Sunlight Giving
Financial Statements
December 31, 2023

Frank, Rimerman + Co. LLP

Board of Directors
Sunlight Giving
Palo Alto, California

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Sunlight Giving (the Foundation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and change in net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *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 audit. We believe 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 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 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 the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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.

Frank, Rimerman & Co. LLP

San Jose, California
October 30, 2024

Sunlight Giving
Statement of Financial Position
December 31, 2023

ASSETS	
Cash and Cash Equivalents	$ 3,179,699
Investment Income Receivable	455,753
Investments	467,004,820
Prepaid Expenses and Other Assets	580,705
Total assets	$ 471,220,977
LIABILITIES AND NET ASSETS	
Accrued Expenses and Accounts Payable	$ 498,858
Grants Payable, net	20,417,980
Deferred Federal Excise Tax	918,243
Total liabilities	21,835,081
Commitments (Notes 4, 5 and 6)	
Net Assets Without Donor Restrictions	449,385,896
Total liabilities and net assets	$ 471,220,977

See Notes to Financial Statements

Sunlight Giving
Statement of Activities and Change in Net Assets
Year Ended December 31, 2023

Support and Investment Return	
Contributed financial assets	$ 11,807,518
Return on investments, net	28,270,258
Interest and dividends	4,200,802
Total support and investment return, net	44,278,578
Expenses	
Program services:	
Charitable grants	27,010,471
Salaries and benefits	1,223,614
Other business	218,505
Total program services	28,452,590
Support services:	
Salaries and benefits	728,509
Professional services	179,253
Travel related expenses	14,000
Excise and other taxes	919,752
Other	199,585
Total support services	2,041,099
Total expenses	30,493,689
Change in Net Assets	13,784,889
Net Assets Without Donor Restrictions, December 31, 2022	435,601,007
Net Assets Without Donor Restrictions, December 31, 2023	$ 449,385,896

See Notes to Financial Statements

Sunlight Giving
Statement of Cash Flows
Year Ended December 31, 2023

Cash Flows from Operating Activities	
Change in net assets	$ 13,784,889
Adjustments to reconcile change in net assets to net cash used in operating activities:	
In-kind contribution of marketable securities	(11,807,518)
Proceeds from sale of in-kind contributions	11,285,717
Return on investments, net	(28,270,258)
Amortization of discount on long term grants payable	237,944
Changes in operating assets and liabilities:	
Investment income receivable	(117,812)
Prepaid expenses and other assets	(274,951)
Accrued expenses and accounts payable	66,310
Grants payable	3,270,112
Deferred federal excise tax	435,731
Net cash used in operating activities	(11,389,836)
Cash Flows from Investing Activities	
Proceeds from sale of investments	100,447,645
Purchase of investments	(113,097,395)
Distributions from investments	16,163,601
Net cash provided by investing activities	3,513,851
Net decrease in cash and cash equivalents	(7,875,985)
Cash and Cash Equivalents, December 31, 2022	11,055,684
Cash and Cash Equivalents, December 31, 2023	$ 3,179,699

Supplemental Disclosure of Cash Flow Information	
Cash paid for excise taxes	$ 775,000

1. Organization

Sunlight Giving (the Foundation) is a non-profit private foundation founded in September 2014 by Tegan and Brian Acton (Founders). Sunlight Giving seeks to build vibrant, diverse, and safe communities where all families have access to stable shelter, food security, quality health care, joy, and opportunity. The Foundation is dedicated to supporting not-for-profit organizations to help ensure young children and their families living in poverty in greater Silicon Valley have access to the resources they need to thrive. The Foundation's geographic footprint includes the following California counties: Alameda, Contra Costa, Merced, Monterey, San Benito, San Joaquin, San Mateo, Santa Clara, Santa Cruz, and Stanislaus. The Foundation also makes select grants to state and national advocacy efforts on behalf of its programs' areas of focus.

2. Significant Accounting Policies

Basis of Presentation:

The Foundation prepares its financial statements in accordance with accounting standards for not-for-profit organizations in accordance with accounting principles generally accepted in the United States of America (US GAAP). The standards require not-for-profit organizations to segregate assets, liabilities and operations into two categories: without donor restrictions and with donor restrictions. Net assets without donor restrictions consist of net assets for which there are no donor-imposed restrictions. Net assets with donor restrictions consist of amounts restricted by the donor for specific purposes or for subsequent periods. The Foundation's net assets are without donor restrictions at December 31, 2023.

Contributed Cash and Other Financial Assets:

The Foundation records contributions and promises to give, in accordance with accounting standards for not-for-profit organizations. US GAAP requires contributions received, including unconditional promises to give (pledges), to be recognized as support revenue in the period the pledge is made. The standards also require not-for-profit organizations to distinguish between contributions received that increase net assets without donor restrictions and net assets with donor restrictions, with recognition being made of expiration of donor-imposed restrictions in the period in which the restrictions expire. Historically, all contributions and promises to give received by the Foundation have been without donor restrictions.

2. Significant Accounting Policies (continued)

Donated Services:

Donated services are recognized as contributions at their fair value if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by individuals possessing those skills, and would otherwise be purchased by the Foundation if not donated. The Foundation has recorded no donated services through December 31, 2023.

Use of Estimates:

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, investment income (loss) and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses:

The costs of providing the various program and support services have been summarized on a functional basis in the Statement of Activities. Directly identifiable expenses are charged to the related program or service benefited. Additionally, the Foundation has reviewed fees for management of the Foundation and all overhead costs and determined it is appropriate to allocate a portion of these costs to program services. Indirect expenses are allocated to program and support services based principally on the percentage of personnel time spent in each area or percentage of office space used. Management fees are included in professional services on the Statement of Activities.

Cash and Cash Equivalents:

Cash and cash equivalents consist of cash, money market funds and highly liquid investments purchased with maturities of three months or less.

Investments and Investment Return:

Equity and fixed income securities are presented at fair value based on prices quoted on established securities exchanges. The Foundation's non-marketable investments are valued by the general partners and managing members using the net asset value (NAV) per share of the entity's underlying assets as a practical expedient for measuring fair value.

2. Significant Accounting Policies (continued)

Investments and Investment Return: (continued)

Investment return represents interest and dividends earned and investment gains, net of internal direct and external investment related expenses. Realized gains and losses on investments are calculated as the difference between proceeds received and the original cost of the investment. Unrealized gains and losses represent the difference between the current fair value of the investments and their cost basis, if purchased during the year, or their fair value at the beginning of the year.

Concentration of Credit Risk:

Financial instruments that potentially subject the Foundation to concentration of credit risk consist primarily of cash and cash equivalents and investments. The Foundation maintains its cash and cash equivalents and marketable securities with two major domestic financial institutions, which are insured by the Federal Deposit Insurance Corporation up to $250,000 at each financial institution. Marketable securities are insured up to $500,000 by the Securities Investor Protection Corporation. The non-marketable investments are not insured. The Foundation's investments and cash and cash equivalents are managed by an independent financial advisor selected by the Foundation's Board of Directors.

Excise and Income Taxes:

The Foundation has been determined to be exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3) of the Code and has been classified as a private foundation within the meaning of Section 509(a) of the Code. The Foundation is exempt from California income taxes under Section 23701 of the California Revenue and Taxation Code.

The Foundation is subject to a federal excise tax on its net investment income at a rate of 1.39% under Section 4940(a) of the Code. In 2023, the Foundation recorded $333,621 of federal excise tax expense at a rate of 1.39% on the sale of investments and an additional $435,731 of deferred federal excise tax related to the increase in unrealized gain on investments during the year. Deferred federal excise tax of $918,243 was accrued at December 31, 2023.

2. Significant Accounting Policies (continued)

Excise and Income Taxes: (continued)

Under Section 4942 of the Code, the Foundation is required to annually distribute 5% of the aggregate fair value of the Foundation's assets other than those used or held directly in carrying out the Foundation's exempt purpose. A tax of 30% is imposed if the Foundation does not make the required distributions over a two-year period. No such tax was imposed in 2023. In addition, the Foundation is subject to Federal and California income tax rate of 21% and 8.84%, respectfully, for any unrelated business income (UBTI) generated by its non-marketable investments. The Foundation does not believe it had UBTI during 2023.

The Foundation applies the provisions set forth in FASB ASC Topic 740, *Income Taxes,* to account for the uncertainty in income taxes. The Foundation has assessed all of its income tax positions taken where the statute of limitations remains open. The Foundation believes its income tax filing positions will be sustained upon tax examinations; therefore, no liability for uncertain income tax positions has been recorded at December 31, 2023. The Foundation does not anticipate any significant increases or decreases to uncertain income tax positions during the next twelve months.

Charitable Grants:

Charitable grants are recognized as an expense when the unconditional promise to give is approved by the Board of Directors and communicated to the recipient. Conditional promises to give are recognized as charitable grants in the period in which the recipient meets the terms of the condition.

Fair Value Measurement:

The Foundation accounts for its investments under FASB ASC Topic 820, *Fair Value Measurement.* The Foundation uses a three-level hierarchy under Topic 820 for fair value measurement based on the nature of inputs used in the valuation of an asset or liability at the measurement date. The three-level hierarchy prioritizes within the measurement of fair value, the use of market-based information over entity-specific information. Fair value focuses on an exit price and 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 inputs or methodology used for valuing financial assets and liabilities are not necessarily an indication of the risk associated with those assets and liabilities.

2. Significant Accounting Policies (continued)

Fair Value Measurement: (continued)

The three-level hierarchy for fair value measurement is defined as follows:

Level I: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level II: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level III: Inputs to the valuation methodology, which are significant to the fair value measurement, are unobservable.

An investment's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The Foundation's equity and fixed income securities are classified under Level I of the three-level hierarchy.

The Foundation's non-marketable investments valued using the NAV per share of the entity's underlying assets as a practical expedient are not categorized within the fair value hierarchy under US GAAP. The value of these non-marketable investments are not necessarily indicative of amounts the Foundation could realize upon liquidation of the investments and the difference between the recorded value and the amount realized could be material to the financial statements.

<u>NAV Practical Expedient Valuation Techniques</u>

Investment fund interest – The fair value of investments in funds is estimated, as a practical expedient, based on the Foundation's percentage interest in the net asset value (NAV) of the funds. The funds also hold stocks which are not currently traded in a public market and are subject to restrictions on resale. These investments are carried by the funds at estimated fair value as determined by the general partners and managing members of the funds after giving consideration to operating results, financial condition, recent sales prices of issuers' securities and other pertinent information. Because of the uncertainty of valuations, however, these estimated values may differ from the values that would have been used had a ready market for the securities existed, and the differences could be material. The funds may also have risk associated with their concentration in certain geographic regions and in certain industries. The Foundation may recognize cash distributions from investment funds as return of capital.

2. Significant Accounting Policies (continued)

Operating Lease:

The Foundation records its lease under FASB ASC Topic 842, *Leases*, which requires all entities that lease assets with terms greater than twelve months to capitalize the assets and related liabilities on the statement of financial position. Leases are classified as either an operating or finance lease under Topic 842, with classification affecting the pattern of expense recognition in operations.

The Foundation utilizes practical expedients under Topic 842 allowing management to not reassess the existing lease or lease classification and to use hindsight in determining the lease term. The Foundation has also elected an accounting policy to not capitalize leases with a lease term of twelve months or less if the underlying lease does not provide an option to purchase the assets at the end of the lease term or an option to extend the lease longer than twelve months that management is reasonably certain to exercise. As a result, management determined the Foundation’s facility lease did not meet the requirements for capitalization under Topic 842.

Upon entering into an operating lease requiring capitalization, the Foundation would record an operating lease right-of-use (ROU) asset (ROU asset) and operating lease liability on the statement of financial position. A ROU asset represents the right to use a specified asset for the stated lease term, and a lease liability represents the legal obligation to make lease payments. A ROU asset and liability are recognized at the lease commencement date based on the present value of lease payments over the expected lease term. The Foundation uses the implicit interest rate in a lease when it is readily determinable. Since most operating leases will not provide the lessor’s implicit interest rate to determine the present value of lease payments, management has elected an accounting policy election to use the risk-free discount rate for a period comparable to the lease term at the lease commencement date in the application of Topic 842 for future operating leases with terms of more than twelve months.

3. Liquidity and Availability of Resources

The table below represents assets available for general expenditures within one year at December 31, 2023:

Cash and cash equivalents	$ 3,179,699
Investment income receivable	455,753
Investments	467,004,820
Total financial assets	470,640,272
Less: Financial assets not available within one year:	
Investments in non-marketable investments (Note 4)	283,180,289
	$ 187,459,983

As part of its liquidity management, the Foundation structures its financial assets to be available for regular rebalancing redemptions that align with the timing of grant disbursements. At December 31, 2023, the Foundation has $187,459,983 in financial assets available to meet general expenditures within one year.

4. Investments

The following table presents the Foundation's investments at December 31, 2023:

	Level I	NAV	Total
Equity securities	$ 124,803,030	$ -	$ 124,803,030
Fixed income securities	59,021,501	-	59,021,501
Non-marketable investments	-	283,180,289	283,180,289
	$ 183,824,531	$ 283,180,289	$ 467,004,820

4. Investments (continued)

The non-marketable investments consist of the following:

	Investment Strategy Focus	Redemption	Unfunded Commitment at December 31, 2023	Fair Value of Investment at December 31, 2023
Jordan Park Access Solutions Private Assets 2018 – A L.P.	Multiple Industries	Not Permitted	$ 10,730,090	$ 54,605,130
Jordan Park Access Solutions Strategic Equity Partners – A S.P.	Multiple Industries	Permitted	-	33,989,556
Jordan Park Access Solutions Early Stage Opportunities – A S.P.	Multiple Industries	Permitted	1,092,631	5,973,861
Jordan Park Access Solutions Emerging Markets – A S.P.	Multiple Industries	Permitted	-	50,818,283
Jordan Park Access Solutions Impact 2020 – A S.P.	Multiple Industries	Permitted	1,944,580	10,232,134
Jordan Park Access Solutions Private Equity 2020 – A S.P.	Multiple Industries	Permitted	8,368,530	26,791,089
Jordan Park Access Solutions Crypto Infrastructure-A S.P.	Multiple Industries	Permitted	-	1,722,476
Jordan Park Access Solutions Credit-A S.P.	Multiple Industries	Permitted	-	42,247,147
Jordan Park Access Solutions Life Sciences-A S.P.	Multiple Industries	Permitted	4,063,535	3,279,375
Jordan Park Access Solutions Venture Capital 2022-A S.P.	Multiple Industries	Permitted	4,402,649	3,966,732
Jordan Park Access Solutions Impact 2022-A S.P.	Multiple Industries	Permitted	18,031,492	3,749,961
Jordan Park Access Solutions Semi Liquid Assets LLC – Real Assets-A Series	Multiple Industries	Permitted	17,386,021	33,865,981
Jordan Park Access Solutions Alternative-Private Equity 2022	Multiple Industries	Permitted	14,688,786	11,938,564
			$ 80,708,314	$ 283,180,289

5. Operating Lease

The Foundation leases its facility in Palo Alto, California under a non-cancelable lease agreement which expired in October 2023 that was not required to be capitalized under Topic 842. The lease was extended on a month-to-month basis in both November and December 2023 while discussions regarding potential renovations were underway. Rent expense in 2023 was $242,210.

In March 2024, the Foundation signed a new amended lease including the final plan for renovations. Upon completion of construction (which is still in progress as of October 2024) a new 7-year lease term will begin. The amended lease rent amount is based on the amount of square footage and will not be finalized until construction is complete.

6. Grants Payable

Grants payable over more than one year are discounted using an average risk adjusted rate of 4.58% at grant date. Grants, net of discount, are payable as follows at December 31:

2024	$ 14,563,500
2025	6,330,000
	20,893,500
Less: discount	(475,520)
	$ 20,417,980

7. Related Party Transactions

In 2023, the Foundation received other financial contributions of $11,807,518 from a board member.

8. Subsequent Events

Subsequent events have been evaluated through October 30, 2024, which is the date the financial statements were approved by the Foundation and available to be issued.