

St. Anthony Foundation

Financial Statements and
Supplementary Information

June 30, 2024 and 2023

St. Anthony Foundation

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Independent Auditors' Report

To the Board of Directors of
St. Anthony Foundation

Opinion

We have audited the financial statements of St. Anthony Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program services are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Baker Tilly US, LLP

Milwaukee, Wisconsin
February 13, 2025

St. Anthony Foundation

Statements of Financial Position
June 30, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 2,976,060 | \$ 5,322,018 |
| Accounts receivable | 528,843 | 722,650 |
| Current portion of unconditional promises to give, net | 2,745,693 | 1,003,455 |
| Prepays, inventory and other current assets | 645,764 | 797,859 |
| Total current assets | <u>6,896,360</u> | <u>7,845,982</u> |
| Property and Equipment | | |
| Cost | 68,132,574 | 51,600,615 |
| Less accumulated depreciation | <u>(23,990,980)</u> | <u>(21,826,518)</u> |
| Net property and equipment | <u>44,141,594</u> | <u>29,774,097</u> |
| Other Assets | | |
| Investments | 35,269,375 | 42,217,722 |
| Restricted land | 1,127,627 | 1,127,627 |
| Notes receivable | 7,598,954 | 10,981,788 |
| Unconditional promises to give, net of current portion and discount | 708,963 | 621,299 |
| Beneficial interests in charitable trusts | 625,934 | 609,283 |
| Total other assets | <u>45,330,853</u> | <u>55,557,719</u> |
| Total assets | <u>\$ 96,368,807</u> | <u>\$ 93,177,798</u> |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 2,103,063 | \$ 1,889,670 |
| Current portion of deferred revenue | 18,386 | 18,668 |
| Other current liabilities | - | 59,762 |
| Total current liabilities | <u>2,121,449</u> | <u>1,968,100</u> |
| Long-Term Liabilities | | |
| Deferred revenue, net of current portion | 951,055 | 965,429 |
| Other long-term liabilities | 53,925 | 38,851 |
| Environmental remediation | 100,000 | 100,000 |
| Total long-term liabilities | <u>1,104,980</u> | <u>1,104,280</u> |
| Total liabilities | <u>3,226,429</u> | <u>3,072,380</u> |
| Net Assets | | |
| Without donor restrictions | 63,167,463 | 61,923,551 |
| With donor restrictions | 29,974,915 | 28,181,867 |
| Total net assets | <u>93,142,378</u> | <u>90,105,418</u> |
| Total liabilities and net assets | <u>\$ 96,368,807</u> | <u>\$ 93,177,798</u> |

See notes to financial statements

St. Anthony Foundation

Statement of Activities

Year Ended June 30, 2024

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Support, Revenues and Gains | | | |
| Support: | | | |
| Contributions and bequests | \$ 27,024,042 | \$ 2,815,526 | \$ 29,839,568 |
| In-kind | <u>2,517,736</u> | <u>-</u> | <u>2,517,736</u> |
| Total support | 29,541,778 | 2,815,526 | 32,357,304 |
| Investment income, net of expenses, operating | 1,285,909 | 3,704,213 | 4,990,122 |
| Rent and property management | 2,205,847 | - | 2,205,847 |
| Programs and activities | 5,988,378 | - | 5,988,378 |
| Net assets released from restrictions, operating | <u>4,743,342</u> | <u>(4,743,342)</u> | <u>-</u> |
| Total support, revenues and gains | <u>43,765,254</u> | <u>1,776,397</u> | <u>45,541,651</u> |
| Expenses | | | |
| Program services | 31,499,552 | - | 31,499,552 |
| Supporting services: | | | |
| Management and general | 9,101,488 | - | 9,101,488 |
| Fundraising and development | <u>2,037,468</u> | <u>-</u> | <u>2,037,468</u> |
| Total expenses | <u>42,638,508</u> | <u>-</u> | <u>42,638,508</u> |
| Change in net assets from operating activities | <u>1,126,746</u> | <u>1,776,397</u> | <u>2,903,143</u> |
| Nonoperating Items | | | |
| Investment income, net of expenses, nonoperating | 117,166 | - | 117,166 |
| Change in value of beneficial interests in charitable trusts | <u>-</u> | <u>16,651</u> | <u>16,651</u> |
| Total nonoperating items | <u>117,166</u> | <u>16,651</u> | <u>133,817</u> |
| Change in net assets | 1,243,912 | 1,793,048 | 3,036,960 |
| Net Assets, Beginning | <u>61,923,551</u> | <u>28,181,867</u> | <u>90,105,418</u> |
| Net Assets, Ending | <u>\$ 63,167,463</u> | <u>\$ 29,974,915</u> | <u>\$ 93,142,378</u> |

See notes to financial statements

St. Anthony Foundation

Statement of Activities

Year Ended June 30, 2023

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------------|
| Support, Revenues and Gains | | | |
| Support: | | | |
| Contributions and bequests | \$ 15,215,816 | \$ 5,181,757 | \$ 20,397,573 |
| In-kind | <u>2,238,565</u> | <u>-</u> | <u>2,238,565</u> |
| Total support | 17,454,381 | 5,181,757 | 22,636,138 |
| Investment income, net of expenses, operating | 2,512,585 | 1,138,732 | 3,651,317 |
| Rent and property management | 1,061,321 | - | 1,061,321 |
| Programs and activities | 5,165,861 | - | 5,165,861 |
| Net assets released from restrictions, operating | <u>14,943,249</u> | <u>(14,943,249)</u> | <u>-</u> |
| Total support, revenues and gains | <u>41,137,397</u> | <u>(8,622,760)</u> | <u>32,514,637</u> |
| Expenses | | | |
| Program services | 27,198,183 | - | 27,198,183 |
| Supporting services: | | | |
| Management and general | 4,163,310 | - | 4,163,310 |
| Fundraising and development | <u>1,748,700</u> | <u>-</u> | <u>1,748,700</u> |
| Total expenses | <u>33,110,193</u> | <u>-</u> | <u>33,110,193</u> |
| Change in net assets from operating activities | <u>8,027,204</u> | <u>(8,622,760)</u> | <u>(595,556)</u> |
| Nonoperating Items | | | |
| Investment income, net of expenses, nonoperating | 117,166 | - | 117,166 |
| Change in value of beneficial interests in charitable trusts | <u>-</u> | <u>6,821</u> | <u>6,821</u> |
| Total nonoperating items | <u>117,166</u> | <u>6,821</u> | <u>123,987</u> |
| Change in net assets | 8,144,370 | (8,615,939) | (471,569) |
| Net Assets, Beginning | <u>53,779,181</u> | <u>36,797,806</u> | <u>90,576,987</u> |
| Net Assets, Ending | <u>\$ 61,923,551</u> | <u>\$ 28,181,867</u> | <u>\$ 90,105,418</u> |

See notes to financial statements

St. Anthony Foundation

Statements of Functional Expenses
Years Ended June 30, 2024 and 2023

| | For the Year Ended June 30, 2024 | | | | For the Year Ended June 30, 2023 | | | |
|---|----------------------------------|------------------------|-----------------------------|----------------------|----------------------------------|------------------------|-----------------------------|----------------------|
| | Supporting Services | | | Total | Supporting Services | | | Total |
| | Program Services | Management and General | Fundraising and Development | | Program Services | Management and General | Fundraising and Development | |
| Payroll and employee benefits | \$ 19,854,500 | \$ 4,878,378 | \$ 1,242,359 | \$ 25,975,237 | \$ 18,253,912 | \$ 3,490,531 | \$ 939,598 | \$ 22,684,041 |
| In-kind | 2,517,736 | - | - | 2,517,736 | 2,238,565 | - | - | 2,238,565 |
| Charity grants | 830,080 | 12,586 | 10,000 | 852,666 | 423,486 | 5,100 | - | 428,586 |
| Food | 878,459 | 211 | - | 878,670 | 862,948 | - | - | 862,948 |
| Insurance and property taxes | 596,600 | 9,379 | 1,803 | 607,782 | 360,700 | 6,121 | 2,124 | 368,945 |
| Maintenance and repairs | 568,003 | 15 | 15 | 568,033 | 533,534 | 549 | - | 534,083 |
| Office | 919,664 | 209,089 | 288,205 | 1,416,958 | 274,298 | 190,255 | 263,003 | 727,556 |
| Operating supplies | 415,531 | 3,119 | 151 | 418,801 | 410,326 | 2,167 | - | 412,493 |
| Professional services | 1,266,165 | 349,123 | 143,845 | 1,759,133 | 1,191,837 | 337,382 | 242,245 | 1,771,464 |
| Other | 553,397 | 71,927 | 78,495 | 703,819 | 342,710 | 92,240 | 24,227 | 459,177 |
| Special event costs | 94,069 | 2,694 | 251,303 | 348,066 | 65,227 | 11,637 | 261,425 | 338,289 |
| Utilities and telephone | 887,994 | 28,623 | 10,527 | 927,144 | 721,557 | (9,044) | 4,167 | 716,680 |
| Total expenses before depreciation and Province allowance | 29,382,198 | 5,565,144 | 2,026,703 | 36,974,045 | 25,679,100 | 4,126,938 | 1,736,789 | 31,542,827 |
| Depreciation | 2,117,354 | 36,344 | 10,765 | 2,164,463 | 1,519,083 | 36,372 | 11,911 | 1,567,366 |
| Province allowance | - | 3,500,000 | - | 3,500,000 | - | - | - | - |
| Total expenses | <u>\$ 31,499,552</u> | <u>\$ 9,101,488</u> | <u>\$ 2,037,468</u> | <u>\$ 42,638,508</u> | <u>\$ 27,198,183</u> | <u>\$ 4,163,310</u> | <u>\$ 1,748,700</u> | <u>\$ 33,110,193</u> |

See notes to financial statements

St. Anthony Foundation

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Cash Flows From Operating Activities | | |
| Change in net assets | \$ 3,036,960 | \$ (471,569) |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation | 2,164,463 | 1,567,366 |
| Bad debt / provision for credit loss | 3,500,000 | 13,136 |
| Amortization of deferred revenue | (14,656) | (14,380) |
| Accrued interest added to other notes receivable | (117,166) | (117,167) |
| Net realized and unrealized gains on investments | (4,338,646) | (3,004,298) |
| Change in value of beneficial interest in charitable trusts | (16,651) | (6,821) |
| Contributions restricted for property and equipment | (3,750,000) | - |
| Changes in assets and liabilities: | | |
| Accounts receivable | 193,807 | (67,504) |
| Unconditional promises to give | (1,829,902) | 12,779,312 |
| Prepays, inventory and other current assets | 152,095 | (178,923) |
| Accounts payable and accrued expenses | 213,393 | (857,251) |
| Net cash flows from operating activities | <u>(806,303)</u> | <u>9,641,901</u> |
| Cash Flows From Investing Activities | | |
| Purchases of property and equipment | (16,531,960) | (650,052) |
| Proceeds from sale of investments | 18,890,995 | 11,266,548 |
| Purchase of investments | <u>(7,604,002)</u> | <u>(15,708,446)</u> |
| Net cash flows from investing activities | <u>(5,244,967)</u> | <u>(5,091,950)</u> |
| Cash Flows From Financing Activities | | |
| Payments on other liabilities | (44,688) | (44,688) |
| Collections of contributions restricted for property and equipment | <u>3,750,000</u> | <u>-</u> |
| Net cash flows from financing activities | <u>3,705,312</u> | <u>(44,688)</u> |
| Net change in cash and cash equivalents | (2,345,958) | 4,505,263 |
| Cash and Cash Equivalents, Beginning | <u>5,322,018</u> | <u>816,755</u> |
| Cash and Cash Equivalents, Ending | <u>\$ 2,976,060</u> | <u>\$ 5,322,018</u> |
| Supplemental Cash Flow Disclosures | | |
| Cash paid for interest | <u>\$ 4,750</u> | <u>\$ 4,750</u> |

See notes to financial statements

St. Anthony Foundation

Notes to Financial Statements
June 30, 2024 and 2023

1. Description of Operations

St. Anthony Foundation (the Foundation) is a nonprofit religious corporation, organized under the laws of the State of California by the Saint Barbara Province of the Order of Friars Minor (the Province). For 74 years, the Foundation has helped heal individuals and families by providing free, life-sustaining support. We provide essential resources as a gateway for those in need in San Francisco, empowering them to reclaim their dignity and progress toward stability through a whole-person approach. Our many programs include:

Dining Room serves an average of 1,700 hot, nourishing meals each day in a caring and respectful setting and is open 365 days a year. The Dining Room provides a foundation of stability in our guests' lives, helping them avoid isolation and stay in touch with the community. Guided by the Franciscan value of personalism, the Dining Room is a place where those who are hungry can eat together around a table, with dignity and respect.

Medical Clinic provides over 10,000 annual visits to adult and pediatric patients. A dedicated team of doctors, nurses and allied health professionals focuses on patients' well-being, with each treated with dignity and respect. The Clinic became a Federally Qualified Health Center Look-Alike (FQHC) in 2017 and is eligible to bill at an enhanced Prospective Payment System (PPS) rate. The clinic provides health care services in a holistic and collective approach with Behavior Health Services to approximately 2,500 pediatric and adult patients.

Fr. Alfred Center Recovery Program is a residential drug and alcohol rehabilitation program with 80 beds. Our year-long addiction recovery program provides a supportive environment. We help guests seek employment and housing as they transition to independent living during the course of their rehabilitation.

Resource Center annually connects approximately 1,900 homeless, low-income and working poor individuals and families to resources that can stabilize and improve their quality of life.

Free Clothing Program provides nearly 350,000 items of free, like-new clothing each year.

Hygiene Hub provides 11,000 free showers and 7,500 free loads of laundry annually.

Tenderloin Tech Lab provides free access to computers, printers and device charging. It specializes in adult computer and employment skills training, helping homeless and low-income clients each year in overcoming the barriers to employment and accessing technology.

Volunteer Services offers volunteer opportunities and informational sessions on issues of poverty and justice to more than 5,000 people a year visiting in over 12,000 shifts. These volunteers support the varied services addressing the root causes of poverty provided by the Foundation and are recruited from schools, churches and corporations throughout the Bay area.

Community Safety Services (CSS) maintains safety in and around the Foundation's programs and facilities, particularly on the 100 block of Golden Gate Avenue where most Foundation services are provided. In addition, CSS provides services and de-escalation training to other organizations in the Tenderloin and beyond. As of June 30, 2024 and 2023, CSS had sixteen and fourteen of these third party contracts, respectively.

Welcome Center provides a visible, inviting space on Golden Gate Avenue to engage our community members and connect them to available services at the Foundation and nearby organizations. In addition our trained navigators provide outreach to community members and connect them to available services by accompanying them to service sites with warm handoffs.

St. Anthony's Employment Pathway to Stability (STEPS) provides a pathway for men and women to reenter the workforce with the necessary skills and tools to navigate and succeed in the workplace. STEPS provides transitional employment, coaching and career development.

St. Anthony Foundation

Notes to Financial Statements
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Golden Gate Greenway oversees the road closure and outdoor programming outside the Foundation, ensuring safe guest access while enhancing the space through beautification, community engagement and essential services such as a weekly pop-up food pantry. The program also advocates and collaborates strategically with the city to improve public space activity, safety and cleanliness, while coordinating events, activations and long-term redesign plans for the area.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

These financial statements and related footnotes present the results of operations and the financial position of the Foundation comparatively for the years ended June 30, 2024 and 2023. The Foundation is required to report information regarding its financial position and activities in accordance with two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without Donor Restrictions

Those net assets and activities which represent the portion of expendable funds that are available to support the Foundation's operations. The Board of Directors may designate a portion of these net assets for specified purposes. These designations can be modified by the Board of Directors at any time. See Note 12 for further information on board designated net assets.

With Donor Restrictions

Those net assets and activities which are donor-restricted for (a) support for specific operating activities; (b) investment for a specified term; (c) use in a future period; (d) acquisition of long-lived assets; or (e) required to be retained in perpetuity by the Foundation as donor restricted endowments; once appropriated for distribution, funds will be available for general operations or specific programs as specified by the donor.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

In determining fair value, the Foundation use various valuation approaches. A hierarchy has been established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the the Foundation's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

St. Anthony Foundation

Notes to Financial Statements
June 30, 2024 and 2023

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 - Quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs (including quoted prices for similar instruments, interest rates, prepayment speeds, credit risk, etc.).

Level 3 - Significant unobservable inputs (including the Foundation's own assumptions in determining fair value instruments).

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents, with the exception of cash restricted for the endowment and other long-term purposes.

Accounts Receivable

Accounts receivable consist primarily of amounts due for services provided by the community safety services program and the medical clinic. During 2023, the Foundation assessed collectibility of amounts when recording the recognition of revenues. Accounts receivable were recorded at net realizable value when the amounts are due in accordance with contracts with customers. Accounts were written off through bad debt expenses when the Foundation has exhausted all collection efforts and determined accounts are impaired based on changes in credit worthiness.

During 2024, the Foundation recognizes accounts receivable at net realizable value when recording the recognition of revenues and an allowance for credit losses to present the net amount expected to be collected as of the statement of financial position date. Such an allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the statement of financial position date. Receivables are written off when the Foundation determines that such receivables are deemed uncollectible. The Foundation pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Foundation measures those receivables individually. The Foundation also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Foundation utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Foundation's historical loss experience. In determining its loss rates, the Foundation evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing receivables.

Property and Equipment

Property and equipment in excess of \$5,000 with an estimated useful life in excess of one year are recorded at cost and depreciated using the straight-line method over the assets' estimated useful lives, which range from 5 to 30 years. Maintenance and repairs are charged to expense as incurred, while major renewals and betterments are capitalized.

St. Anthony Foundation

Notes to Financial Statements
June 30, 2024 and 2023

The Foundation has recorded a liability for the conditional asset retirement obligation related to encapsulated asbestos removal in a building, in accordance with authoritative guidance. A liability of \$100,000 was recorded at June 30, 2024 and 2023.

Impairment of Long-Lived Assets

The Foundation regularly evaluates its long-lived assets for indicators of possible impairment. Should impairment exist, the impairment loss would be measured based on the excess carrying value of the asset over the asset's fair value. No impairment losses were recognized for the years ended June 30, 2024 and 2023.

Investments

Investments are stated at fair value. The Foundation has engaged professional investment advisors to manage its portfolio. The Board of Directors has provided the firms with guidelines consistent with a socially responsible prudent investment policy and the conservative nature of the Foundation. Gains and losses that result from market fluctuations are recognized in the period in which such fluctuation occurs.

Investments that are subject to Board of Directors' designations or are endowments with donor restrictions are classified as other assets. The Foundation has multiple endowment funds that are pooled for investment purposes in several investment accounts.

Donated securities are sold immediately upon receipt. The value of donated securities is recorded as the average of the high and low market price on the date of transfer. Donated securities of privately held stock are valued at the most current appraisal value available and are liquidated as soon as possible.

Restricted Land

Restricted land consists of property valued at cost and held for use by Mercy Housing California (Mercy Housing) that was transferred out of property and equipment (see Note 4). If the fair value of the land is determined to be below the cost, management may deem it necessary to reduce the carrying amount of the land to market or to provide an allowance for decline in market value. No material declines occurred during the years ended June 30, 2024 and 2023.

Notes Receivable

Notes receivable are recorded at cost, less the related allowance for receivable losses. A periodic review of the receivable portfolio is made to determine the estimated net realizable value of the related notes receivable. The loss reserve is maintained at a level believed adequate by management to absorb potential losses in the notes receivable. The adequacy of the reserve is based on an evaluation of the portfolio, past note receivable loss experience, current economic conditions and other relevant factors. Any adjustment to the allowance for losses is shown as a component of program expenses. Management has determined that no loss reserve was necessary at June 30, 2023.

St. Anthony Foundation

Notes to Financial Statements
June 30, 2024 and 2023

On July 1, 2023, the Foundation adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, using the modified retrospective basis. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. The CECL methodology utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. The Foundation has not restated comparative information for the prior year(s) and, therefore, the comparative information for 2023 is reported under the old model and is not comparable to the information presented for 2024. At adoption, no adjustment to the allowance for credit losses on its accounts receivable or loans receivables was necessary.

During 2024, the Foundation recognized an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the notes receivable (contractual term) and is based on expectations as of the statement of financial position date.

Assets are written-off when the Foundation has determined that such financial assets are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written-off, not to exceed the aggregate of the amount previously written-off, are included in determining the necessary reserve at the statement of financial position date.

The Foundation utilizes a loss rate approach in determining its lifetime expected credit losses on its notes receivable. This method is used for calculating an estimate of losses based primarily on the Foundation's historical loss experience. In determining its loss rates, the Foundation evaluates the information related to its historical losses, adjusted for current conditions and further adjusted for a period of time that can reasonably be forecasted, and the weighted average of loan maturities.

Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all of the following: the borrower's creditworthiness, changes in lending policy and procedures, changes in nature and volume of the notes receivable and in the terms of notes, existence and effect of any concentration of credit and changes in the level of such concentrations, effect of other external forces such as competition, legal and regulatory requirements on the level of estimated credit losses, and the current and forecasted direction of the economic environment.

On October 1, 2020, the Foundation made a \$3,500,000 unsecured loan to Franciscan Friars of California, Inc. (FFCI) evidenced by a promissory note (Promissory Note). Under the Promissory Note, FFCI was required to make quarterly interest payments from December 31, 2020 until September 2025 at a fixed annual rate of 3.50% for five years, with the principal due on or before the September 30, 2025 maturity date. The Foundation funded this loan by drawing from Foundation reserves. In December 2023, FFCI filed a Chapter 11 bankruptcy petition in the Northern District of California, Case No. 23-41723. Since its Chapter 11 filing, FFCI has failed to make the ongoing quarterly interest payments, and the bankruptcy filing has impaired its ability to make those scheduled interest payments. Given, among other things, third parties' collective pending claims against FFCI, the bankruptcy filing may impair if not prevent FFCI's ability to make the principal payment as well. Therefore, it is believed that the loan may be uncollectible in the future.

The allowance for credit losses for loans receivable is as follows:

| | |
|---------------------------------|---------------------|
| Beginning balance, July 1, 2023 | \$ - |
| Provisions for credit losses | <u>3,500,000</u> |
| Ending balance, June 30, 2024 | <u>\$ 3,500,000</u> |

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Deferred Revenue

Deferred revenue includes the value of the lease agreement for the land at 350 Golden Gate Avenue which has been leased to Mercy Housing for 55 years (see Note 4).

Endowments

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted California's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result, the Foundation classifies as net assets with donor restrictions (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts donated to the endowment and (3) additions to the endowment in accordance with donor directions. Earnings from endowment investments available for appropriation are reported as net assets with donor restrictions until appropriated for expenditure by the Board.

The Foundation includes in its endowment gifts received from donors cash and cash equivalents, investments and beneficial interest in perpetual trusts. The Foundation's endowment excludes unconditional promises to give.

Spending Policy

In accordance with the State of California's enacted version of UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the endowment funds
- (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 Foundation
- (7) The investment policies of the Foundation

The spending rate is set each year as part of the annual budget process for the subsequent fiscal year. Appropriations made from the endowment were for \$2,221,003 and \$0 for the years ended June 30, 2024 and 2023, respectively.

Investment Policy, Strategies and Objectives

The Foundation has adopted investment and spending policies for endowment assets that attempt to maximize total return consistent with an acceptable level of risk, and to provide a predictable stream of funding to programs supported by its endowment. Under this Board approved policy, the endowment assets are invested in a manner that is intended to produce results that meet or exceed the market index, or blended market index, selected and agreed upon by the Finance Committee that most closely corresponds to the style of investment management while assuming a moderate level of investment risk.

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To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Foundation targets a diversified asset allocation to achieve its long-term objectives within prudent risk constraints. Aggregate Foundation asset allocation guidelines (at fair value) are:

| Asset Class | Minimum | Maximum |
|---------------------------|----------------|----------------|
| All equities | 20% | 80% |
| Fixed income | 20 | 80 |
| Cash and cash equivalents | 0 | 20 |

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of June 30, 2023, the fair value of the assets for five donors managed by one advisor had fallen below the original gift value, collectively, by a total of \$37,750. There were no funds below the original gift value at June 30, 2024.

Revenue Recognition

Rent and Property Management

Facility rental income is recognized once the related event has occurred or ratably over the period of the rental agreement.

Programs and Activities

Revenue results from the sale of services under contracts with customers to provide community safety services and medical center services. Revenue under contracts with customers is recognized when the customer obtains control of the service and is recognized to depict the transfer of promised services in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those services.

A performance obligation is a distinct good, service or a bundle of services promised in a contract. The Foundation identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to appropriately depict the Foundation's performance in transferring control of the promised services to the customer.

Community safety services are performed by the Foundation for customers based on the nature of services included in the individual contracts. The contracts establish a rate per hour to be billed by the Foundation, which is billed after services are provided and typically collected within 56 days of invoicing. The performance obligation for client safety services is met as services are rendered and revenue is recognized over time as the customer both receives and consumes the benefit of performance. During 2024 and 2023, approximately \$2,813,000 and \$2,470,000 of community safety service revenue was recognized within programs and activities on the statements of activities, respectively.

Medical clinic services are performed by the Foundation based on the needs of patients being serviced and billed based on rates established in contracts with third party payors. Collection of amounts billed typically occurs within 60 days of invoicing. The performance obligation for medical center services is met at the point in time that the service is performed. During 2024 and 2023, approximately \$3,040,000 and \$2,260,000 of medical clinic revenue was recognized within programs and activities on the statements of activities, respectively.

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Below is the opening and closing balances of accounts receivable that relate to contracts with customers:

| | <u>July 1, 2022</u> | <u>June 30, 2023</u> | <u>June 30, 2024</u> |
|---------------------------|---------------------|----------------------|----------------------|
| Community safety services | \$ 420,000 | \$ 400,000 | \$ 490,892 |
| Medical clinic | 64,000 | 50,000 | 25,983 |

The Foundation determines the transaction price based on managed care plan payments rates established within their contract. These rates are subject to retrospective review that can result in adjustments to the rates used. During 2022, results from a retrospective review of services performed during 2017 and 2018 by the Department of Healthcare Services (DHCS) was communicated to the Foundation. This review resulted in a retrospective reduction of the managed care plan payment rates. Based on this information, the Foundation estimated the impact of the rate change to all services provided between 2017 and 2022, and reduced revenue in 2022 by approximately \$980,000 to account for this variable rate change. During 2023, the DHCS review for the years 2017-2018 was completed. The final settlement, which was lower than the preliminary settlement available in 2022, was paid during 2023 and those years are now closed. As a result of the reduced final settlements for the 2017-2018 reviews, the reserve against potential repayment for 2019-2022 was reduced in 2023 to approximately \$412,000, which increased revenue by approximately \$430,000 during 2023. During 2024, payments totaling approximately \$265,000 were made to close out the 2019-2022 reviews and the remaining reserve of approximately \$148,000 was recognized as revenue during 2024.

Contributions and Promises to Give

Unconditional contributions, including unconditional promises to give, are recognized as contributions in the period received. Conditional promises, are not recognized until the conditions have been met. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time and/or purpose restrictions. If a donor restriction is fulfilled in the same period in which the contribution is received, the Foundation reports the contribution as without donor restrictions. Absent any donor stipulations, contributions of property and equipment or assets restricted to the purchase of property and equipment are recognized as with donor restrictions until the property is placed into service, at which time the assets are released from restriction. Unconditional promises to give are initially recorded at fair value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, determined using a fair value measurement that is the risk-free interest rate applicable for the year in which the promises are received, plus an additional risk premium factor. As of June 30, 2024, there were no conditional promises to give outstanding. As of June 30, 2024 and 2023, unconditional promises to give are shown net of an allowance for doubtful accounts and present value discount of \$151,288 and \$186,619, respectively.

Bequests and Beneficial Interests in Charitable Trusts

The Foundation is occasionally notified by donors or the trustees of their estates that they have been named as a beneficiary in their wills. The Foundation recognizes these gifts as receivables and contributions if they are irrevocable, unconditional and measurable. If a gift does not meet these criteria it is not recognized as contribution revenue until the will is declared valid and subject to final distribution. At that time, the Foundation recognizes the contribution at fair value, net of a discount for likely fees and taxes, based on historical experience.

The Foundation was notified during 2016 that it was a beneficiary of a fund established at a community foundation. The total assets of the fund were approximately \$14,500,000 at June 30, 2024 and 2023. The Foundation's portion of the fund's income was 50%. The community foundation has variance power over the fund. Revenue is recognized by the Foundation as payments are received from the community foundation.

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The Foundation is also named as the beneficiary of several split-interest agreements, such as charitable remainder and perpetual trusts. By organizational policy, the Foundation does not serve as trustee for any split-interest agreements. The Foundation records its beneficial interests in charitable trusts upon meeting the same criteria as described in the previous paragraphs. Beneficial interests are recorded at an estimated present value, using estimated discount rates, rates of investment return, trust distribution percentages and life expectancies. For perpetual trusts where income distributions are free of any limitations on the timing, and/or amounts being distributed, the Foundation records fair value based on the fair value of assets held in the trust. Changes in the value of beneficial interest in charitable trusts are recorded as a nonoperating item, change in value of beneficial interest in charitable trusts, in the statements of activities.

In-Kind Contributions

The Foundation records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are reflected as contributions at their estimated fair value at the date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. The Foundation receives food donations, which are valued at a per pound rate determined annually by the San Francisco-Marín Food Bank. Donations for the Free Clothing program are valued at the time the items are distributed to clients because over 50% of donations received are not usable by the program.

The Foundation utilizes the in-kind contributions received within programs to assist those in need. There are no donor-imposed restrictions noted on any in-kind contributions received.

The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses. In-kind contributions consisted of the following during the years ended June 30:

| | <u>2024</u> | <u>2023</u> |
|-----------------------------|---------------------|---------------------|
| Clothing and housewares | \$ 2,024,456 | \$ 1,656,030 |
| Food | <u>493,280</u> | <u>582,535</u> |
| Total in-kind contributions | <u>\$ 2,517,736</u> | <u>\$ 2,238,565</u> |

The services of volunteers, while significant in value, do not meet the criteria for financial statement recognition and, accordingly, are not recorded in these financial statements.

Functional Expenses

The costs of the Foundation's various activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Expenses are directly charged when identifiable. Expenses are allocated to program and supporting services based on the purpose of each expenditure, services provided for each program and the respective usage of the Foundation's assets. Expenses such as depreciation, utilities, insurance, custodial, maintenance/repair and technology are directly charged whenever possible, or otherwise allocated to their various functional categories based on their representative square footage use of space by each function.

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Notes to Financial Statements
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Measure of Operations

The Foundation's measure of operations is its changes in net assets from operating activities, which include all operating revenues and expenses that are an integral part of its programs and supporting activities. Contributions and releases from donor restrictions to support its operating activities are also included. The measure of operations excludes changes in the value of beneficial interest in charitable trusts and nonrecurring activities, such as non-operating investment returns.

Income Taxes

The Foundation is exempt from federal income tax under Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code and Section 23701k of the California Revenue and Taxation Code as set forth in the Roman Catholic Church's annual group ruling received from the Internal Revenue Service (IRS). However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income.

The Foundation recognizes interest and penalties accrued related to unrecognized tax benefits in management and general expenses on the statements of activities. No interest and penalties have been accrued as of June 30, 2024 or 2023.

The Foundation follows the guidance for uncertain tax positions. Management has concluded there are no uncertain tax positions at June 30, 2024 or 2023.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Availability of Financial Assets

The following reflects the Foundation's financial assets reduced by amounts not available for general use within one year of the statement of financial position date.

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 2,976,060 | \$ 5,322,018 |
| Accounts receivable | 528,843 | 722,650 |
| Unconditional promises to give, net | 3,454,656 | 1,624,754 |
| Investments | <u>35,269,375</u> | <u>42,217,722</u> |
| Total financial assets | 42,228,934 | 49,887,144 |
| Less those unavailable for general expenditure: | | |
| Board designated net assets, included in financial assets above | (11,331,041) | (19,399,767) |
| Net assets with donor restrictions | <u>(29,974,915)</u> | <u>(28,181,867)</u> |
| Financial assets available to meet cash needs for general use within one year | <u>\$ 922,978</u> | <u>\$ 2,305,510</u> |

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Notes to Financial Statements
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As part of the Foundation's liquidity management, it has an ongoing practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Limits on the Board designated funds can be removed at any time by the Board of Directors and used to support operations.

4. Ownership Transfer of Madonna Senior Residence

In July 2010, the Board of Directors approved a three-year strategic plan for the Foundation. The heart of the plan sought to focus the Foundation's program services so as to provide for basic needs as a gateway for the poor in San Francisco to reclaim their sense of dignity and progress toward stability. One of the key programmatic changes included in the plan was to focus the Foundation's housing program on rental assistance and referrals and to relinquish ownership of the Madonna Senior Residence program.

Toward that end, the Foundation entered into an agreement with Mercy Housing to sell them the assets and improvements at 350 Golden Gate Avenue. The Foundation and Mercy Housing also signed a 99-year ground lease for the land for a lump sum payment of \$1,134,372, which was payable pursuant to a promissory note. The Foundation retains the right to terminate the ground lease and repurchase the improvements at any time after 55 years of the lease. After 99 years, the improvements will revert to the Foundation at no cost to the Foundation. The resulting note receivable (for the purchase price and lease payments) and deferred revenue (for the lease payments) are shown in the accompanying statements of financial position as of June 30, 2024 and 2023.

5. Unconditional Promises to Give

Net unconditional promises to give consist of the following as of June 30:

| | <u>2024</u> | <u>2023</u> |
|--------------------|---------------------|---------------------|
| General operations | \$ 2,847,656 | \$ 1,529,754 |
| Donor restricted: | | |
| Dining room | 365,000 | 95,000 |
| Other programs | 242,000 | - |
| | <u>\$ 3,454,656</u> | <u>\$ 1,624,754</u> |

At June 30, scheduled unconditional promises to give are due as follows:

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Receivable in less than one year | \$ 2,745,693 | \$ 1,003,455 |
| Receivable in one to five years | 860,251 | 807,918 |
| | 3,605,944 | 1,811,373 |
| Less discount to net present value and allowance for doubtful accounts | <u>(151,288)</u> | <u>(186,619)</u> |
| | <u>\$ 3,454,656</u> | <u>\$ 1,624,754</u> |

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Notes to Financial Statements
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6. Property and Equipment

Property and equipment consist of the following at June 30:

| | <u>2024</u> | <u>2023</u> |
|---------------------------------|----------------------|----------------------|
| Land and buildings | \$ 56,259,970 | \$ 40,212,829 |
| Building improvements | 7,780,771 | 7,723,958 |
| Machinery and equipment | 1,637,112 | 1,573,528 |
| Furniture and fixtures | 607,191 | 569,033 |
| Vehicles | 275,354 | 269,304 |
| Computer equipment and software | 1,181,276 | 994,614 |
| Capital lease | 246,849 | 246,849 |
| Construction in progress | 144,051 | 10,500 |
| | <u>68,132,574</u> | <u>51,600,615</u> |
| Less accumulated depreciation | <u>(23,990,980)</u> | <u>(21,826,518)</u> |
| Net property and equipment | <u>\$ 44,141,594</u> | <u>\$ 29,774,097</u> |

Depreciation expense for the years ended June 30, 2024 and 2023 was \$2,164,463 and \$1,567,366, respectively.

7. Investment Return

The following summarizes the investment return for the years ended June 30, 2024 and 2023 and its classification in the statements of activities.

| | <u>2024</u> | <u>2023</u> |
|---|---------------------|---------------------|
| Interest and dividends | \$ 1,072,412 | \$ 1,017,534 |
| Net realized gain on sales of investments | 2,220,969 | 136,139 |
| Net unrealized gain on investments | 2,117,677 | 2,868,159 |
| Investment management fees | <u>(303,770)</u> | <u>(253,349)</u> |
| Investment income, net | <u>\$ 5,107,288</u> | <u>\$ 3,768,483</u> |
| Operating income without donor restrictions | \$ 1,285,909 | \$ 2,512,585 |
| Nonoperating and with donor restrictions income | <u>3,821,379</u> | <u>1,255,898</u> |
| Investment income, net | <u>\$ 5,107,288</u> | <u>\$ 3,768,483</u> |

St. Anthony Foundation

Notes to Financial Statements
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8. Fair Value Measurements

The following table summarizes the valuation of the Foundation's assets measured at fair value on a recurring basis and cost plus accrued interest to assist in the reconciliation to the statements of financial position at June 30:

| | 2024 | | | Total |
|--|---------------|---------|------------|---------------|
| | Level 1 | Level 2 | Level 3 | |
| Assets: | | | | |
| Beneficial interest in charitable trusts | \$ - | \$ - | \$ 625,934 | \$ 625,934 |
| Investments: | | | | |
| Publicly traded stocks | \$ 21,637,210 | \$ - | \$ - | \$ 21,637,210 |
| Publicly traded debt | 12,687,799 | - | - | 12,687,799 |
| Total investments measured at fair value | \$ 34,325,009 | \$ - | \$ - | 34,325,009 |
| Cash equivalents | | | | 944,366 |
| Total investments | | | | \$ 35,269,375 |
| | 2023 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | |
| Beneficial interest in charitable trusts | \$ - | \$ - | \$ 609,283 | \$ 609,283 |
| Investments: | | | | |
| Publicly traded stocks | \$ 10,604,374 | \$ - | \$ - | \$ 10,604,374 |
| Publicly traded debt | 30,933,868 | - | - | 30,933,868 |
| Total investments measured at fair value | \$ 41,538,242 | \$ - | \$ - | 41,538,242 |
| Cash equivalents | | | | 679,480 |
| Total investments | | | | \$ 42,217,722 |

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Beneficial interests in charitable trusts are determined by using an income approach, which factors in estimated discount rates, rates of investment return, trust distribution percentages and life expectancies, which are based on management's estimates.

St. Anthony Foundation

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The following table describes the valuation techniques used for recurring fair value measurements for assets in Level 3 of the fair value hierarchy:

| Quantitative Information about Level 3 Fair Value Measurements | | | | | |
|---|--|--|---------------------------------|--|---|
| | Fair Value at June 30, 2024 | Fair Value at June 30, 2023 | Valuation Techniques | Unobservable Inputs | Range (Weighted Average) |
| | | | | Discount rates | 5.8%-8.6% (6.3%) |
| | | | | Actuarial lives factor | 43.3%-60.4% (57.6%) |
| Beneficial interest in charitable trusts | \$ 177,029 | \$ 160,378 | Discounted cash flows | Expected rates of investment return | 5.8%-8.6% (6.3%) |
| Beneficial interest in perpetual trusts | <u>448,905</u> | <u>448,905</u> | Fair value of trust assets | Securities held by third party | Not applicable |
| | <u>\$ 625,934</u> | <u>\$ 609,283</u> | | | |

There were no transfers to or from the beneficial interests and the Foundation during 2024 and 2023.

9. Beneficial Interest in Charitable Trusts

As of June 30, 2024 and 2023, the Foundation had beneficial interests in charitable trusts of \$625,934 and \$609,283, respectively, which consist of charitable remainder trusts and perpetual trusts. Beneficial interests in charitable remainder trusts and gift annuities that are to be collected beyond one year have been valued using a discounted cash flows method, based on a 5.8% - 8.6% discount rate (see Note 8).

St. Anthony Foundation

Notes to Financial Statements
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10. Notes Receivable

Notes receivable consisted of the following at June 30:

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|----------------------|
| The Foundation sold the improvements at 350 Golden Gate Avenue and entered into a ground lease for the land with Mercy Housing in December 2011. The Foundation issued a note receivable to Mercy Housing in the amount of \$6,134,371, with simple interest at a rate of 1.9% per annum. Interest accruals are to be added to the note receivable amount, with the total amount due in one lump sum payment on December 31, 2068. The note is secured by a deed of trust on the property. The City of San Francisco has primary security on the deed of trust in the amount of \$3,000,000. Total interest accrued at June 30, 2024 and 2023 was \$1,464,583 and \$1,230,250, respectively. | \$ 7,598,954 | \$ 7,481,788 |
| On September 30, 2020, the Foundation made a five year, \$3,500,000 loan to Franciscan Friars of California, a ministry of the Province. This loan is interest only at a fixed annual rate of 3.50%, payable quarterly, and it is considered a program-related investment by the Foundation. Principal is due at maturity, and the loan may be extended at maturity by mutual agreement of the parties. The loan is secured by the Serra Retreat property, which is owned and controlled by the Province. During 2024, this loan was allowed for in full by the Foundation. | - | 3,500,000 |
| Total | <u>\$ 7,598,954</u> | <u>\$ 10,981,788</u> |

11. Defined Contribution Pension Plan

The Foundation maintained a money purchase pension plan until April 2009. On April 1, 2009, this plan was frozen and the Foundation initiated a 403(b) plan for all eligible employees. The Foundation contributes 8% of participating employee compensation to the plan for all eligible employees hired before April 1, 2009. The Foundation contributes 5% of participating employee compensation to the plan for all eligible employees hired since April 1, 2009. Contributions of \$694,377 and \$649,368 were made to the 403(b) plan during the years ended June 30, 2024 and 2023, respectively.

12. Net Assets

The Foundation's Board of Directors has chosen to place the following limitations on net assets without donor restrictions:

Board Designated, Cash Flow Reserve Fund

To manage cash flow timing fluctuations that occur when budgeted revenue receipts do not match up to budgeted expense payments. Also, to be available upon Director approval for instances when expenses exceed budget expectations, or when revenues are below budget expectations, within a budget year.

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Notes to Financial Statements
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Board Designated, Disaster Reserve

To provide a resource in the event of a major disaster (earthquake, fire, etc.) that results in the shutting down of operations and damage to program and/or administrative facilities and operations for more than a few days.

Board Designated, Capital Maintenance

To provide funding for the Foundation's major capital maintenance and improvements, including new capital projects, for existing owned facilities. This fund is not intended for new projects for facilities not currently owned by the Foundation or capital campaigns.

Board Designated, Budget Deficit

To provide risk mitigation of asset depletion due to budget deficit spending. The Foundation revenues are not necessarily consistent year to year and as such, budgets could be established with a deficit outcome. To help mitigate the risk of asset depletion, this reserve will be established each fiscal year when the approved annual budget results in a deficit balance.

Board Designated, Opportunity Fund

This fund represents the remaining reserve balance after all other reserve funds have been fully funded based on their definition. Periodically, the Board may review the balance within the opportunity fund for evaluation of use to service the various objectives of the Foundation. This could include, but is not limited to, funding a one-time non-budgeted expense, increasing other reserve balances to mitigate additional financial risk, or defer a decision around the deployment until a later date as opportunities are evaluated. The Board can subsequently vote to make recommendations to the Trustees on when and how to leverage these funds to service the objectives of the Foundation.

Net assets without donor restrictions are available for the following purposes as of June 30:

| | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| Designated, cash flow reserve | \$ 8,207,845 | \$ 7,589,819 |
| Designated, disaster reserve | - | 7,267,082 |
| Designated, capital maintenance | 3,034,057 | 3,074,857 |
| Designated, budget deficit | - | 1,076,603 |
| Designated, opportunity fund | 89,139 | 391,406 |
| Designated property and equipment, net of related assets and liabilities | 44,141,594 | 29,774,097 |
| Undesignated Mercy note receivable, net of deferred revenue | 6,629,513 | 6,497,691 |
| Undesignated | <u>1,065,315</u> | <u>6,251,996</u> |
| Net assets without donor restrictions | <u>\$ 63,167,463</u> | <u>\$ 61,923,551</u> |

In October 2024, the Foundation purchased a building for approximately \$16,000,000 to expand the capacity to serve women and children with additional program services. The purchase was funded from the Foundation's board designated funds (disaster reserve and budget deficit) and undesignated reserves.

Undesignated balances related to the sale of assets and improvements at 350 Golden Gate Avenue at June 30, 2024 include a note receivable of \$7,598,954 and \$7,481,788 less related deferred revenue of \$969,441 and \$984,097, respectively.

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Net assets with donor restrictions consist of the following at June 30:

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Purpose: | | |
| Dining room | \$ 365,000 | \$ 95,000 |
| Other | 1,736,241 | 3,030,955 |
| Time: | | |
| Future periods | 2,847,655 | 1,529,754 |
| Unappropriated endowment earnings | 3,933,077 | 3,151,822 |
| Beneficial interests in charitable trusts | 177,029 | 160,378 |
| Held in perpetuity: | | |
| General operations | 6,555,063 | 6,376,090 |
| Dining room, income but no net appreciation | 4,719,282 | 4,719,282 |
| Dining room, income and net appreciation | 625,375 | 625,375 |
| General operations, income but no net appreciation | 8,016,193 | 7,493,211 |
| General operations, up to 5% of income and appreciation | <u>1,000,000</u> | <u>1,000,000</u> |
| Total | <u>\$ 29,974,915</u> | <u>\$ 28,181,867</u> |

Net assets released from donor restrictions by incurring expenses satisfying the restrictions specified by donors for the years ended June 30, 2024 and 2023 were as follows:

| | <u>2024</u> | <u>2023</u> |
|---------------------------------------|---------------------|----------------------|
| Operating: | | |
| Dining room | \$ 95,000 | \$ 1,483,333 |
| General operations and future periods | 3,084,128 | 12,962,151 |
| Other | <u>1,564,214</u> | <u>497,765</u> |
| Total | <u>\$ 4,743,342</u> | <u>\$ 14,943,249</u> |

The Foundation's endowment consists of 14 individual funds established for a variety of purposes. The endowment includes only donor-restricted endowments.

Endowment net asset composition by type of fund as of June 30, 2024 and 2023 is as follows:

| | <u>2024</u> | | |
|------------------|--------------------------------|-------------------------|----------------------|
| | <u>With Donor Restrictions</u> | | |
| | <u>Original Gift</u> | <u>Accumulated Gain</u> | <u>Total</u> |
| Donor-restricted | <u>\$ 20,915,913</u> | <u>\$ 3,933,077</u> | <u>\$ 24,848,990</u> |
| | | | |
| | <u>2023</u> | | |
| | <u>With Donor Restrictions</u> | | |
| | <u>Original Gift</u> | <u>Accumulated Gain</u> | <u>Total</u> |
| Donor-restricted | <u>\$ 20,213,958</u> | <u>\$ 3,151,822</u> | <u>\$ 23,365,780</u> |

St. Anthony Foundation

Notes to Financial Statements
June 30, 2024 and 2023

Changes in endowment net assets as of June 30, 2024 and 2023 is as follows:

| | 2024 | | |
|---|-------------------------|---------------------|----------------------|
| | With Donor Restrictions | | |
| | Original Gift | Accumulated Gain | Total |
| Endowment net assets, beginning of year | \$ 20,213,958 | \$ 3,151,822 | \$ 23,365,780 |
| Donor restricted: | | | |
| Investment gain, net | 701,955 | 3,002,258 | 3,704,213 |
| Appropriations | - | (2,221,003) | (2,221,003) |
| Endowment net assets, end of year | <u>\$ 20,915,913</u> | <u>\$ 3,933,077</u> | <u>\$ 24,848,990</u> |
| | 2023 | | |
| | With Donor Restrictions | | |
| | Original Gift | Accumulated Gain | Total |
| Endowment net assets, beginning of year | \$ 20,206,389 | \$ 2,020,659 | \$ 22,227,048 |
| Donor restricted: | | | |
| Investment gain, net | 7,569 | 1,131,163 | 1,138,732 |
| Endowment net assets, end of year | <u>\$ 20,213,958</u> | <u>\$ 3,151,822</u> | <u>\$ 23,365,780</u> |

13. Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to credit risk consist primarily of cash and cash equivalents, accounts receivable, unconditional promises to give and investments. The Foundation maintains cash and cash equivalents with four major financial institutions. Balances may periodically exceed Federal deposit insurance limits.

The Foundation credit risk is inherent principally in its investments. Adverse economic conditions either nationwide or internationally may result in a reduction of the investments carrying amount. The maximum loss on the investments would be the carrying amount in the financial statements, less amounts insured by the Securities Investor Protection Corporation (SIPC). Balances may periodically exceed SIPC limits.

Approximately 64% and 81% of unconditional promises to give were due from four and two donors as of June 30, 2024 and 2023, respectively.

14. Litigation

Occasionally, the Foundation is involved in legal actions arising from normal business activities. Management, upon advice of legal counsel handling such actions, believes that the ultimate resolution of any such actions will not have a material adverse effect on the financial position or change in net assets.

15. Subsequent Events

The Foundation evaluated subsequent events for recognition and disclosure through February 13, 2025, the date which these financial statements were approved and available to be issued.

St. Anthony Foundation

Schedule of Program Services

Year Ended June 30, 2024

| | Dining Room | Community Safety Services | Medical Clinic | Father Alfred Center Program | Clothing & Hygiene | Resource Center Program | Technology Lab | Volunteer Services and Other Programs | Total |
|---|---------------------|---------------------------------|---------------------|------------------------------------|-----------------------|-------------------------------|-------------------|--|----------------------|
| Payroll and employee benefits | \$ 2,687,831 | \$ 4,047,823 | \$ 3,792,943 | \$ 2,011,263 | \$ 1,250,930 | \$ 566,627 | \$ 287,945 | \$ 5,209,138 | \$ 19,854,500 |
| In-kind | 479,884 | - | - | 6,599 | 2,024,457 | 6,796 | - | - | 2,517,736 |
| Charity grants | - | - | - | - | - | 29,620 | - | 800,460 | 830,080 |
| Food | 642,982 | 86 | 3 | 203,378 | - | 29,253 | - | 2,757 | 878,459 |
| Insurance and property taxes | 61,291 | 1,823 | 31,830 | 55,524 | 22,655 | 7,835 | 7,292 | 408,350 | 596,600 |
| Special events | - | - | 288 | - | - | - | - | 93,781 | 94,069 |
| Maintenance and repairs | 81,506 | 424 | 1,281 | 57,252 | 1,256 | - | 33 | 426,251 | 568,003 |
| Office | 7,818 | 2,559 | 517,056 | 14,682 | 4,410 | 349 | 5,534 | 367,256 | 919,664 |
| Operating supplies | 191,880 | 62,596 | 71,945 | 32,331 | 14,348 | 1,121 | 65 | 41,245 | 415,531 |
| Professional services | - | - | 911,750 | 65,874 | 7,975 | - | - | 280,566 | 1,266,165 |
| Other | 9,359 | 9,911 | 50,372 | 33,978 | 179,752 | 1,024 | 10,065 | 258,936 | 553,397 |
| Utilities and telephone | 224,636 | 30,196 | 92,511 | 157,767 | 56,504 | 16,497 | 28,680 | 281,203 | 887,994 |
| Total expenses before depreciation and Province allowance | 4,387,187 | 4,155,418 | 5,469,979 | 2,638,648 | 3,562,287 | 659,122 | 339,614 | 8,169,943 | 29,382,198 |
| Depreciation | 365,968 | 11,090 | 169,849 | 293,385 | 134,279 | 46,780 | 43,538 | 1,052,465 | 2,117,354 |
| Total | <u>\$ 4,753,155</u> | <u>\$ 4,166,508</u> | <u>\$ 5,639,828</u> | <u>\$ 2,932,033</u> | <u>\$ 3,696,566</u> | <u>\$ 705,902</u> | <u>\$ 383,152</u> | <u>\$ 9,222,408</u> | <u>\$ 31,499,552</u> |

St. Anthony Foundation

Schedule of Program Services
Year Ended June 30, 2023

| | Dining Room | Community Safety Services | Medical Clinic | Father Alfred Center Program | Resource Center Program | Free Clothing Program | Technology Lab | Volunteer Services and Other Programs | Total |
|------------------------------------|---------------------|---------------------------------|---------------------|------------------------------------|-------------------------------|-----------------------------|-------------------|--|----------------------|
| Payroll and employee benefits | \$ 2,654,037 | \$ 3,914,014 | \$ 3,720,668 | \$ 1,873,460 | \$ 1,097,097 | \$ 500,995 | \$ 289,073 | \$ 4,204,568 | \$ 18,253,912 |
| In-kind | 571,556 | - | - | 10,979 | 1,656,030 | - | - | - | 2,238,565 |
| Charity grants | - | - | - | - | - | 22,876 | - | 400,610 | 423,486 |
| Food | 661,373 | - | - | 177,469 | - | 24,984 | 109 | (987) | 862,948 |
| Insurance and property taxes | 90,101 | 1,766 | 42,165 | 53,685 | 32,450 | 11,507 | 7,060 | 121,966 | 360,700 |
| Special events | - | 54 | - | - | 3,297 | - | - | 61,876 | 65,227 |
| Maintenance and repairs | 74,622 | 778 | (203) | 71,923 | 656 | - | - | 385,758 | 533,534 |
| Office | 6,229 | 2,503 | 50,388 | 12,150 | 2,012 | 429 | 9,392 | 191,195 | 274,298 |
| Operating supplies | 224,110 | 38,142 | 59,953 | 43,852 | 11,149 | 774 | 204 | 32,142 | 410,326 |
| Professional services | - | 6,801 | 661,072 | 23,242 | 4,255 | - | - | 496,467 | 1,191,837 |
| Other | 7,932 | (17,269) | 20,532 | 36,285 | 147,638 | 1,066 | 23,808 | 122,718 | 342,710 |
| Utilities and telephone | 229,117 | 6,607 | 47,886 | 148,609 | 49,406 | 15,396 | 14,113 | 210,423 | 721,557 |
| Total expenses before depreciation | 4,519,077 | 3,953,396 | 4,602,461 | 2,451,654 | 3,003,990 | 578,027 | 343,759 | 6,226,736 | 25,679,100 |
| Depreciation | 340,308 | 11,152 | 153,620 | 132,581 | 122,671 | 44,637 | 45,962 | 668,152 | 1,519,083 |
| Total | <u>\$ 4,859,385</u> | <u>\$ 3,964,548</u> | <u>\$ 4,756,081</u> | <u>\$ 2,584,235</u> | <u>\$ 3,126,661</u> | <u>\$ 622,664</u> | <u>\$ 389,721</u> | <u>\$ 6,894,888</u> | <u>\$ 27,198,183</u> |