Report of Independent Auditors and
Consolidated Financial Statements

Orange County Community Foundation

June 30, 2026 with Summarized Comparative
Information for June 30, 2025

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Report of Independent Auditors

The Board of Governors
Orange County Community Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Orange County Community Foundation (the Community Foundation) and its supporting organizations, which comprise the consolidated statement of financial position as of June 30, 2026, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Community Foundation and its supporting organizations as of June 30, 2026, 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 (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 Community Foundation and its supporting organizations and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 the Community Foundation and its supporting organizations' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Community Foundation and its supporting organizations' 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 the Community Foundation and its supporting organizations' 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.

Report on Summarized Comparative Information

We have previously audited the Community Foundation and its supporting organizations' June 30, 2025 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 23, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Information Included in the Annual Report

Management is responsible for the other information included in the Community Foundation's annual report. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Baker Tilly US, LLP

Irvine, California
October 9, 2026

Consolidated Financial Statements

Orange County Community Foundation
Consolidated Statements of Financial Position
June 30, 2026
(with Summarized Comparative Information for 2025)

	June 30, 2026			
	Without Donor Restrictions	With Donor Restrictions	Total	June 30, 2025
ASSETS				
Cash and cash equivalents	$ 123,424,000	$ -	$ 123,424,000	$ 87,002,000
Investments	477,301,000	336,874,000	814,175,000	675,444,000
Contributions receivable, net	3,035,000	10,050,000	13,085,000	13,948,000
Land, building, and equipment, net	3,085,000	-	3,085,000	3,503,000
Operating lease right-of-use asset	3,869,000	-	3,869,000	4,338,000
Other assets	2,893,000	413,000	3,306,000	8,656,000
Total assets	$ 613,607,000	$ 347,337,000	$ 960,944,000	$ 792,891,000
LIABILITIES				
Grants payable	$ 16,755,000	$ -	$ 16,755,000	$ 7,881,000
Accounts payable and accrued liabilities	1,003,000	-	1,003,000	812,000
Pledges payable, net	5,872,000	-	5,872,000	7,385,000
Mortgage payable	2,143,000	-	2,143,000	2,196,000
Operating lease liability	4,227,000	-	4,227,000	4,668,000
Due to other agencies	7,434,000	-	7,434,000	8,228,000
Total liabilities	37,434,000	-	37,434,000	31,170,000
NET ASSETS				
Total net assets	576,173,000	347,337,000	923,510,000	761,721,000
Total liabilities and net assets	$ 613,607,000	$ 347,337,000	$ 960,944,000	$ 792,891,000

See accompanying notes.

Orange County Community Foundation
Consolidated Statements of Activities
Year Ended June 30, 2026
(with Summarized Comparative Information for the Year Ended June 30, 2025)

	Year Ended June 30, 2026			
	Without Donor Restrictions	With Donor Restrictions	Total	Year Ended June 30, 2025
REVENUE AND SUPPORT				
Contributions of cash and other financial assets	$ 103,279,000	$ 106,286,000	$ 209,565,000	$ 163,626,000
Contributions of nonfinancial assets	-	-	-	265,000
Investment income, net	63,780,000	40,774,000	104,554,000	67,960,000
Other income	1,240,000	-	1,240,000	824,000
Net asset releases, net of redesignations	10,577,000	(10,577,000)	-	-
Total revenue and support	178,876,000	136,483,000	315,359,000	232,675,000
EXPENSES				
Program services				
Grants and scholarships	144,027,000	-	144,027,000	125,254,000
Special projects	1,029,000	-	1,029,000	1,020,000
Other program expenses	3,580,000	-	3,580,000	3,511,000
Total program services	148,636,000	-	148,636,000	129,785,000
Supporting services				
General and administrative	3,320,000	-	3,320,000	3,289,000
Fundraising and development	1,614,000	-	1,614,000	1,551,000
Total supporting services	4,934,000	-	4,934,000	4,840,000
Total expenses	153,570,000	-	153,570,000	134,625,000
CHANGE IN NET ASSETS	25,306,000	136,483,000	161,789,000	98,050,000
NET ASSETS				
Beginning of year	550,867,000	210,854,000	761,721,000	663,671,000
End of year	$ 576,173,000	$ 347,337,000	$ 923,510,000	$ 761,721,000

See accompanying notes.

Orange County Community Foundation
Consolidated Statements of Cash Flows
Years Ended June 30, 2026 and 2025

	2026	2025
OPERATING ACTIVITIES		
Changes in net assets	$ 161,789,000	$ 98,050,000
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	494,000	479,000
Net realized and unrealized gains on investments	(91,606,000)	(56,466,000)
Non-cash and nonfinancial contributions	(1,644,000)	(45,620,000)
Contributions restricted for endowments	(106,286,000)	(1,590,000)
Amortization of operating lease right-of-use asset	28,000	45,000
Changes in operating assets and liabilities		
Contributions receivable, net	863,000	9,291,000
Other assets	357,000	(3,272,000)
Grants payable	8,874,000	(6,262,000)
Accounts payable and accrued liabilities	191,000	22,000
Pledges payable, net	(1,513,000)	5,841,000
Due to other agencies	(794,000)	427,000
Net cash (used in) provided by operating activities	(29,247,000)	945,000
INVESTING ACTIVITIES		
Purchases of investments	(253,637,000)	(120,931,000)
Proceeds from sale of investments	173,042,000	96,543,000
Proceeds from sale of real estate investments	40,107,000	250,000
Purchases of land, building, and equipment	(76,000)	(185,000)
Net cash (used in) investing activities	(40,564,000)	(24,323,000)
FINANCING ACTIVITIES		
Contributions restricted for endowments	106,286,000	1,590,000
Payments on mortgage payable	(53,000)	(50,000)
Net cash provided by financing activities	106,233,000	1,540,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	36,422,000	(21,838,000)
CASH AND CASH EQUIVALENTS		
Beginning of year	87,002,000	108,840,000
End of year	$ 123,424,000	$ 87,002,000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid or (refunded) during the year for		
Interest	$ 107,000	$ 110,000
Taxes	$ 81,000	$ (18,000)
Non-cash investing and financing activities		
Contributions of non-cash financial assets, including securities subsequently liquidated	$ 144,609,000	$ 80,365,000

See accompanying notes.

Note 1 – Description of the Community Foundation

The Orange County Community Foundation (the Community Foundation) is a publicly supported, not-for-profit organization that incorporated in the state of California in September 1989. The Community Foundation serves as a partner and resource to not-for-profit organizations and donors improving the quality of life in Orange County and those who want to give back locally, nationally, and internationally.

The Community Foundation established the OCCF Supporting Organization and Orange County Shared Spaces Foundation (its Supporting Organizations), which are under the Community Foundation's effective control and are consolidated for financial statement purposes.

Note 2 – Summary of Significant Accounting Policies

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

Principles of consolidation – The accompanying consolidated financial statements include the financial statements of the Community Foundation and its Supporting Organizations listed in Note 1 above. Inter-organizational transactions and balances have been eliminated in consolidation.

Prior-year information – The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with the Community Foundation's consolidated financial statements for the year ended June 30, 2025 from which the summarized information was derived.

Income taxes – The Community Foundation and its Supporting Organizations are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701d of the California Code. The Community Foundation and its Supporting Organizations are required to report unrelated business income as defined under IRC Sections 511 through 515. The Community Foundation and its Supporting Organizations report unrelated business income tax expense when paid. The Community Foundation and its Supporting Organizations incurred unrelated business income tax of $81,000 and received a refund of unrelated business income tax of $18,000 for the years ended June 30, 2026 and 2025, respectively.

The Community Foundation and its Supporting Organizations do not have any material uncertain tax positions. The Community Foundation and its Supporting Organizations file informational organization returns and applicable unrelated business income tax returns in the United States federal jurisdiction and with the Franchise Tax Board in the state of California.

Cash and cash equivalents – The Community Foundation and its Supporting Organizations consider all highly liquid instruments purchased with an original maturity of 90 days or less to be cash equivalents.

Description of net assets – Contributions of cash and other assets are classified based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions – Net assets not subject to donor-imposed time restrictions or restrictions as to use. The bylaws of the Community Foundation include a variance provision giving the Board of Governors (the Board) the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Board (without the necessity of approval of the donor), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

The Board has designated net assets without donor restrictions for the following uses:

Designated for donor-advised grants – Funds designated for donor-advised grants are available for distribution upon recommendation by the donor and approval by the Board.

Designated for discretionary grants – Amounts from annual appropriations of board-designated endowments and gifts without donor restrictions designated by the Board to provide perpetual support for community grant-making.

Net assets with donor restrictions – Net assets subject to donor-imposed time restrictions or restrictions as to use or requirements in which the corpus be maintained in perpetuity (endowment funds). The accumulation of assets above historic gift value in endowment funds is classified as with donor restrictions until appropriated for use based on the Community Foundation's spending policy. Expirations of restrictions on net assets (i.e., the stipulated time period has elapsed) are reported as assets released from restriction. Contributions with donor restrictions that are met in the same year have been recorded as contributions without donor restrictions on the accompanying consolidated statements of activities.

Investments – Investments are presented in the consolidated financial statements at fair value. Fair value is defined as 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. The fair values of marketable debt and equity securities are based on quoted market prices from national security exchanges. The fair value hierarchy requires an entity to prioritize the use of observable market-based inputs over the use of unobservable inputs when measuring fair value. An investment's categorization is based upon the lowest level of input that is significant to the fair value measurement.

Three levels of inputs are used to measure fair value of financial instruments:

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

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; 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.

Fair value measurement – The Community Foundation determines the fair value of its investments using the valuation techniques described below.

Registered investment companies (mutual funds) – Shares of registered investment company funds (or mutual funds) are valued at the net asset value at published prices of shares held by the Community Foundation and are valued at the closing price reported on the active market on which the individual securities are traded.

Government notes and bonds and corporate bonds – Government notes and bonds and corporate bonds are valued based on the pricing provided by the custodian bank, which uses an established pricing vendor to determine the market valuation of the most recent trading activity of that security.

Equity securities – Fair value has been determined by the Community Foundation from observable market quotations such as active trade markets.

Closely-held entities – Fair value is estimated using available information that may include independent appraisals, investee financial information, market-comparable transactions, projected cash flows, and other relevant assumptions. Given that these investments are not traded in active markets, their estimated fair values involve significant judgment and could differ from amounts ultimately realized upon disposition.

Certain investments in limited partnerships and private equity funds are measured using the net asset value (NAV) per share (or the equivalent) as a practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in the tables in Note 4 are intended to permit the reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position. NAV amounts provided by external investment managers are adjusted for receipts and disbursements of cash and securities to the most recently available NAV date.

Realized and unrealized gains and losses on investments are reflected in the consolidated statements of activities as investment income (loss) net of external expenses associated with the management of investments.

Land, building, and equipment – Land, building, and equipment are stated at cost. Land, building, and equipment purchased at a cost of $1,000 or more are capitalized. Depreciation for building and equipment has been provided using the straight-line method over the estimated useful life, which ranges from 5–39 years.

Impairment of long-lived assets – The Community Foundation evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down would be recorded to reduce the related asset to its estimated fair value. To date, no such write-downs have occurred.

Leases – The Community Foundation recognizes a lease liability and a right-of-use (ROU) asset for all leases, including operating leases, with an expected term greater than 12 months on its consolidated statements of financial position.

The Community Foundation determines if an agreement is a lease at inception. The ROU asset represents the Community Foundation's right to use an underlying asset for the lease term and a lease liability is recognized on the Community Foundation's consolidated statement of financial position at commencement date. The lease liability is determined on the present value of the future minimum rental payments. The Community Foundation has elected the practical expedient option to use the applicable risk-free rate based on the information available at lease commencement in determining the present value of future payments and the practical expedient option to not separate leases and non-lease components on real estate leases where the Community Foundation is the lessee.

The Community Foundation's operating leases also provide for payment of operating expenses, such as common area charges, utilities, real estate taxes, and other executory costs. These costs are separate from the minimum rent payment and are not considered in the determination of the lease liability and ROU asset.

Grants and pledges payable – Unconditional grants and pledges are recognized as expense and a liability when approved and communicated to the recipient. Conditional grants and pledges are recognized when the conditions giving rise to the barrier have been substantially met and the Community Foundation is no longer entitled to release from its obligation. There were no conditional grant or pledge commitments outstanding at June 30, 2026. At June 30, 2025, conditional grant and pledge commitments of $1,950,000 were not recognized as liabilities because the related conditions had not been met.

Due to other agencies – The Community Foundation accepts funds from unrelated not-for-profit organizations that desire to have the Community Foundation serve as the charitable steward for their endowment fund. A liability is recorded at the estimated fair value of assets deposited with the Community Foundation by not-for-profit organizations.

Revenue recognition – Contributions are recognized as revenue when received or unconditionally promised. Unconditional promises to give that are expected to be collected in future years are recognized as contributions receivable when the promise is made at fair value based on discounted cash flows. Amortization of the discounts is included in contributions on the accompanying consolidated statements of activities. Contributions of assets other than cash are recorded at their estimated fair value. Real estate contributed is recorded at fair value using a current appraisal on the date of the gift and is generally made available for sale as soon as practicable. Contributions of publicly traded securities are recognized at fair value on the date the contribution is received based on quoted market prices in the principal market for the securities.

Contributions receivable – Contributions receivable to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. At June 30, 2026, approximately $13,023,000 of contributions receivable are expected to be collected within one year and the balance of $62,000 is expected to be collected after five years. At June 30, 2025, approximately $13,878,000 of contributions receivable were expected to be collected within one year, and the balance of $70,000 was expected to be collected after five years. The Community Foundation estimates an allowance for uncollectible contributions receivable to reflect the difference between the amortized cost basis of the financial asset and the estimated cash flows expected to be collected. The allowance is updated at each reporting period to reflect changes in the Community Foundation's estimate of the expected uncollectible amounts. Management has determined that no allowance for uncollectible amounts was necessary as of June 30, 2026 and 2025.

Contributions receivable that are expected to be collected within one year and are not subject to donor-imposed purpose restrictions are classified as net assets without donor restrictions.

Donor advised funds – The Community Foundation permits donor advisors to recommend allocation of their fund between a money market pool and approved investments. The asset allocation of any individual fund reflects the donors' recommendations.

Special projects – Special projects expense represents charitable activities managed by the Community Foundation, often on behalf of donors who request that the Community Foundation exercise a heightened level of oversight regarding such expenditures.

Functional allocation of expenses – Expenses incurred by the Community Foundation which apply to more than one functional category are allocated as follows:

- Program services – Includes awarded grants, support, and education to other not-for-profit organizations, research on the local not-for-profit field, and philanthropic leadership;

- General and administrative – Includes expenses that benefit the Community Foundation as an entity, governance, management, and administration; and

- Fundraising and development – Includes originating and stewarding relationships with donors.

Expenses are allocated on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on time spent on these functions by specified employees as estimated by management. Occupancy, technology, and other operating expenses are allocated on the basis of headcount. All other costs are charged directly to the appropriate functional category.

Use of estimates – The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are available to be issued. The Community Foundation and its Supporting Organizations recognize in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are available to be issued. The Community Foundation and its Supporting Organizations have evaluated subsequent events through October 9, 2026, which is the date the consolidated financial statements are available for issuance.

Note 3 – Concentrations of Risk

Cash and cash equivalents – In the regular course of business, the Community Foundation may maintain balances in bank accounts in excess of the federally insured limits. The Community Foundation has not experienced any losses in such accounts.

Major contributions – For the years ended June 30, 2026 and 2025, contributions from the three largest donors each year represented 62 and 46 percent, respectively, of total contributions.

Investments – Investments are exposed to various risks, such as interest rates, market, and credit risk. Risk is managed through rigorous evaluation before an investment is made, quarterly monitoring of valuations, and regular communication with investment managers. It is at least reasonably possible, given the level of risk associated with investments, that changes in the near term could materially affect the amounts reported in the consolidated financial statements.

To address market risk of investments, the Community Foundation maintains a formal investment policy that sets out performance criteria, investment guidelines, and requires regular review of the investment managers' performance. Investments are managed by multiple investment managers who have responsibility for investing funds using various types of investment strategies. An external investment consultant is also utilized.

Note 4 – Investments and Fair Value Disclosures

Investments at fair value consisted of the following at June 30, 2026 and 2025:

	2026	2025
Fixed income investments	$ 110,099,000	$ 93,968,000
Equity securities	43,779,000	37,205,000
Mutual funds – equity securities	137,434,000	112,615,000
Cash and cash equivalents	40,522,000	-
Alternative investments	482,341,000	431,656,000
Total investments	$ 814,175,000	$ 675,444,000

Investment income, net of related expenses, consisted of the following for the years ended June 30, 2026 and 2025:

	2026	2025
Net realized and unrealized gains	$ 91,606,000	$ 56,466,000
Net interest and dividends	12,948,000	11,494,000
Total investment income, net	$ 104,554,000	$ 67,960,000

See Note 2 for the valuation methodologies used for assets measured at fair value on a recurring basis and reflected in the accompanying consolidated statements of financial position.

The following table presents the investments carried at fair value on the accompanying consolidated statements of financial position at June 30, 2026:

	Level 1	Level 2	Level 3	Assets Measured at Net Asset Value (or Equivalent)	Total
Fixed income securities					
Mutual funds	$ 101,139,000	$ -	$ -	$ -	$ 101,139,000
Government notes and bonds	2,985,000	3,633,000	-	-	6,618,000
Corporate bonds	-	2,342,000	-	-	2,342,000
Equity securities					
Domestic	38,397,000	-	-	-	38,397,000
International	5,382,000	-	-	-	5,382,000
Mutual funds – equity securities					
Domestic	109,824,000	-	-	-	109,824,000
International	27,610,000	-	-	-	27,610,000
Cash and cash equivalents	40,522,000	-	-	-	40,522,000
Alternative investments					
Limited partnerships	-	-	-	350,037,000	350,037,000
Private equity funds	-	-	-	122,793,000	122,793,000
Closely-held entities	-	-	9,511,000	-	9,511,000
Total	$ 325,859,000	$ 5,975,000	$ 9,511,000	$ 472,830,000	$ 814,175,000

The following table presents the investments carried at fair value on the accompanying consolidated statements of financial position at June 30, 2025:

	Level 1	Level 2	Level 3	Measured at Net Asset Value (or Equivalent)	Total
Fixed income securities					
Mutual funds	$ 83,409,000	$ -	$ -	$ -	$ 83,409,000
Government notes and bonds	4,947,000	2,815,000	-	-	7,762,000
Corporate bonds	-	2,797,000	-	-	2,797,000
Equity securities					
Domestic	30,138,000	-	-	-	30,138,000
International	7,067,000	-	-	-	7,067,000
Mutual funds – equity securities					
Domestic	89,789,000	-	-	-	89,789,000
International	22,826,000	-	-	-	22,826,000
Alternative investments					
Limited partnerships	-	-	-	264,610,000	264,610,000
Private equity funds	-	-	-	113,476,000	113,476,000
Closely-held entities	-	-	53,570,000	-	53,570,000
Total	$ 238,176,000	$ 5,612,000	$ 53,570,000	$ 378,086,000	$ 675,444,000

The following table presents the summary of changes in the fair value of Level 3 investments for the years ended June 30, 2026 and 2025:

	Closely-Held Entities
Balance, June 30, 2024	$ 14,127,000
Contributions	43,370,000
Net realized gains	2,689,000
Distributions	(6,616,000)
Balance, June 30, 2025	53,570,000
Contributions	1,645,000
Net realized and unrealized losses	(10,590,000)
Distributions	(35,114,000)
Balance, June 30, 2026	$ 9,511,000

Total net realized and unrealized gains and losses on Level 3 investments held at year end are included in net investment income in the consolidated statements of activities.

The nature and risk of investments at June 30, 2026, for which fair value is based on NAV are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnerships (a)	$ 200,507,000	$ -	Monthly	10–60 Days
	45,300,000	-	Semi-Monthly	6 Days
	23,872,000	-	Daily	0 Days
	20,942,000	-	Weekly	3–5 Days
	20,606,000	-	Quarterly	60–180 Days
	13,878,000	-	Quarterly, 3.75% to 25% fund level gate	60–180 Days
	9,480,000	-	Every 3 Years, over 3 Years	90–180 Days
	8,185,000	-	5-Year Lockup with 5% annually, every 3 Years thereafter	90–150 Days
	7,103,000	-	2-Year Lockup, 50% Quarterly thereafter	60 Days
	164,000	-	At General Partner's Discretion	N/A
	350,037,000	-		
Private equity funds (b)	122,793,000	59,767,000	Upon Dissolution of Partnership	N/A
	$ 472,830,000	$ 59,767,000		

The strategies of investments in limited partnerships are summarized as follows at June 30, 2026:

	Percentage of Fair Value
U.S. equity	21%
International equity	21%
Global equity	18%
Emerging markets equity	14%
Diversifiers – low-equity beta and growth oriented	12%
Marketable real assets	7%
U.S. and global fixed income	7%
	100%

The fair values of the investments in this class have been estimated using the NAV per share of the investments.

The strategies of investments in private equity funds are summarized as follows at June 30, 2026:

	Percentage of Fair Value
Buyouts, distressed, secondaries, special situations, and credit strategy and life contingent assets	50%
Venture and growth capital	23%
Private energy, minerals, mining, and infrastructure	15%
Private real estate	12%
	100%

The fair values of the investments in this class have been estimated using the NAV of the Community Foundation's ownership interest in the total partners' capital of the fund. Assets are purchased and sold within the limited partnership as deemed beneficial to the partnership. Current distributions are utilized to offset capital calls, if any, and the balance is distributed to the limited partners. There are no early withdrawals. It is estimated that the underlying assets of 63 percent of this class will be liquidated over the next two to five years and the balance within the next 6 to 12 years.

The significant unobservable inputs related to material categories of Level 3 investments at June 30, 2026 are as follows:

	Fair Value	Valuation Techniques	Unobservable Inputs	Range
Closely-held entities (a)	$ 9,511,000	Company Valuation, Market Comparables, or Income Approach	Company Financials, General Partners' Estimates, or Market Yield	N/A*

* Not included due to the wide range of possible values given the diverse nature of the underlying investments.

(a) This class includes minority interests in closely-held entities in the real estate sector. Approximately 44 percent of this class represents a limited partnership interest in eight apartment complexes in California with an estimated timeframe for liquidation of greater than 10 years. Approximately 23 percent represents preferred membership interest in a company that owns and renovates properties that serve homeless individuals and families throughout Southern California with an estimated timeframe for liquidation of less than 10 years. Approximately 17 percent represents LLC membership interests in seven commercial properties located in Southern California with an estimated timeframe for liquidation of greater than 10 years. Approximately 16 percent represents an investment in Section 8 Property (low-income housing). This investment was liquidated upon sale of the property in July 2026.

Note 5 – Land, Building, and Equipment

Land, building, and equipment consisted of the following at June 30, 2026 and 2025:

	2026	2025
Land and improvements	$ 560,000	$ 560,000
Building and improvements	4,249,000	4,226,000
Furniture and equipment	1,633,000	1,580,000
	6,442,000	6,366,000
Less: accumulated depreciation	(3,357,000)	(2,863,000)
Land, building, and equipment, net	$ 3,085,000	$ 3,503,000

Depreciation expense for the years ended June 30, 2026 and 2025 was $ 494,000 and $479,000, respectively.

Note 6 – Pledges Payable

Pledges payable, discounted to net present value, at June 30, 2026 consisted of approved pledge commitments that are expected to be paid during the following years ending June 30:

Years Ending June 30,	
2027	$ 2,626,000
2028	2,023,000
2029	1,646,000
2030	20,000
	6,315,000
Less: Net present value discount	(443,000)
Pledges payable, net	$ 5,872,000

Pledges payable have been discounted to net present value using risk-free rates of return ranging from 3.58–4.57 percent determined at year of origination of the pledges.

Note 7 – Mortgage Payable

The mortgage payable includes a $2.5 million note with a bank on a building owned by Orange County Shared Spaces Foundation. The mortgage has a balloon payment due June 1, 2028, bears interest at the rate of 4.9 percent per annum, is amortized over 30 years, and is payable in monthly installments of principal and interest of $13,000. The mortgage note payable is secured by the deed of trust and assignment of rents on the building. The balance outstanding at June 30, 2026 and 2025 was $2,143,000 and $2,195,000, respectively.

At June 30, 2026, future annual principal payments under the mortgage payable for the years ending June 30 are as follows:

Years Ending June 30,	
2027	$ 55,000
2028	2,088,000
Mortgage payable	$ 2,143,000

Interest expense for the years ended June 30, 2026 and 2025 was $107,000 and $110,000, respectively.

Note 8 – Net Assets

Net assets are comprised of the following at June 30, 2026 and 2025:

	2026	2025
Without donor restrictions		
Designated for donor-advised grants	$ 568,582,000	$ 544,056,000
Designated for discretionary grants	4,855,000	4,710,000
Undesignated	2,736,000	2,101,000
Total without donor restrictions	576,173,000	550,867,000
With donor restrictions		
Restricted in perpetuity – endowment	265,693,000	159,832,000
Restricted and subject to the Community Foundation's spending policy	81,637,000	51,040,000
Restricted for the passage of time	7,000	7,000
Endowment funds with deficiencies	-	(25,000)
Total with donor restrictions	347,337,000	210,854,000
Total net assets	$ 923,510,000	$ 761,721,000

Net assets with donor restrictions – The Board of the Community Foundation has determined it holds assets which meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result of this interpretation, the corpus of endowment funds subject to UPMIFA is classified as net assets with donor restrictions. The corpus represents the fair value of the original gifts as of the gift date and all subsequent gifts where the donor has indicated the gift be retained in perpetuity. The value of assets in excess of original gifts in donor-restricted endowment funds are also classified as net assets with donor restrictions until appropriated for expenditure by the Community Foundation.

Funds with deficiencies – From time to time, certain donor-restricted endowment funds may have fair values below historic gift value. At June 30, 2026, the Community Foundation had no endowment funds with deficiencies. At June 30, 2025, the Community Foundation had endowment funds with deficiencies with an original fair value of $427,000 at the date of the gift and a current fair value of $402,000. Deficiencies between original fair values and current fair values are reflected in net assets with donor restrictions on the accompanying consolidated statements of financial position.

The Community Foundation considers the following factors in making a determination as to the appropriation of assets for expenditure: (1) the duration and preservation of the fund, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Community Foundation, and (7) the investment policy of the Community Foundation.

The Community Foundation has adopted investment and spending policies for endowed assets that attempt to provide a predictable stream of funding for operations and granting while seeking to maintain the purchasing power of the endowed assets. The investment and spending policies work together to achieve this objective.

The investment policy establishes a reasonable return objective through diversification of asset classes. Under the investment policy, as approved by the Board, the endowed assets are invested in a manner which attempts to achieve, after fees and expenses, a reasonable rate of return consistent with the risk levels established by the Investment Committee for all endowed assets held in perpetuity. To accomplish the long-term rate-of-return objectives, the Community Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Community Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The spending policy determines the amount of money to be distributed annually from the Community Foundation’s various endowed funds for grant-making and operational support. The Community Foundation has a policy of appropriating for distribution as of January 1 of each year. The Community Foundation’s Board approved a spending policy of 4.5 percent of its endowed assets’ average fair value over the prior 16 quarters for 2026 and 2025. In establishing these policies, the Community Foundation considered the long-term expected return on its endowed assets.

The Community Foundation expects the current spending policy to maintain the purchasing power of the endowed assets as well as to provide stable support to the community.

Changes in endowment net assets for the years ended June 30, 2026 and 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2024	$ 32,733,000	$ 199,306,000	$ 232,039,000
Contributions	-	1,590,000	1,590,000
Investment income, net of fees	4,512,000	17,815,000	22,327,000
Amounts appropriated for expenditure	9,432,000	(9,432,000)	-
Grants and scholarships paid	(21,533,000)	-	(21,533,000)
Redesignations	5,427,000	1,568,000	6,995,000
Endowment net assets, June 30, 2025	30,571,000	210,847,000	241,418,000
Contributions	-	106,286,000	106,286,000
Investment income, net of fees	2,788,000	40,774,000	43,562,000
Amounts appropriated for expenditure	10,176,000	(10,176,000)	-
Grants and scholarships paid	(11,478,000)	-	(11,478,000)
Redesignations	(855,000)	(401,000)	(1,256,000)
Endowment net assets, June 30, 2026	$ 31,202,000	$ 347,330,000	$ 378,532,000

Included in endowment net assets without donor restrictions at June 30, 2026 and 2025 was $4,167,000 and $3,723,000, respectively, of Board-designated endowment.

Distributions from the grantable amount of endowment funds are identified toward a specific purpose based on instructions from donors when the contributions were received. Endowment net assets with donor restrictions are summarized by their specific purpose at June 30, 2026 and 2025 as follows:

	2026	2025
Endowment corpus		
Donor advised	$ 159,353,000	$ 55,384,000
Field of interest	65,230,000	63,199,000
Not-for-profit agency	15,267,000	15,149,000
Board discretionary	12,739,000	12,989,000
Scholarships	8,458,000	8,440,000
Operating	4,646,000	4,646,000
Total corpus held in perpetuity	265,693,000	159,807,000
Accumulated earnings on endowment funds	81,637,000	51,040,000
Total endowment net assets	$ 347,330,000	$ 210,847,000

Note 9 – Retirement Plan

The Community Foundation has a defined-contribution 403(b) plan covering all eligible employees. Employees are eligible to participate in the plan beginning on their first day of employment. The Community Foundation matches up to one percent of the annual compensation of the participants. In addition, an annual contribution is calculated at a specified percentage of salary for eligible employees, up to statutory limits. The 403(b) retirement plan expenses for the years ended June 30, 2026 and 2025 were $224,000 and $225,000, respectively, and are included within salaries and benefits in the classification of expenses in Note 14.

Effective for the year ended June 30, 2024, the Community Foundation began sponsoring a non-qualified deferred compensation plan (the 457 Plan) under IRC Section 457(b) and (f) to provide certain executives of the Community Foundation with retirement benefits. The 457 Plan allows participants to defer a portion of their compensation, which is then paid out at a future date as specified in the 457 Plan document. The liability is recorded at fair value, which approximates the amount that would be paid to participants if they were to terminate their employment at the reporting date. The fair value of the liability is determined based on the present value of the future benefit payments to be made to participants, using discount rates that reflect the time value of money and the risk associated with the benefits. Actual future payments may differ from these estimates due to changes determined by the 457 Plan, economic conditions, and other factors. As of June 30, 2026, the Community Foundation had accrued a liability of $114,000 related to the 457 Plan.

The 457 Plan's assets are included in investments on the consolidated statements of financial position. Participants have no greater rights to such assets than any other unsecured creditor. The deferred compensation liability, representing amounts due to these individuals, is fully funded and includes earnings from invested assets. The 457(b) and (f) retirement plan expenses for the years ended June 30, 2026 and 2025 were $20,000 and $13,000, respectively, and are included within salaries and benefits within the classification of expenses in Note 14.

Note 10 – Guarantees

In July 2025, the Community Foundation executed a $200,000 guarantee with a bank on behalf of an unrelated not-for-profit 501(c)(3) organization as collateral for a $200,000 revolving line of credit. The unrelated organization had no drawn funds at June 30, 2026, therefore, the Community Foundation had no outstanding guarantees as of June 30, 2026.

Note 11 – Right-of-Use Assets and Lease Liability

The Community Foundation leases office space for its headquarters and the lease is classified as an operating lease. It provides for periodic rent increases and contains an extension and early termination options. In calculating the lease liability, an option to extend or terminate the lease early is included in the lease term when it is reasonably certain the option will be exercised. The lease provides that the Community Foundation pay a common area maintenance fee covering a portion of taxes, maintenance, insurance, and other building expenses. These expenses are recognized in the period in which the obligations are incurred.

The ROU asset and lease liability are based on the lease components as identified in the underlying agreements. A lease component is the cost stated in the agreement that directly relates to the right to use the identified asset. When known or determinable, the Community Foundation uses the rate implicit in the lease in determining the present value of lease payments. Otherwise, the risk-free rate is used.

The following table provides supplemental information related to the Community Foundation's operating lease as of June 30, 2026:

Weighted-average remaining lease term in years for operating leases	7
Weighted-average discount rate for operating leases	3.59%

As of June 30, 2026, future minimum lease payments related to the operating lease are as follows:

Years Ending June 30,	
2027	$ 618,000
2028	637,000
2029	656,000
2030	675,000
2031	696,000
Thereafter	1,523,000
Total undiscounted cash flows	4,805,000
Less present value discount	(578,000)
Total operating lease liability	$ 4,227,000

Rent expense for the years ended June 30, 2026 and 2025 was $656,000 and $630,000, respectively, and is included within occupancy in the classification of expenses in Note 14.

Note 12 – Liquidity and Availability

Financial assets available for general expenditures without donor or other restrictions limiting their use within one year as of June 30, 2026 and 2025 are comprised of the following:

	2026	2025
Cash and cash equivalents	$ 123,424,000	$ 87,002,000
Investments	512,079,000	461,088,000
Contributions receivable	2,318,000	3,100,000
Other assets	297,000	5,800,000
Total financial assets available for use	$ 638,118,000	$ 556,990,000

As part of the Community Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Community Foundation invests cash in excess of daily requirements in short-term investments and money market funds.

In managing liquidity, the Community Foundation considers the expected timing of grant distributions, investment liquidity, and amounts available under its endowment spending policy.

Note 13 – Contributions of Nonfinancial Assets

Contributions of nonfinancial assets for the fiscal years ended June 30, 2026 and 2025 included in the consolidated financial statements were as follows:

	2026	2025
Real estate	$ -	$ 265,000

Real estate – The Community Foundation generally makes contributions of real estate available for sale as soon as practicable upon receipt. The Community Foundation values each real estate gift at fair value based on qualified appraisals or recent comparable sales in the geographical market that the real estate is located.

There were no donor restrictions associated with the contributions of real estate for the years ended June 30, 2026 and 2025.

The following table summarizes all contributed nonfinancial assets monetized during the years ended June 30, 2026 and 2025. All unsold real estate at year end is included in investments on the consolidated statements of financial position.

	Original Gift Value	Proceeds from Sale	Unrealized and Realized Gain / (Loss)	Value of Remaining Investments
2026				
Real estate	$ -	$ -	$ -	$ -
2025				
Real estate	$ 265,000	$ 250,000	$ (15,000)	$ -

Note 14 – Classification of Expenses

The following tables reflect the classification of the Community Foundation's expenses by both the underlying nature of the expense and the function. An individual expense is allocated to the underlying activity to which it was incurred.

Expenses by function and nature consisted of the following for the year ended June 30, 2026:

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising and Development	Total
Grants and scholarships	$144,027,000	$ -	$ -	$144,027,000
Special projects	1,029,000	-	-	1,029,000
Salaries and benefits	2,150,000	2,162,000	1,121,000	5,433,000
Occupancy	333,000	281,000	72,000	686,000
Technology	267,000	204,000	53,000	524,000
Depreciation	275,000	219,000	-	494,000
Community education events	223,000	-	132,000	355,000
Professional services	42,000	223,000	2,000	267,000
Marketing and advertising	83,000	-	127,000	210,000
Administration	5,000	179,000	-	184,000
Other expense	75,000	25,000	75,000	175,000
Interest expense	107,000	-	-	107,000
Staff training and development	20,000	27,000	32,000	79,000
Total expenses	$ 148,636,000	$ 3,320,000	$ 1,614,000	$ 153,570,000

Expenses by function and nature consisted of the following for the year ended June 30, 2025:

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising and Development	Total
Grants and scholarships	$125,254,000	$ -	$ -	$125,254,000
Special projects	1,020,000	-	-	1,020,000
Salaries and benefits	2,131,000	2,111,000	1,037,000	5,279,000
Occupancy	305,000	282,000	75,000	662,000
Depreciation	274,000	205,000	-	479,000
Community education events	284,000	-	181,000	465,000
Technology	187,000	151,000	40,000	378,000
Administration	5,000	290,000	1,000	296,000
Marketing and advertising	95,000	-	135,000	230,000
Professional services	35,000	189,000	1,000	225,000
Other expense	66,000	21,000	64,000	151,000
Interest expense	110,000	-	-	110,000
Staff training and development	19,000	40,000	17,000	76,000
Total expenses	$ 129,785,000	$ 3,289,000	$ 1,551,000	$ 134,625,000

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