Sunlight Giving
Financial Statements
December 31, 2019

Frank, Rimerman + Co. LLP

Board of Directors
Sunlight Giving
Palo Alto, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Sunlight Giving, which comprise the statement of financial position as of December 31, 2019, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunlight Giving as of December 31, 2019, and the changes 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.

Frank, Rimerman & Co. LLP

San Jose, California
October 8, 2020

Sunlight Giving
Statement of Financial Position
December 31, 2019

ASSETS

Cash and Cash Equivalents	$ 12,019,984
Investment Income Receivable	1,360,414
Prepaid Expenses	34,702
Investments	470,820,493
Property and Equipment, net	1,794
Total assets	$ 484,237,387

LIABILITIES AND NET ASSETS

Accrued Expenses	$ 364,833
Deferred Excise Tax Liability	334,143
Grants Payable, net	13,900,215
Total liabilities	$ 14,599,191
Commitment (Note 4)	
Net Assets Without Donor Restrictions	469,638,196
Total liabilities and net assets	$ 484,237,387

See Notes to Financial Statements

Sunlight Giving
Statement of Activities and Change in Net Assets
Year Ended December 31, 2019

Investment Income	
Net realized and unrealized gain on investments	$ 55,631,542
Interest and dividends	11,060,864
Total net investment income	66,692,406
Expenses	
Program services:	
Charitable grants	26,217,346
Salaries expense	535,296
Professional fees	472,026
Other business expenses	33,979
Total program services	27,258,647
Support services:	
Salaries expense	437,968
Professional fees	427,920
Travel related expenses	18,759
Other administrative expenses	13,043
Excise and other taxes	610,309
Total support services	1,507,999
Total expenses	28,766,646
Change in Net Assets	37,925,760
Net Assets Without Donor Restrictions, December 31, 2018	431,712,436
Net Assets Without Donor Restrictions, December 31, 2019	$ 469,638,196

See Notes to Financial Statements

Sunlight Giving
Statement of Cash Flows
Year Ended December 31, 2019

Cash Flows from Operating Activities	
Change in net assets	$ 37,925,760
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Net realized and unrealized gain on investments	(57,659,105)
Depreciation	1,197
Changes in operating assets and liabilities:	
Investment income receivable	163,961
Prepaid expenses	20,581
Accrued expenses	13,186
Grants payable	3,268,346
Excise and income tax liability	334,143
Net cash used in operating activities	(15,931,931)
Cash Flows from Investing Activities	
Proceeds from sale of investments	327,781,174
Purchase of investments	(317,442,335)
Return of principal	9,814,536
Net cash provided by investing activities	20,153,375
Net increase in cash and cash equivalents	4,221,444
Cash and Cash Equivalents, December 31, 2018	7,798,540
Cash and Cash Equivalents, December 31, 2019	$ 12,019,984

Supplemental Disclosure of Cash Flow Information	
Cash paid for excise taxes	$ 255,010

See Notes to Financial Statements

1. Organization

Sunlight Giving (the Foundation) is a non-profit private foundation that was 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 nonprofits that 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: with donor restrictions and without 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 that are restricted by the donor for specific purposes or for subsequent periods. The Foundation's net assets are without donor restrictions at December 31, 2019.

Contributions:

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). The standard clarifies the definition of an exchange transaction and provides guidance for evaluating whether contributions are unconditional or conditional. The Foundation has early adopted ASU 2018-08, effective January 1, 2019, using a modified prospective transition approach with no impact on its financial statements or related disclosures.

2. Significant Accounting Policies (continued)

Contributions: (continued)

The Foundation records contributions and promises to give, in accordance with accounting standards for not-for-profit organizations. US GAAP require contributions received, including unconditional promises to give (pledges), are to be recognized as 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 with donor restrictions and net assets without 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. There were no contributions or promises to give received in 2019.

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, 2019.

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 support, investment income and expenses during the reporting period. Actual results could differ from those estimates.

Functional Expenses:

The costs of providing the various program and supporting 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 that it is appropriate to allocate a portion of these costs to program services. Salaries and management fees are allocated 55% to program and 45% to support services based on an individual’s level of effort. Management fees are included in professional services on the statement of activities.

2. Significant Accounting Policies (continued)

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 Income:

Equity and fixed income securities are presented at fair value based on prices quoted on established securities exchanges. The Foundation's investment in limited partnerships are valued using the net asset value (NAV) per share of the entity's underlying assets as a practical expedient for measuring fair value. Investment income represents interest and dividends earned and net investment gains. 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 U.S. financial institution, which are insured by the Federal Deposit Insurance Corporation up to $250,000 at each financial institution. The Foundation's investments and cash and cash equivalents are managed by an independent financial advisor selected by the Foundation's Board of Directors.

Property and Equipment:

Property and equipment consists of furniture and is recorded at cost. Depreciation is computed using the straight-line method over an estimated useful life of five years.

2. Significant Accounting Policies (continued)

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 2% under Section 4940(a) of the Code. The excise tax rate is reduced to 1% if the Foundation meets certain qualifying distribution requirements under Section 4940(e) of the Code. A rate of 1.39% will apply under Section 4940(a) of the Code for periods after December 31, 2019. For 2019, the Foundation met the requirements for the reduced excise tax rate. In 2019, the Foundation recorded $276,000 of federal excise tax expense at a rate of 1% on the sale of investments. Deferred federal excise tax of $334,143 was accrued at December 31, 2019.

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.

The Foundation applies the provisions set forth in FASB Accounting Standards Codification 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 that its income tax filing positions will be sustained upon tax examinations; therefore, no liability for unrecognized income tax benefits has been recorded at December 31, 2019. The Foundation does not anticipate any significant increases or decreases to unrecognized income tax benefits during the next 12 months.

Charitable Grants:

Charitable grants are recognized as 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.

3. Liquidity and Availability of Resources

The table below represents assets available for general expenditures within one year at December 31, 2019:

Cash and cash equivalents	$ 12,019,984
Investment income receivable	1,360,414
Investments	470,820,493
Total financial assets at year-end	484,200,891
Less: Financial assets not available within one year:	
Investment in limited partnership	51,539,854
	$ 432,661,037

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, 2019, the Foundation has $432,661,037 in financial assets available to meet general expenditures within one year with the exception of 5% of net assets required to be distributed to charitable organizations to avoid additional excise tax.

4. Fair Value Measurement

The Foundation accounts for its investments under FASB ASC Topic 820, *Fair Value Measurement* (Topic 820). 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 as of 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.

4. 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.

Under Topic 820, the Foundation's investments in the limited partnerships 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. The limited partnerships are summarized as follows:

	Investment Strategy Focus	Redemption	Unfunded Commitment at December 31, 2019	Fair Value of Investment at December 31, 2019
Limited Partnership Jordan Park Access Solutions Private Assets 2018 – A L.P.	Real Estate, Software, Multiple Industries	Not Permitted	$ 43,862,429	$ 17,683,828
Limited Partnership Jordan Park Access Solutions Strategic Equity Partners – A S.P.	Real Estate, Software, Multiple Industries	Permitted	3,088,722	28,616,612
Limited Partnership Jordan Park Access Solutions Fixed Income Opportunities – I-A L.P.	Real Estate, Software, Multiple Industries	Permitted	-	5,239,414
			$ 46,951,151	$ 51,539,854

5. Investments

The Foundation's investments at fair value are as follows at December 31, 2019:

Equity securities	$ 194,983,702
Fixed income securities	224,296,937
Limited partnerships	51,539,854
Total	$ 470,820,493

6. Grants Payable

Grants payable over more than one year are discounted using an average risk adjusted rate of 5%. Grants, net of discount, are payable as follows at December 31:

2020	$ 9,195,000
2021	4,960,000
	14,155,000
Less: discount	254,785
	$ 13,900,215

7. Subsequent Events

The recent global outbreak of the novel coronavirus in 2020 has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The outbreak is already having, and will likely continue to have, a material adverse impact on economic and market conditions. The uncertainties arising from the virus may present business risks with respect to the Foundation and its future financial results.

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were approved by the Foundation and available to be issued.