

Report of Independent Auditors
and Combined Financial Statements

Seacrest Foundation and Affiliate

June 30, 2025 and 2024

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Report of Independent Auditors

The Audit Committee of the Board of Directors
Seacrest Foundation and Affiliate

Report on the Audit of the Financial Statements

Opinion

We have audited the combined financial statements of Seacrest Foundation and Affiliate, which comprise the combined statements of financial position as of June 30, 2025 and 2024, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of Seacrest Foundation and Affiliate as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Seacrest Foundation and Affiliate 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 combined 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 Seacrest Foundation and Affiliate's ability to continue as a going concern within one year after the date that 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 combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined 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 combined 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 combined 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 Seacrest Foundation and Affiliate'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Seacrest Foundation and Affiliate'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.

Baker Tilly US, LLP

Irvine, California

September 17, 2025

Combined Financial Statements

Seacrest Foundation and Affiliate
Combined Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
ASSETS		
ASSETS		
Cash	\$ 390,938	\$ 810,534
Investments	47,915,428	43,075,020
Accounts receivable, related party	3,224	-
Pledges receivable, net	-	100,000
Prepaid expenses and other current assets	113,862	35,627
Interest receivable	91,983	89,256
 Total assets	 <u>\$ 48,515,435</u>	 <u>\$ 44,110,437</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 39,342	\$ 14,859
Accounts payable – related party	-	32,902
Deferred revenue	456,791	463,130
 Total liabilities	 <u>496,133</u>	 <u>510,891</u>
NET ASSETS		
Without donor restriction	34,495,327	30,791,212
With donor restriction	13,523,975	12,808,334
 Total net assets	 <u>48,019,302</u>	 <u>43,599,546</u>
 Total liabilities and net assets	 <u>\$ 48,515,435</u>	 <u>\$ 44,110,437</u>

See accompanying notes.

Seacrest Foundation and Affiliate
Combined Statements of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 168,697	\$ 1,603,028	\$ 1,771,725
Special event revenue, net of expenses of \$86,157	-	940,445	940,445
Investment return, net	4,286,695	665,494	4,952,189
Net assets released from restriction	<u>2,493,326</u>	<u>(2,493,326)</u>	-
 Total revenues, gains, and other support	 <u>6,948,718</u>	 <u>715,641</u>	 <u>7,664,359</u>
EXPENSES			
Grant to San Diego Hebrew Homes	2,456,676	-	2,456,676
Grant to Jewish Home Care Services	36,656	-	36,656
General and administrative	143,431	-	143,431
Fundraising	<u>607,840</u>	<u>-</u>	<u>607,840</u>
 Total expenses	 <u>3,244,603</u>	 <u>-</u>	 <u>3,244,603</u>
CHANGE IN NET ASSETS			
NET ASSETS			
Beginning	<u>30,791,212</u>	<u>12,808,334</u>	<u>43,599,546</u>
Ending	<u>\$ 34,495,327</u>	<u>\$ 13,523,975</u>	<u>\$ 48,019,302</u>

See accompanying notes.

Seacrest Foundation and Affiliate
Combined Statements of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 1,038,525	\$ 1,597,946	\$ 2,636,471
Special event revenue, net of expenses of \$478,708	-	1,134,437	1,134,437
Investment return, net	4,199,456	633,781	4,833,237
Net assets released from restriction	<u>2,076,401</u>	<u>(2,076,401)</u>	-
 Total revenues, gains, and other support	 <u>7,314,382</u>	 <u>1,289,763</u>	 <u>8,604,145</u>
EXPENSES			
Grant to San Diego Hebrew Homes	2,037,876	-	2,037,876
Grant to Jewish Home Care Services	38,525	-	38,525
Grant to Other	18,000	-	18,000
General and administrative	148,071	-	148,071
Fundraising	<u>594,230</u>	<u>-</u>	<u>594,230</u>
 Total expenses	 <u>2,836,702</u>	 <u>-</u>	 <u>2,836,702</u>
CHANGE IN NET ASSETS			
	4,477,680	1,289,763	5,767,443
NET ASSETS			
Beginning	<u>26,313,532</u>	<u>11,518,571</u>	<u>37,832,103</u>
Ending	<u>\$ 30,791,212</u>	<u>\$ 12,808,334</u>	<u>\$ 43,599,546</u>

See accompanying notes.

Seacrest Foundation and Affiliate
Combined Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,419,756	\$ 5,767,443
Adjustments to reconcile change in net assets		
to net cash (used in) provided by operating activities	(4,285,630)	(3,490,401)
Unrealized (gains) losses on investments	(138,000)	(107,000)
Contributions restricted for permanent endowment	-	(5,799)
Change in discount on pledges receivable	-	-
Changes in operating assets and liabilities		
Accounts receivable – related party	(3,224)	-
Pledges receivable	100,000	99,825
Prepaid expenses and other current assets	(78,235)	374,926
Interest receivable	(2,727)	(959)
Accounts payable	24,483	(8,427)
Accounts payable – related party	(32,902)	(106,477)
Deferred revenue	<u>(6,339)</u>	<u>(100,503)</u>
Net cash (used in) provided by operating activities	<u>(2,818)</u>	<u>2,422,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(35,372,085)	(5,572,178)
Proceeds from sale of investments	<u>34,817,307</u>	<u>3,791,461</u>
Net cash used in investing activities	<u>(554,778)</u>	<u>(1,780,717)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for permanent endowment	<u>138,000</u>	<u>107,000</u>
Net cash provided by financing activities	<u>138,000</u>	<u>107,000</u>
NET CHANGE IN CASH	(419,596)	748,911
CASH, beginning of year	<u>810,534</u>	<u>61,623</u>
CASH, end of year	<u>\$ 390,938</u>	<u>\$ 810,534</u>

See accompanying notes.

Seacrest Foundation and Affiliate Notes to Combined Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of activities – Seacrest Foundation (Seacrest) is a California nonprofit public benefit corporation formed in August 2002 to support San Diego Hebrew Homes (SDHH) and charitable activities that are connected with SDHH.

Per the bylaws, the principal purpose of Seacrest is to support SDHH and Jewish Home Care Services Inc. in their provision of service to the elderly Jewish community of San Diego County, or to support a successor to that supported organization in the event that they no longer principally serve the elderly Jewish community of San Diego County. The Board of Directors of Seacrest (the Board) has the right to distribute, in any fiscal year, up to 5% of the fair market value of the net assets held as of the end of the preceding fiscal year. Any distribution in excess of 5% requires a two-thirds majority. The current Board is comprised of 20 members.

Guardians of San Diego, Inc. (Guardians) is a California nonprofit private charity with the purpose of supporting SDHH and Seacrest activities. Effective July 17, 2017, Guardians amended its bylaws such that Seacrest appoints the Guardians Board of Directors and, therefore, the operations of Guardians are included in the accompanying combined financial statements. Guardians continues to be a separate legal entity; however, it does not have any assets, liabilities, or activities.

Collectively, Seacrest and Guardians are referred to as the Foundation.

Basis of combination – The combined financial statements include the accounts of Seacrest and Guardians. All significant inter-organization accounts and transactions have been eliminated in the combined financial statements.

Basis of presentation – The accompanying combined financial statements were prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). References to the ASC or ASU included herein refer to the Accounting Standards Codification and Accounting Standards Updates, respectively, established by the Financial Accounting Standards Board as the source of authoritative U.S. GAAP.

Financial statement presentation – Based on the existence or absence of donor-imposed restrictions, the Foundation classifies resources into two categories: without donor restrictions and with donor restrictions.

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation management and the Board of Directors.

Net assets with donor restriction – Represent contributions that are limited in use by the Foundation in accordance with donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Seacrest Foundation and Affiliate Notes to Combined Financial Statements

Fair value measurements – The Foundation defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Foundation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under U.S. GAAP. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs and are categorized in a fair value hierarchy based on the transparency of inputs. The three levels are defined as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying value of receivables and payables approximates fair value as of June 30, 2025 and 2024, due to the relative short maturities of these instruments.

Investments – The Foundation's investments include marketable securities and alternative investments, which are exposed to various risks such as interest rate, market, foreign currency, and credit risks. Investments are recorded at fair value in accordance with U.S. GAAP.

- Level 1 investments consist of corporate bonds, corporate preferred securities, money market funds, municipal bonds, and mutual funds. These are valued based on quoted market prices in active markets for identical assets. Mutual funds are valued at the published net asset value of shares held at the measurement date.
- Level 2 investments consist primarily of certificates of deposit and foreign corporate bonds. These are valued using observable inputs other than quoted market prices, such as quoted prices for similar securities, benchmark yield curves, credit spreads, and other market-corroborated data. Certificates of deposit are valued at cost plus accrued interest, which approximates fair value due to their short-term nature.
- Level 3 investments consist of private equity bonds, which are valued using significant unobservable inputs, including assumptions about expected cash flows and market participant assumptions, as provided by investment managers.
- Investments measured at net asset value (NAV) consist of pooled funds. The Foundation uses NAV as a practical expedient to determine fair value for these investments, which are valued based on the underlying value of the fund's assets, less liabilities. These funds generally provide periodic liquidity, with redemption frequency and notice periods as disclosed in Note 2, and the Foundation evaluates whether any unfunded commitments exist.

Seacrest Foundation and Affiliate Notes to Combined Financial Statements

Because of the inherent uncertainty in valuation, the reported fair values of certain investments may differ from values that would have been realized if the investments were sold.

Investment gains and losses are included in the change in net assets in the statements of activities. Investment return on restricted assets is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the income is recognized. All other restricted investment return is reported as an increase in net assets with donor restrictions.

Pledges receivable – Unconditional written pledges of private gifts to the Foundation in the future are recorded as pledges receivable and revenue in the year promised at the present value of expected cash flows at a discount rate of 6%. Unconditional written pledges must be evidenced by donor signature and deemed legally enforceable by the Board. Conditional pledges, including intentions to pledge, are recognized as revenue when the funds are actually received. After pledges are originally recorded, an allowance for uncollectible pledges may be established based on specific circumstances. Pledges receivable for the years ended June 30, 2025 and 2024 were \$0 and \$100,000, respectively.

Contributions – Contributions received are recorded as net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. Net assets are released from restrictions by incurring expenses satisfying the restricted purposes and by occurrence of events specified by the donors, including the passage of time. Donor restrictions on long-lived assets or cash to construct or acquire long-lived assets are considered to have expired when the assets are placed in service. Contributions received for special events are recorded as deferred revenue until earned.

Contributed services – Many individuals volunteer their time and perform a variety of tasks that assist the Foundation with various programs. The services do not meet the criteria for recognition as a contribution and are not reflected in the combined financial statements. The fair market value of contributed professional services is reported as support and an expense in the period in which the services are performed. Contributions of noncash assets are recorded at their fair values in the period received.

Grants – The Foundation recognizes grant expense and corresponding grant payable when grants are approved by the Board for distribution to recipient organizations.

Use of estimates – The preparation of the combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes – The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Foundation may be subject to tax on income which is not related to its exempt purpose. The Foundation reported no unrelated business income for the years ended June 30, 2025 and 2024.

Seacrest Foundation and Affiliate Notes to Combined Financial Statements

The Foundation follows accounting standards related to the recognition of uncertain tax positions. These standards provide detailed guidance for combined financial statement recognition, measurement, and disclosure of uncertain tax positions taken or expected to be taken on the income tax returns. The Foundation will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. Management has determined that the Foundation does not have any uncertain tax positions as of June 30, 2025. The Foundation files informational and income tax returns in the United States and various state and local jurisdictions.

Subsequent events – Subsequent events are events or transactions that occur after the combined statement of financial position date but before the combined financial statements are available to be issued. The Foundation recognizes in the combined financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the combined statement of financial position, including the estimates inherent in the process of preparing the combined financial statements. The Foundation's combined financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the combined statement of financial position but arose after the combined statement of financial position date and before the combined financial statements are available to be issued. The Foundation has evaluated subsequent events through September 17, 2025, which is the date the combined financial statements were available to be issued.

Note 2 – Investments

Investment return and its classification for the year ended June 30, 2025, consisted of the following:

	2025		
	Without Donor Restriction	With Donor Restriction	Total
Dividends and interest	\$ 1,235,372	\$ 172,252	\$ 1,407,624
Investment expense	(87,693)	(36,202)	(123,895)
Unrealized gains	(4,536,656)	251,026	(4,285,630)
Realized gains	<u>7,675,669</u>	<u>278,421</u>	<u>7,954,090</u>
	<u><u>\$ 4,286,692</u></u>	<u><u>\$ 665,497</u></u>	<u><u>\$ 4,952,189</u></u>

Investment return and its classification for the year ended June 30, 2024, consisted of the following:

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Dividends and interest	\$ 1,134,505	\$ 129,035	\$ 1,263,540
Investment expense	(115,598)	(28,079)	(143,677)
Unrealized gains	2,997,389	493,012	3,490,401
Realized gains	<u>183,160</u>	<u>39,813</u>	<u>222,973</u>
	<u><u>\$ 4,199,456</u></u>	<u><u>\$ 633,781</u></u>	<u><u>\$ 4,833,237</u></u>

Seacrest Foundation and Affiliate Notes to Combined Financial Statements

The following table presents the fair value of financial instruments in the fair value hierarchy as of June 30, 2025 and 2024:

	2025				Assets Held at Net Asset Value	Total
	Level 1	Level 2	Level 3			
Investments						
Corporate bonds	\$ 9,144,620	\$ -	\$ -	\$ -	\$ -	\$ 9,144,622
Certificates of deposit	-	25,076	-	-	-	25,076
Corporate preferred securities	872,413	-	-	-	-	872,413
Money market funds	501,416	-	-	-	-	501,416
Foreign corporate bonds	-	320,558	-	-	-	320,558
Pooled funds	-	-	-	3,328,247	3,328,247	3,328,247
Municipal bonds	398,409	-	-	-	-	398,409
Mutual funds						
U.S. equity – large cap	14,676,075	-	-	-	-	14,676,075
Developed non-U.S. equity	112,263	-	-	-	-	112,263
U.S. equity – small/mid-cap	2,730,996	-	-	-	-	2,730,996
Emerging market	773,845	-	-	-	-	773,845
Global equity	11,057,025	-	-	-	-	11,057,025
Growth equity	650,778	-	-	-	-	650,778
Growth high yield fixed income	-	-	-	-	-	-
Bond	958,647	-	-	-	-	958,647
Strategic income	485,466	-	-	-	-	485,466
Real estate	888,543	-	-	-	-	888,543
Commodities	110,324	-	-	-	-	110,324
Private equity	-	-	880,725	-	-	880,725
	\$ 43,360,820	\$ 345,634	\$ 880,725	\$ 3,328,247	\$ 47,915,428	
2024						
	2024				Assets Held at Net Asset Value	Total
	Level 1	Level 2	Level 3			
Investments						
Corporate bonds	\$ 8,059,010	\$ -	\$ -	\$ -	\$ -	\$ 8,059,012
Certificates of deposit	-	508,482	-	-	-	508,482
Corporate preferred securities	785,151	-	-	-	-	785,151
Money market funds	597,285	-	-	-	-	597,285
Foreign corporate bonds	-	404,021	-	-	-	404,021
Pooled funds	-	-	-	3,095,710	3,095,710	3,095,710
Municipal bonds	398,706	-	-	-	-	398,706
Mutual funds						
U.S. equity – large cap	11,176,846	-	-	-	-	11,176,846
Developed non-U.S. equity	5,338,300	-	-	-	-	5,338,300
U.S. equity – small/mid-cap	4,067,802	-	-	-	-	4,067,802
Emerging market	716,191	-	-	-	-	716,191
Global equity	1,151,962	-	-	-	-	1,151,962
Growth equity	2,522,047	-	-	-	-	2,522,047
Growth high yield fixed income	1,251,385	-	-	-	-	1,251,385
Bond	605,690	-	-	-	-	605,690
Strategic income	485,569	-	-	-	-	485,569
Real estate	1,103,372	-	-	-	-	1,103,372
Private equity	-	-	-	-	-	-
Commodities	66,690	-	-	-	-	66,690
Private equity	-	-	-	740,799	740,799	740,799
	\$ 38,326,006	\$ 912,503	\$ -	\$ 3,836,509	\$ 43,075,020	

Seacrest Foundation and Affiliate Notes to Combined Financial Statements

Certain investments are measured at fair value using the NAV per share or its equivalent as a practical expedient because they do not have readily determinable fair values. These investments consist primarily of pooled funds. NAV is based on the fair value of the underlying assets, less liabilities, as reported by the fund manager or custodian and adjusted for receipts and disbursements to the most recent available NAV date. The pooled funds generally provide periodic liquidity, with redemption available daily, monthly, or quarterly, depending on the fund, and typically require 1–30 days' notice for redemption. As of June 30, 2025 and 2024, the Foundation had no significant unfunded commitments related to these investments.

Note 3 – Net Assets with Donor Restriction

Net assets with donor restriction include the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for a specified purpose		
Home Care services	<u>\$ 146,365</u>	<u>\$ 124,798</u>
Restricted for the benefit of SDHH		
SDHH expansion	413,600	358,432
Katzin resident assistance	556,730	456,962
SDHH resident assistance	3,610,291	3,146,675
Operations	127,327	142,954
SDHH unrestricted	<u>1,980,676</u>	<u>2,027,527</u>
	<u>6,688,624</u>	<u>6,132,550</u>
Subject to appropriation and expenditure when a specified event occurs		
SDHH and/or Home Care COVID-19-related grants	24,894	24,894
Sunshine Brooks general endowment	<u>2,805,400</u>	<u>2,805,400</u>
	<u>2,830,294</u>	<u>2,830,294</u>
Subject to spending policy and appropriation		
Investment in perpetuity, the income from which is available to support SDHH resident assistance		
Silverman Fund	643,855	643,855
Fisher Fund	957,650	845,650
Foster Family Fund	1,000,000	1,000,000
Levine Fund	1,213,969	1,187,969
Other Fund	<u>43,218</u>	<u>43,218</u>
	<u>3,858,692</u>	<u>3,720,692</u>
Total net assets with donor restrictions	<u>\$ 13,523,975</u>	<u>\$ 12,808,334</u>

The Sunshine Brooks general endowment, contributed by SDHH to the Foundation, states that the Board may release and use the principal of the fund only in emergency situations. No endowment funds were released during the years ended June 30, 2025 and 2024.

Seacrest Foundation and Affiliate Notes to Combined Financial Statements

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors:

	<u>2025</u>	<u>2024</u>
Purpose restrictions accomplished		
Grant to SDHH resident assistance	\$ 2,100,000	\$ 1,850,000
Grant to SDHH operations	356,670	187,876
Grant to Jewish Home Care Services	<u>36,656</u>	<u>38,525</u>
 Total restrictions released	 <u>\$ 2,493,326</u>	 <u>\$ 2,076,401</u>

Note 4 – Endowment

The Foundation's endowment consists of individual funds established for a variety of purposes. The Foundation has interpreted relevant state law as requiring preservation of the fair value of the original gift as of the date the gift of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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 donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Seacrest Foundation and Affiliate Notes to Combined Financial Statements

The endowment net asset composition by type of fund consisted of the following at June 30, 2025 and 2024:

2025			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	\$ -	\$ 3,858,692	\$ 3,858,692
Accumulated investment gains available to support SDHH resident assistance	- -	1,934,096	1,934,096
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 5,792,788</u>	<u>\$ 5,792,788</u>
2024			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	\$ -	\$ 3,720,692	\$ 3,720,692
Accumulated investment gains available to support SDHH resident assistance	- -	1,604,157	1,604,157
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 5,324,849</u>	<u>\$ 5,324,849</u>

Changes in endowment net assets for the year ended June 30, 2025, consisted of the following:

2025			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 5,324,849	\$ 5,324,849
Investment return, net	- -	569,939	569,939
Appropriated earnings	- -	(240,000)	(240,000)
Contributions	- -	138,000	138,000
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 5,792,788</u>	<u>\$ 5,792,788</u>

Seacrest Foundation and Affiliate Notes to Combined Financial Statements

Changes in endowment net assets for the year ended June 30, 2024, consisted of the following:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 4,708,126	\$ 4,708,126
Investment return, net	- -	609,723	609,723
Appropriated earnings	- -	(100,000)	(100,000)
Contributions	- -	107,000	107,000
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 5,324,849</u>	<u>\$ 5,324,849</u>

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. There were no such deficiencies in the years ended June 30, 2025 and 2024.

Return objectives and risk parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide funding for the operating expenses of programs supported by its endowment.

Investment strategy – The investment strategy of the Foundation is to develop a diversified portfolio of investments. The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending policy – The Foundation has a policy of appropriating for distribution each year an amount equal to one percent (1%) per calendar quarter of the calculated average endowment fund value, equaling four percent (4%) per annum. No amounts will be appropriated to the extent that such distributions will result in the endowment assets falling below the historic contribution amount. This policy is consistent with the donor instructions. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Note 5 – Functional Allocation of Expenses

The combined financial statements report certain expense categories that are attributable to more than one program or support services function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function are allocated to a function based on a square footage or units of services basis.

Seacrest Foundation and Affiliate Notes to Combined Financial Statements

Expenses related to providing these services for the years ended June 30, 2025 and 2024, are as follows:

	2025			
	Supporting Services			
	Program Services	General and Administrative	Fundraising	Total
Grants	\$ 2,493,332	\$ -	\$ -	\$ 2,493,332
Management services	- -	105,000	607,840	712,840
Insurance and accounting	- -	38,431	- -	38,431
	<u><u>\$ 2,493,332</u></u>	<u><u>\$ 143,431</u></u>	<u><u>\$ 607,840</u></u>	<u><u>\$ 3,244,603</u></u>
2024				
	Supporting Services			
	Program Services	General and Administrative	Fundraising	Total
	\$ 2,094,401	\$ -	\$ -	\$ 2,094,401
Management services	- -	105,000	594,230	699,230
Insurance and accounting	- -	43,071	- -	43,071
	<u><u>\$ 2,094,401</u></u>	<u><u>\$ 148,071</u></u>	<u><u>\$ 594,230</u></u>	<u><u>\$ 2,836,702</u></u>

Note 6 – Related Parties

Grant expense – As part of its operating activities, the Foundation makes grants to the organizations it supports. For the year ended June 30, 2025, the Foundation recognized grant expense of \$2,493,322 to SDHH and no grant expense to Jewish Home Care Services, Inc. For the year ended June 30, 2024, the Foundation recognized grant expense of \$2,037,876 to SDHH and \$38,525 to Jewish Home Care Services, Inc.

Management agreement – The Foundation has a philanthropic and management agreement with SDHH for the performance of philanthropic and operational administrative services for a monthly fee of \$2,500 plus billable expenses as defined in the agreement. The agreement expires on June 30, 2025. The total amounts incurred by the Foundation under this contractual arrangement were \$682,840 and \$699,230 during the years ended June 30, 2025 and 2024, respectively. Included in accounts receivable – related party is \$3,224 and \$0 receivable under this contractual agreement as of respectively. Included in accounts payable – related party is \$0 and \$32,902 payable under this contractual agreement as of June 30, 2025 and 2024, respectively.

Security interest – On March 7, 2019, SDHH entered into a long-term credit arrangement with a bank for up to \$8,000,000 (Credit Agreement). The Credit Agreement allowed for advances through September 1, 2019, as requested by SDHH. On September 1, 2019, the undisbursed principal was disbursed, and the Credit Agreement converted to a term loan subject to repayment over a term of 240 months. The Credit Agreement bears interest at 4.25 percent per annum and is secured by a security interest in the security accounts of the Foundation. The outstanding borrowings as of June 30, 2025 and 2024, were \$6,335,420 and \$6,671,750, respectively.

Seacrest Foundation and Affiliate Notes to Combined Financial Statements

Note 7 – Liquidity and Availability

Financial assets available for general expenditures, that is, without donor restrictions limiting their use, within one year of June 30, 2025, comprised the following:

Cash	\$ 390,938
Short-term investments	863,325
Interest receivable	<u>91,983</u>
	 <u>\$ 1,346,246</u>

The Foundation has structured its financial assets and liquidity resources to be available within one year for its operating expenses, obligations, and capital construction costs not financed with debt. The Foundation maximizes its earnings potential on liquid assets by investing in short-term instruments. Short-term investments in the table above consist of money market funds and certificates of deposit.

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