving on the consolidated statement of financial position.

Charitable remainder trusts

The Foundation is the beneficiary of a charitable remainder trust, the assets of which are not in the possession of the Foundation. Upon termination of the trust, the Foundation shall receive a portion of the assets remaining in the trust. The assets are recognized at their fair values, net of the present value of an estimated investment return and the expected payments to the beneficiaries. The Foundation annually recognizes the change in the net present value as increases or decreases in the value of split-interest agreements on the consolidated statement of activities. The charitable remainder trust asset is included within planned giving on the consolidated statement of financial position.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
September 30, 2025

8. FIXED ASSETS

Fixed assets consisted of the following:

Land	\$ 2,185,000
Buildings	8,065,200
Furniture and equipment	399,116
Leasehold improvements	134,877
Website development	<u>50,000</u>
	10,834,193
Accumulated depreciation and amortization	<u>(3,009,030)</u>
	<u><u>\$ 7,825,163</u></u>

9. NOTES PAYABLE

Notes payable are detailed as follows:

Note payable to Citizens Business Bank in the original amount of \$4,575,000, with interest at the Secured Overnight Financing Rate ("SOFR") rate plus 2.55% (6.79% at September 30, 2025), secured by certain real property of the Foundation. The note payable matures in June 2045. Additionally, the Foundation has entered into an interest rate swap agreement (See Note 10). This note payable is subject to certain financial covenants that the Foundation was in compliance with as of September 30, 2025.

	\$ 3,921,277
Less unamortized debt issuance costs	<u>(23,902)</u>
	<u><u>\$ 3,897,375</u></u>

The future maturities of the notes payable are as follows:

<u>Year ending September 30,</u>	
2026	\$ 139,182
2027	144,245
2028	149,134
2029	154,919
2030	160,556
Thereafter	<u>3,173,241</u>
	<u><u>\$ 3,921,277</u></u>

Ventura County Community Foundation
Notes to Consolidated Financial Statements
September 30, 2025

10. INTEREST RATE SWAP

The Foundation holds an interest rate swap agreement to effectively convert the interest rate of its note payable with Citizens Business Bank from variable to a fixed rate. The interest rate swap agreement is considered a derivative financial instrument but was not entered into for trading or speculative purposes. A non-operating gain or loss is included in the accompanying consolidated statement of activities, which represents the estimated change in the fair value of the interest rate swap based on it being marked to market.

This financial instrument necessarily involves counterparty credit exposure. The counterparty for the swap transactions is a major financial institution that meets the Foundation's criteria for financial stability and credit-worthiness. The agreement involves the exchange of floating and fixed-rate interest payments over the life of the agreement without an exchange of the underlying principal amount. The differential to be paid or received is recognized as an adjustment to interest expense related to the debt. The related amount payable to or receivable from the counterparty is recorded as a liability or an asset on the consolidated statement of financial position. A non-operating gain of \$45,496 to record the change in fair value of the interest rate swap has been recorded on the accompanying consolidated statement of activities for the year ended September 30, 2025.

The outstanding interest rate swap is on a notational amount of \$3,921,277 with a fixed interest rate of 3.53% and a termination date of June 30, 2045.

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Subject to expenditure for specified purpose:	
Regranting	\$ 1,737,468
Planned giving	<u>905,402</u>
	2,642,870
Subject to passage of time	25,480,507
Donor-restricted endowment funds:	
Donor corpus restricted in perpetuity	1,625,074
Earnings on donor-restricted endowments not yet appropriated for spending	<u>1,046,456</u>
	<u>\$ 30,794,907</u>

Ventura County Community Foundation
Notes to Consolidated Financial Statements
September 30, 2025

12. ENDOWMENTS

Interpretation of relevant law

The Foundation's governing board has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains the original value of all gifts to the donor-restricted endowment plus unspent accumulated earnings in accordance with the applicable donor gift instrument.

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

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Return objectives, risk parameters and strategies

Short-Term Portfolio - The Foundation offers a Short-Term Portfolio for funds or that portion of a fund that will be distributed in less than three years. The Short-Term Portfolio is intended to be invested in a manner consistent with the objectives of (i) maintaining the principal value of the invested assets, (ii) minimizing the potential that the principal value of assets will be impaired, and (iii) providing a liquid source of funds for distributions.

Due to the objective of preserving principal value of assets, the Short-Term Portfolio is expected to be invested exclusively in money market instruments and short-term fixed income securities such that the average credit quality of the portfolio is "A" or higher and the average duration of the portfolio is less than 24 months. Despite the intention to maintain principal value, the Board acknowledge that no securities with affiliated credit and/or interest rate risk are completely free of risk and principal losses may occur over short periods.

Intermediate Portfolio - The Intermediate Portfolio is designed for funds with an investment horizon of five to ten years. The primary investment objective of this portfolio is to seek a real rate of return that is commensurate with a reduced level of risk as compared to the Long-Term Portfolio. Given the shorter time horizon, the Intermediate Portfolio is intended to be invested in a manner consistent with the objectives of (i) mitigating volatility while accepting some level market risk and (ii) generating an annualized rate of return, net of fees and expenses, that exceeds the Portfolio's policy benchmark.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
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12. ENDOWMENTS (continued)

Return objectives, risk parameters and strategies (continued)

This portfolio has a target allocation of 30% equity, 50% fixed income, and 20% cash. It is designed for funds with a spending horizon between five to ten years and is generally appropriate for funds that will be distributed in ten years or less.

Long-Term Portfolio - The Long-Term Portfolio is designed for funds with an investment horizon of seven or more years. The primary investment objective of the Long-Term Portfolio is to achieve an annualized total return, net of fees and expenses, that is equal to or greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus any spending and investment expenses, such that purchasing power is maintained over time. The assets are to be managed in a manner that will meet the primary investment objective, while at the same time attempting to limit volatility in annual distributions. The primary objective of the portfolio may be expressed as:

Total Return greater than Consumer Price Index + Spending Policy + Investment Expenses

Given that this benchmark is not directly related to market performance, success or failure in achieving this goal should be evaluated over 10 to 20 years. A secondary objective is to achieve a total return in excess of the Policy Benchmark comprised of each strategic asset category benchmark weighted by its target allocation.

This portfolio has a broad target allocation of 45% equity, 20% fixed income, and 35% alternative investments. It is designed for endowed funds and funds with a long-term spending horizon of seven or more years and is generally appropriate for funds intended to be fully expended over a donor's lifetime.

Charitable Remainder Trusts - The objectives for a Charitable Remainder Trust are to provide a level of income to the donor as stipulated in the trust, protect the principal value of the trust's assets over time, and maximize the trust's assets for the charitable remainder beneficiary. Unless otherwise stipulated, the target allocation is 60% equity, 35% fixed income, and 5% cash.

Spending policy and how investment objectives relate to spending policy

The purpose of the spending policy is to calculate the amount of money annually distributed from the Foundation's various endowment funds for grant-making and administration. The primary objectives of the spending policy are to balance the interests of current and future beneficiaries by not over spending in the short-term or over accumulating in the long-term, and maintain the purchasing power of distributions over time by growing the corpus of each endowment fund to pace long-term inflation.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
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12. ENDOWMENTS (continued)

Spending policy and how investment objectives relate to spending policy (continued)

The Foundation's spending and investment policies work in tandem to achieve these objectives. The investment policy establishes an achievable return objective through a diversified investment strategy. Over long periods of time (7+ years), the Foundation's spending rate plus that of inflation should be in alignment with the average annual total return achieved through investment earnings. In other words, by distributing an amount that is equal to investment earnings less inflation, the Board seeks to preserve purchasing power of future distributions by growing each endowed fund at the rate of inflation. Mathematically, this is represented by the following hypothetical formula:

$$5\% \text{ spending} + 2\% \text{ inflation} = 7\% \text{ net investment return objective}$$

A secondary objective is to achieve a reasonable degree of stability in payout for annual distributions to grantees. Predictability of distributions allows recipients, including the Foundation, to more accurately budget future income. Predictability also helps to insulate the Foundation's investment managers from pressure to generate undue short term liquidity, which allows them to focus on achieving the best total return over the long term. The Foundation utilizes a smoothing formula to help achieve stable and predictable year-over-year distributions.

In California, UPMIFA includes the provision that an appropriation of greater than 7% of the average fair market value averaged over the past three years is presumptively imprudent.

Spending rate and smoothing formula

The current spending rate is 5% (or less for underwater funds based on the schedule below). This spending rate is applied to the trailing 16-quarter average market value for each endowment fund for the period ending June 30 of the prior fiscal year.

Additionally, a support fee based on the market value for each endowment fund is assessed quarterly in December (based on September 30 value), March (based on December 31 value), June (based on March 31 value) and September (based on June 30 value). Support fees charged by the Foundation for services provided and all non-agency administrative fees totaling \$2,080,023 have been eliminated from the consolidated financial statements.

Where a fund has not been in existence for sixteen quarters, the actual number of quarters that the fund has been in existence will be used. All new endowment funds must be invested for four full quarters before any distributions are made.

The spending policy will be applied to both donor restricted and board designated endowment funds. It does not apply to endowment funds with specific donor restrictions as to expenditure where the gift instrument defines a specific spending formula.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
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12. ENDOWMENTS (continued)

Spending rate and smoothing formula (continued)

The Foundation will maintain a record of the historic gift value of each donor restricted endowment fund. This includes the terms of any Foundation solicitation from which a donor restricted fund resulted. Historic gift value means a) the fair value in dollars of an endowment fund at the time it first became an endowment fund, b) plus the fair value in dollars of each subsequent donation to the fund at the time it is made, c) plus accumulations to the endowment fund if specifically directed by the donor's gift instrument.

Underwater Funds - 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 the Foundation to retain for a fund of perpetual duration. In accordance with GAAP, these deficiencies are reported as a reduction in net assets without 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. As of September 30, 2025, the Foundation did not hold any endowment funds where the market value had fallen below the original corpus due to market conditions. Underwater funds experience a reduction in payout based on the schedule below. The reduced payout is intended to allow for recovery of the historic gift value over a reasonable period of time, while not completely eliminating payout in support of charitable programs.

Underwater Amounts	Adjusted Spending Rates
Less than 5%	5.00%
5% to less than 10%	3.75%
10% to less than 15%	3.35%
15% or more	2.50%

Endowment net assets composition by type of fund

Endowment net asset composition by type of fund as of September 30, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments restricted by donors in perpetuity	\$ -	\$ 1,625,074	\$ 1,625,074
Accumulated investment gains on donor-restricted endowments	-	1,046,456	1,046,456
Funds functioning as endowments	177,238,788	24,592,004	201,830,792
	\$ 177,238,788	\$ 27,263,534	\$ 204,502,322

Donor restricted funds functioning as endowments are entirely comprised of time-restricted bequests that when received, will become a part of the managed fund and reclassified as funds without donor restrictions.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
September 30, 2025

12. ENDOWMENTS (continued)

Changes in endowment net assets during the year ended

Changes in endowment net assets for the fiscal year ended September 30, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, September 30, 2024	\$ 159,918,834	\$ 34,963,123	\$ 194,881,957
Investment returns	25,712,499	(7,838,795)	17,873,704
Contributions	5,404,543	290,000	5,694,543
Appropriation of net assets	(13,797,088)	(150,794)	(13,947,882)
	17,319,954	(7,699,589)	9,620,365
Balance, September 30, 2025	\$ 177,238,788	\$ 27,263,534	\$ 204,502,322

13. RENTAL INCOME

VCCF Nonprofit Center, LLC leases office space to several Ventura County focused nonprofit organizations which expire at various dates through March 2029.

The future scheduled minimum rental income under the lease terms is as follows:

Year ending September 30,

2026	\$ 914,388
2027	900,790
2028	588,081
2029	14,142
	\$ 2,417,401

14. COMMITMENTS AND CONTINGENCIES

Leases

The Foundation leases its office space from the VCCF Nonprofit Center, LLC for approximately \$11,511 per month, with a one-month rent abatement, plus operating expenses under a lease agreement that expires in April 2028. During the year ended, September 30, 2025, the Foundation paid or accrued \$129,506 in rents to the VCCF Nonprofit Center, LLC, which has been eliminated in the consolidated financial statements.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
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14. COMMITMENTS AND CONTINGENCIES (continued)

Investment commitments

At September 30, 2025, the Foundation had made investment commitments to partnerships that are not readily marketable in an amount not to exceed \$21,941,910.

Investment consultant fees

In 2018, the Foundation entered an Outsourced Chief Investment Officer Agreement (the "Agreement") with Canterbury Consulting, Inc. ("Canterbury") with 4% annual escalating payments. The Agreement may be terminated by written notice from either party to the other upon 30 days prior written notice.

During the year ended September 30, 2025, the Foundation paid \$316,330 to Canterbury.

Patterson Park

The Foundation has a Right of Termination on land that now makes up Patterson Park that it donated to the City of Oxnard under the condition that it be used only as a park for public use or else ownership of the land will revert back to Ventura County Community Foundation. At the time of the donation the land had a recorded book value of \$3,810,000.

15. RETIREMENT PLAN

Foundation employees are eligible to participate in a deferred salary savings plan under Section 403(b) of the Internal Revenue Code immediately upon hire. Foundation employees who work more than 20 hours per week are eligible for discretionary matching. The Foundation matches at its discretion up to 6% of the eligible salary after one year of employment. For the year ended September 30, 2025, Foundation contributions to the 403(b) Plan totaled \$93,274.

16. FIDUCIARY LIABILITY

In September 2015, the Foundation contracted with a "Big 4" accounting firm to conduct an independent fiduciary review on approximately 90% of the assets under the Foundation's management. Three main issues were uncovered during the review which included:

- Improper investment of funds in money market accounts
- Over allocation of interest income to the Foundation's unrestricted fund
- Assessment of fund administrative fees in excess of agreed upon amounts

Ventura County Community Foundation
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16. FIDUCIARY LIABILITY (continued)

As soon as the Foundation received notice from the "Big 4" accounting firm of these issues, the Foundation self-disclosed the situation to the California Attorney General ("AG"). The Foundation also calculated the cost of reimbursing the approximately 48 funds impacted (of the total 600 funds) to make them whole. The cost of resolving these issues was \$1,554,500 with a repayment strategy approved by the AG's office. The repayment terms are as follows:

- Interest rate is set at 3%
- Two years of interest only payments
- Ten years of fully amortizing principal and interest payments

At the same time, the AG directed the Foundation to replenish the funds invested from the Cornerstone Administrative Endowment into the VCCF Nonprofit Center LLC. This replenishment is tied to the final repayment of the bank loan secured by the building (not including any refinancing of the loan), or the sale of the building, whichever occurs earlier. The AG also required the Foundation to have its policies and procedures revised by a third party, particularly with regard to classification and monitoring of its funds. The Foundation engaged with the Silicon Valley Community Foundation to complete this work. On December 6, 2017, the AG confirmed that the Foundation had taken the necessary steps to close the investigation.

On advice of counsel, on December 31, 2018, the Foundation repaid \$295,013 of this liability. The remaining balance will continue to be repaid according to the original terms. As of September 30, 2025, the remaining cost to correct these issues was \$549,450 and was eliminated in the consolidated financial statements.

17. LIQUIDITY AND AVAILABILITY

The Foundation's financial assets are predominantly held for its philanthropic purposes. The Ventura County Community Foundation offers several philanthropic gift planning options, including a Charitable Gift Annuity program, Charitable Lead Trusts, and Charitable Remainder Trusts, and accepting gifts of real estate and other complex assets. The Foundation is also responsible for the oversight of a 53,000 sq. ft. building that houses 13 nonprofit organizations. Having a robust reserve policy continues to be a key priority. Philanthropic funds cannot be used for reserves.

The Foundation is focused on building reserves equal to three years of unrestricted operating cash needs in an effort to best meet the philanthropic planning requirements of its donors and nonprofit community in Ventura County.

The following reflects the Foundation's financial assets reported on the consolidated statement of financial position, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

Ventura County Community Foundation
Notes to Consolidated Financial Statements
September 30, 2025

17. LIQUIDITY AND AVAILABILITY (continued)

Liquidity of financial assets as of September 30, 2025 is as follows:

Cash and cash equivalents	\$ 6,770,430
Contributions receivable, net	24,573,073
Investments	<u>235,532,647</u>
	266,876,150
Net assets with donor restrictions (Note 11)	(30,794,907)
Funds held as agency endowments	(28,244,087)
Funds under management	(173,435,782)
Funds held for designated purpose (Note 6)	<u>(27,549,397)</u>
	<u><u>\$ 6,851,977</u></u>

During the year ended September 30, 2025, the Foundation incurred \$4,524,036 of expenses to support operations, which includes expenses for operating the 53,000 square foot office building. Based on liquid assets available as of September 30, 2025, the Foundation can sustain operations for approximately 18 months after year-end.

18. SUBSEQUENT EVENTS

The Foundation has evaluated events subsequent to September 30, 2025 to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through February 23, 2026, the date which the consolidated financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

Ventura County Community Foundation
Statement of Financial Position by Segment
September 30, 2025

ASSETS

	Operating and Non-profit Center	Under Management	Eliminating Entries	2025 Total
Cash and cash equivalents	\$ 1,062,689	\$ 5,707,741	\$ -	\$ 6,770,430
Contributions receivable, net	50,000	24,523,073	-	24,573,073
Prepaid expenses and other assets	521,196	52,630	-	573,826
Investments	6,214,960	229,317,687	-	235,532,647
Planned giving	352,595	1,334,628	-	1,687,223
Interest rate swap asset	962,672	-	-	962,672
Fixed assets	7,825,163	-	-	7,825,163
Earnings due to funds	-	549,450	(549,450)	-
	<u>\$ 16,989,275</u>	<u>\$261,485,209</u>	<u>\$ (549,450)</u>	<u>\$277,925,034</u>
Total assets				

LIABILITIES AND NET ASSETS

	Operating and Non-profit Center	Under Management	Eliminating Entries	2025 Total
Liabilities				
Accounts payable and accrued expenses	\$ 408,935	\$ 31,075	\$ -	\$ 440,010
Grants payable	-	1,030,783	-	1,030,783
Notes payable	3,897,375	-	-	3,897,375
Funds held for designated purpose (Note 6)	-	27,549,397	-	27,549,397
Funds held as agency endowments	-	28,244,087	-	28,244,087
Planned giving liability	283,024	693,603	-	976,627
Tenant security deposits	67,682	-	-	67,682
Due from funds	549,450	-	(549,450)	-
Total liabilities	<u>5,206,466</u>	<u>57,548,945</u>	<u>(549,450)</u>	<u>62,205,961</u>
Net assets				
Without donor restrictions	11,488,384	173,435,782	-	184,924,166
With donor restrictions	294,425	30,500,482	-	30,794,907
Total net assets	<u>11,782,809</u>	<u>203,936,264</u>	<u>-</u>	<u>215,719,073</u>
Total liabilities and net assets	<u>\$ 16,989,275</u>	<u>\$261,485,209</u>	<u>\$ (549,450)</u>	<u>\$277,925,034</u>

Ventura County Community Foundation
Statement of Activities by Segment
For The Year Ended September 30, 2025

	<u>Operating and Non-profit Center</u>	<u>Under Management</u>	<u>Eliminating Entries</u>	<u>2025 Total</u>
Revenue, gains and other support				
Revenue and other support				
Contributions, grants and bequests	\$ 1,362,137	\$ 14,595,999	\$ (2,868,449)	\$ 13,089,687
Rental income	1,009,164	-	-	1,009,164
Management fees	<u>2,383,782</u>	<u>52,631</u>	<u>(2,027,809)</u>	<u>408,604</u>
Total revenue and other support	4,755,083	14,648,630	(4,896,258)	14,507,455
Investment gain, net of expenses	<u>402,412</u>	<u>16,391,071</u>	<u>-</u>	<u>16,793,483</u>
Total revenue, gains and other support	<u>5,157,495</u>	<u>31,039,701</u>	<u>(4,896,258)</u>	<u>31,300,938</u>
Functional expenses				
Program services				
Grantmaking and distributions	1,508,059	16,766,221	(2,868,449)	15,405,831
Other program services	<u>1,545,686</u>	<u>298,056</u>	<u>-</u>	<u>1,843,742</u>
Total program services	<u>3,053,745</u>	<u>17,064,277</u>	<u>(2,868,449)</u>	<u>17,249,573</u>
Supporting services				
Management and general	1,138,200	2,025,828	(2,027,809)	1,136,219
Fundraising	<u>332,091</u>	<u>13,249</u>	<u>-</u>	<u>345,340</u>
Total supporting services	<u>1,470,291</u>	<u>2,039,077</u>	<u>(2,027,809)</u>	<u>1,481,559</u>
Total functional expenses	<u>4,524,036</u>	<u>19,103,354</u>	<u>(4,896,258)</u>	<u>18,731,132</u>
Changes in net assets	633,459	11,936,347	-	12,569,806
Non-operating				
Change in value of interest rate swap	45,496	-	-	45,496
Other income	(973)	32,437	-	31,464
Loss on disposal of fixed assets	<u>(20,665)</u>	<u>-</u>	<u>-</u>	<u>(20,665)</u>
Change in unrestricted net assets	<u>657,317</u>	<u>11,968,784</u>	<u>-</u>	<u>12,626,101</u>
Change in net assets	657,317	11,968,784	-	12,626,101
Net assets, beginning of year	<u>11,125,492</u>	<u>191,967,480</u>	<u>-</u>	<u>203,092,972</u>
Net assets, end of year	<u>\$ 11,782,809</u>	<u>\$203,936,264</u>	<u>\$ -</u>	<u>\$215,719,073</u>