

FIOLI

DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

Filoli

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Independent Auditors' Report

THE BOARD OF DIRECTORS
FILOLI
Woodside, California

Opinion

We have audited the financial statements of **FILOLI**, which comprise the statement of financial position as of December 31, 2022 and 2021, 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 Filoli as of December 31, 2022 and 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Filoli 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 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 Filoli's ability to continue as a going concern for one year from the date of this report.

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 Filoli'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 Filoli'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.

Hood & Strong LLP

San Jose, California
May 11, 2023

Filoli

Statement of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 4,804,455	\$ 6,372,462
Board-designated cash	3,163,586	814,587
Receivables, net of discount	131,002	104,394
Prepaid expenses and other assets	471,891	286,201
Inventory	274,955	170,803
Investments	473,455	510,577
Board-designated investments	9,802,094	12,176,363
Property and equipment, net	6,215,448	5,101,043
Total Assets	\$ 25,336,886	\$ 25,536,430
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 345,130	\$ 533,453
Deferred revenue	618,529	573,591
Accrued expenses	1,095,688	646,251
Total liabilities	2,059,347	1,753,295
Net Assets:		
Without donor restrictions:		
Operating	3,155,134	4,942,274
Property	6,215,448	5,101,043
Board-designated funds	12,965,680	12,990,950
Total without donor restrictions	22,336,262	23,034,267
With donor restrictions	941,277	748,868
Total net assets	23,277,539	23,783,135
Total liabilities and net assets	\$ 25,336,886	\$ 25,536,430

See the accompanying notes to the financial statements.

Filoli

Statement of Activities

Years ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions and grants	\$ 1,223,923	\$ 767,622	\$ 1,991,545	\$ 912,891	\$ 376,174	\$ 1,289,065
Memberships	2,177,724		2,177,724	1,845,321		1,845,321
Programs	7,442,687		7,442,687	5,967,945		5,967,945
Retail gift shop sales	2,263,955		2,263,955	2,052,218		2,052,218
Less - cost of sales	(833,522)		(833,522)	(802,690)		(802,690)
Income from beneficial trust managed by National Trust for Historic Preservation	618,766		618,766	603,981		603,981
Other income	147,725		147,725	163,848		163,848
Net assets released from restrictions	575,213	(575,213)	-	225,289	(225,289)	-
Total revenue and support	13,616,471	192,409	13,808,880	10,968,803	150,885	11,119,688
Expenses:						
Program services	9,173,782		9,173,782	6,776,731		6,776,731
Management and general	1,640,277		1,640,277	1,314,532		1,314,532
Fundraising	1,205,917		1,205,917	922,216		922,216
Total Expenses	12,019,976	-	12,019,976	9,013,479	-	9,013,479
Changes in net assets from operations	1,596,495	192,409	1,788,904	1,955,324	150,885	2,106,209
Other Changes in Net Assets:						
Investment income, net	(1,864,064)		(1,864,064)	1,442,589		1,442,589
Deaccession of museum object and other collections	8,459		8,459	991		991
Gain (loss) on disposal of property and equipment	2,277		2,277	(236,903)		(236,903)
Depreciation	(441,172)		(441,172)	(411,120)		(411,120)
Total other changes in net assets	(2,294,500)	-	(2,294,500)	795,557	-	795,557
Change in Net Assets	(698,005)	192,409	(505,596)	2,750,881	150,885	2,901,766
Net Assets, beginning of year	23,034,267	748,868	23,783,135	20,283,386	597,983	20,881,369
Net Assets, end of year	\$ 22,336,262	\$ 941,277	\$ 23,277,539	\$ 23,034,267	\$ 748,868	\$ 23,783,135

See the accompanying notes to the financial statements.

Filoli

Statement of Cash Flows

<i>Years Ended December 31,</i>	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	\$ (505,596)	\$ 2,901,766
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	441,172	411,120
(Gain) loss on disposal of property and equipment	(2,277)	236,903
Net realized and unrealized losses (gains) on investments	1,864,064	(1,442,589)
Change in operating assets and liabilities:		
Receivables	(26,608)	(1,227)
Prepaid expenses and other assets	(185,690)	(78,100)
Inventory	(104,152)	113,302
Accounts payable	(188,323)	368,759
Deferred revenue	44,938	245,907
Accrued expenses	449,437	(22,958)
Net cash provided from operating activities	1,786,965	2,732,883
Cash Flows from Investing Activities:		
Purchases of property and equipment	(1,557,300)	(189,468)
Purchases of investments		(499,012)
Sales of investments	547,327	1,213,237
Proceeds from sale of property and equipment	4,000	
Net cash from investing activities	(1,005,973)	524,757
Net Change in Cash and Cash Equivalents	780,992	3,257,640
Cash and Cash Equivalents, beginning of year	7,187,049	3,929,409
Cash and Cash Equivalents, end of year	\$ 7,968,041	\$ 7,187,049
Supplemental Cash Flow Information:		
Reconciliation of cash and cash equivalents and Board-designated cash within the Statement of Financial Position to net change in cash and cash equivalents		
Cash and cash equivalents	\$ 4,804,455	\$ 6,372,462
Board-designated cash	<u>3,163,586</u>	<u>814,587</u>
Total cash and cash equivalents	\$ <u>7,968,041</u>	\$ <u>7,187,049</u>

See the accompanying notes to the financial statements.

Filoli

Statement of Functional Expenses

Years ended December 31,

	2022				2021			
	Programs	Management and General	Fundraising	Total	Programs	Management and General	Fundraising	Total
Salaries and wages	\$ 4,238,655	\$ 944,278	\$ 477,918	\$ 5,660,851	\$ 3,298,656	\$ 781,872	\$ 416,610	\$ 4,497,138
Employee benefits	446,811	42,539	39,765	529,115	363,710	46,325	31,766	441,801
Payroll taxes	331,419	62,407	35,113	428,939	262,698	52,780	33,086	348,564
Program supplies	766,612	35,404	193,267	995,283	342,248	31,182	103,762	477,192
Consultants and outside services	588,727	228,859	131,858	949,444	431,033	129,316	58,578	618,927
Repairs and maintenance	592,247	83,393	17,942	693,582	453,025	48,391	10,537	511,953
Utilities	376,284	53,471	11,504	441,259	294,913	40,532	8,826	344,271
Advertising and promotion	291,679		64,768	356,447	170,467		70,167	240,634
Garden and landscape	343,985			343,985	274,266			274,266
Credit card merchant fees	319,138		19,366	338,504	265,691		19,116	284,807
Information technology	252,943	48,929	25,902	327,774	225,658	42,698	27,721	296,077
Printing and publications	221,388	2,201	89,933	313,522	105,788	2,205	59,516	167,509
Equipment rental and purchase	108,676	15,263	70,284	194,223	71,186	22,716	44,259	138,161
Business insurance	107,326	44,415	2,993	154,734	96,178	44,859	2,519	143,556
Travel and training	87,549	39,053	8,612	135,214	28,460	34,671	9,354	72,485
Office and general expenses	65,601	14,958	14,021	94,580	65,380	13,931	25,170	104,481
Other expenses	34,742	25,107	2,671	62,520	27,374	23,054	1,229	51,657
Total before depreciation and cost of sales	9,173,782	1,640,277	1,205,917	12,019,976	6,776,731	1,314,532	922,216	9,013,479
Depreciation	374,996	66,176		441,172	308,340	102,780		411,120
Total before cost of sales	9,548,778	1,706,453	1,205,917	12,461,148	7,085,071	1,417,312	922,216	9,424,599
Cost of sales	833,522			833,522	802,690			802,690
Total	\$ 10,382,300	\$ 1,706,453	\$ 1,205,917	\$ 13,294,670	\$ 7,887,761	\$ 1,417,312	\$ 922,216	\$ 10,227,289

See the accompanying notes to the financial statements.

Filoli

Notes to the Financial Statements

Note 1 - Description of the Organization:

Filoli is a California nonprofit corporation formed in February 1976. Filoli's mission is to connect its rich history with a vibrant future through beauty, nature, and shared stories.

Filoli is a vibrant landscape of the Bay Area, situated on the unceded ancestral lands of the Ramaytush Ohlone, in Woodside, California. The estate boasts 654 acres of beauty nestled along the slopes of California's coastal range. Originally built as a private residence in 1917, Filoli was opened to the public in 1977 as a 501(c)(3) nonprofit organization and site of the National Trust for Historic Preservation (National Trust). The property is considered one of the finest remaining country estates of the 20th century, featuring a 54,000+ square-foot Georgian revival-style mansion, 16 acres of exquisite English Renaissance gardens, a 6.8-acre Gentleman's Orchard, and a nature preserve with eight miles of hiking trails.

As a site of the National Trust, Filoli manages its land and buildings in conformity with national historic preservation standards. The National Trust has set aside the principal of, and income derived from, a fund held for the benefit of Filoli donated to the National Trust by Lurline B. Roth, the former owner of the estate, to assist in maintaining the national historic site.

Filoli is accredited by the American Alliance of Museums.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Presentation

The financial statements of Filoli have been presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), on the basis of net assets without donor restrictions and net assets with donor restrictions as follows:

Net Assets Without Donor Restrictions: net assets that do not contain donor restrictions. These net assets are intended for use by management and the Board of Directors for general operations.

Certain investments and cash have been designated by the Board of Directors to be used for either extraordinary expenditures and/or significant capital improvements to the property. A certain amount of cash has been designated by the Board of Directors as an operating reserve.

Net Assets With Donor Restrictions: net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and will be met by actions of Filoli or by the passage of time. Filoli does not have any donor restrictions which are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Filoli

Notes to the Financial Statements

b. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents consist of short-term, highly liquid investments and investments with original maturity dates of three months or less. Cash held within investments accounts which are awaiting reinvestment is not considered cash and cash equivalents.

c. Investments

Investments consist of holdings in two funds:

TIFF Multi-Asset Fund which is carried at net asset value (NAV) as determined by the investment managers under the practical expedient method. The practical expedient allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met.

Dodge and Cox Balanced Fund which is carried at its market value based on published quotations.

The Board-approved spending policy requires annual approval for spending of the Board-designated investments to support the operations and capital needs of the estate and gardens. The spending is to be no more than 6% of the average year-end balance over the previous three-year period, unless the Board approves for extraordinary expenditures and/or significant capital improvements to the property. Generally, management expects that approximately half the allowed withdrawal will be fulfilled through earned portfolio income on an annual basis.

Investment income, net of investment related expenses is reported on the Statement of Activities.

d. Inventory

Inventory, consisting of retail merchandise and beverages, is stated at the lower of cost (average cost method) or market.

e. Property and Equipment

Property and equipment in excess of \$5,000 is recorded at cost for purchased assets and at estimated market or appraisal value on date of donation for donated assets. Depreciation is computed using the straight-line method over lives ranging from 3 to 40 years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' useful lives or the term of the applicable lease.

Filoli

Notes to the Financial Statements

f. Leases

Filoli recognizes operating lease right-of-use assets and operating lease liabilities, if material.

g. Museum Objects and Other Collections

Filoli's museum object collection, library collections, and living collections are classified as collections under U.S. GAAP. Collection items acquired through purchase are recognized as accessions and decrease net assets without donor restrictions, if purchased with net assets without donor restrictions, or result in a release on the Statement of Activities of net assets with donor restrictions, if purchased with assets with donor restrictions.

Collection items are sold solely for the advancement of Filoli's mission and the enhancement of its collections. Proceeds from items sold are used for the acquisition of new collection items or the direct care, preservation, and conservation of existing collections. Filoli defines direct care in accordance with the American Alliance of Museums' guidelines, that is, an investment that enhances the life, usefulness or quality of collections, thereby ensuring the proceeds will continue to benefit the public. Proceeds from deaccessions or insurance recoveries are reflected in the Statement of Activities based on the nature, absence or existence of the original donor-imposed restrictions.

Museum object and library collection items are inventoried and appropriately cared for by in-house curators to preserve the collections' integrity. Similarly, living collections are inventoried and appropriately cared for by in-house horticulturists.

Filoli maintains museum objects which are on loan from various sources. The majority of such "on loan" items are the property of the National Trust. Filoli maintains records of such items.

h. Support and Revenue Recognition

Program revenues include admissions, workshops, public events, and event rental programs. Program revenues from admissions are recognized on the date of admission and all other program revenues are recognized when the event or program takes place.

Retail sales include Clock Tower Shop gift shop sales and beverage sales. Retail sales are recognized at the time of sale.

Membership dues are a combination of nonexchange and exchange transactions. Some membership levels are completely nonexchange and are recognized in accordance with the contribution guidance. For exchange transactions, judgement is used in determining the timing of when a performance obligation is satisfied. If the benefits are deemed to have no determinable term, the revenue associated with the exchange portion will be recognized upon receipt from members.

Filoli

Notes to the Financial Statements

Income from the beneficial trust fund held by the National Trust is recognized when received. The National Trust transferred to Filoli \$618,766 and \$603,981 for 2022 and 2021, respectively. These amounts represent the return on the beneficial trust fund, which is equal to approximately 4.9% of the average beneficial trust assets over a three-year period.

Unconditional contributions are recognized as revenues at fair value when received or unconditionally promised. Conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Filoli received conditional contributions of \$- and \$8,000 in 2022 and 2021, respectively.

Contributions with donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Noncash donations, including property, donated securities, and advertising space, are recorded at the fair value of the gift at the date of the donation and are classified based on the presence or absence of donor restrictions. Fair value is determined using comparable rates for similar items. Filoli recorded approximately \$204,000 and \$194,000 of noncash donations for the years ended December 31, 2022 and 2021, respectively.

i. Contribution of Services

Filoli utilizes the services of unpaid volunteers performing various functions such as participating in service learning projects or serving on the Board of Directors or Board committees. Volunteers contributed approximately 2,000 and 1,500 hours for the years ended December 31, 2022 and 2021, respectively. This contributed time, while helping to further the mission of Filoli, does not meet the specified criteria for recognition in the financial statements and therefore has not been recorded.

j. Income Taxes

Filoli is a tax-exempt organization pursuant to Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code and, accordingly, is exempt from federal and state income taxes on related business income.

Management has evaluated Filoli's tax positions and concluded that Filoli had maintained its tax-exempt status and had taken no uncertain tax positions that required adjustment to the financial statements as of December 31, 2022 and 2021.

Filoli

Notes to the Financial Statements

k. Functional Expenses

The costs of providing program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, directly identifiable expenses are charged to the related program or service benefited. Salaries and related benefits are charged to the functional area of the employee who incurred the expense and on time spent in the functional area for management. Occupancy related expenses are allocated to the various functional areas based on time and effort. Information technology and other expenses benefiting multiple functions are allocated based on head count.

l. Fair Value Measurements

Filoli carries certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Filoli classifies its financial assets and liabilities in one of the following three categories:

Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities

Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 Unobservable inputs that are not corroborated by market data.

The valuation levels are not necessarily an indication of the risk or liquidity associated with the investment. Certain investments that are measured at NAV per share practical expedient have not been classified under the fair value hierarchy.

m. Estimates

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

n. Reclassifications

Certain 2021 balances have been reclassified to conform to the 2022 presentation in Statement of Functional Expenses. These reclassifications had no effect on Filoli's change in net assets or financial position as previously reported.

Filoli

Notes to the Financial Statements

o. New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under the ASU, a lessee was to recognize assets and liabilities for leases with lease terms of more than twelve months for the rights and obligations created by those leases. This ASU was effective for Filoli beginning January 1, 2022; however, given the immaterial nature of Filoli's leases, no change was reflected in the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU changed the required presentation and disclosure of in-kind contributions. Filoli adopted this pronouncement beginning January 1, 2022 with minor modifications to Note 2h.

p. Subsequent Events

Filoli has evaluated subsequent events from December 31, 2022 through May 11, 2023, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Note 3 - Investments:

Investments consisted of the following as of December 31:

	2022	2021
TIFF Multi-Asset Fund (MAF), at NAV	\$ 9,802,094	\$ 12,176,363
Dodge & Cox Balanced Fund	473,455	510,577
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	\$ 10,275,549	\$ 12,686,940

MAF is a globally diversified mutual fund whose ownership is primarily available for non-profit organizations. The fair value price per share of the MAF is based on the fund's NAV. The MAF investment strategy attempts to exceed the return of inflation plus 5%. The MAF allows normal annual distributions without an exit fee. In addition, the MAF can be redeemed on demand without an exit fee. Filoli does not have any unfunded commitments as of December 31, 2022.

During the years ended December 31, 2022 and 2021, \$547,936 and \$688,572, respectively, was withdrawn from the MAF in accordance with the annual spending policy.

Filoli

Notes to the Financial Statements

Total investment income consisted of the following for the years ended December 31:

	2022	2021
Dividends and capital gain distributions	\$ 952,234	\$ 1,682,125
Realized gains	78,809	290,278
Unrealized losses	(2,895,107)	(529,814)
	<u>\$ (1,864,064)</u>	<u>\$ 1,442,589</u>

Note 4 - Property and Equipment:

Property and equipment was as follows as of December 31:

	2022	2021
Land (Parcel C)	\$ 551,844	\$ 551,844
Land and building improvements	12,249,833	11,107,491
Furnishings and equipment	1,144,027	974,036
Gardening and maintenance equipment	635,598	635,598
Vehicles	272,161	272,161
Construction in progress	139,994	16,720
Total Property and Equipment	14,993,457	13,557,850
Less accumulated depreciation	(8,778,009)	(8,456,807)
Net property and equipment	<u>\$ 6,215,448</u>	<u>\$ 5,101,043</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$441,172 and \$411,120, respectively.

Note 5 - Net Assets:

Net assets with donor restrictions were available for the following purposes as of December 31:

	2022	2021
Internship program	\$ 348,196	\$ 364,610
Youth programs	307,091	7,191
Ballroom terrace restoration	178,576	103,254
Vegetable garden	75,000	250,892
Flower arrangement	21,914	22,921
Historic house and garden restoration	10,500	
	<u>\$ 941,277</u>	<u>\$ 748,868</u>

Filoli

Notes to the Financial Statements

Net assets released from donor restrictions were as follows for the years ended December 31:

	2022	2021
Vegetable garden	\$ 330,402	\$ 34,417
Historic house and garden restoration	88,850	24,241
Ballroom terrace restoration	57,383	22,483
Climate action	42,500	7,500
Youth programs	33,157	7,559
Internship program	16,414	12,826
Other programs	6,507	43,405
Gentlemen's lounge restoration		22,858
Branding		50,000
	<hr/>	<hr/>
	\$ 575,213	\$ 225,289

Note 6 - Commitments and Contingencies:

Filoli is responsible for property operations under the terms of a cooperative agreement with the National Trust originally dated July 1, 1976 and revised on September 30, 2017. Additionally, the National Trust lends certain fine art object collections to Filoli under the terms of a loan agreement dated September 30, 2017. Both agreements will remain effective through September 29, 2047 unless the lease (described below) is terminated, or agreements are modified or terminated by mutual written agreement of both parties.

Under the terms of a lease with the National Trust, Filoli leases approximately 125 acres of land (Parcels A and B) and the main residence building at an annual rental of \$10 through September 29, 2047. Filoli must pay for all taxes, insurance, utilities, repairs and maintenance and capital improvements.

Filoli owns approximately 529 acres of undeveloped land (Parcel C) contiguous to Parcels A and B. The land is used for research and educational purposes. The land included in the accompanying Statement of Financial Position is Parcel C only.

Filoli leased 11.88 acres from the City and County of San Francisco at an annual rental of \$1. Filoli was responsible for all taxes, licenses, permit fees, assessments, and maintenance applicable to this acreage. The use of this land was restricted for maintenance and horticultural operations.

The City and County of San Francisco leased 237 acres from Filoli at an annual rental of \$1. The City's use of the land was restricted to the maintenance and preservation of its watershed nature and to the protection of the quality of the water derived therefrom.

Filoli

Notes to the Financial Statements

The above leases between Filoli and the City and County of San Francisco were for 40 years and expired in November 2022. As of the date of the release of these financial statements the above leases are intended to be renewed with the City and County of San Francisco.

Note 7 - Retirement Plan:

Filoli maintains a 401(k) plan. The plan is a defined contribution plan and covers full-time and part-time employees who have attained age of 21 and completed 6 months of service. Employees may contribute up to \$20,500 and \$19,500, respectively, for 2022 and 2021 and, for employees age 50 and above, an additional \$6,500 for 2022 and 2021. Filoli matched employee contributions up to 4% of the employee's compensation in 2022 and 2021, respectively. For 2022 and 2021, Filoli contributed \$135,038 and \$110,642, respectively, to the plan.

Note 8 - Concentrations of Risk:

Filoli has identified its financial instruments which potentially subject it to risk as cash and cash equivalents and investments. At times, Filoli has cash deposits in financial institutions in excess of federally insured limits. Filoli did not experience any losses during the banking issues that occurred in March of 2023. Board-designated investments are held in one mutual fund.

Note 9 - Liquidity and Availability:

Filoli is substantially reliant on guests and members visiting the site, attending events and programs, and continuing their memberships. Approximately 80% of Filoli's support results from membership, programs, and net gift shop sales. This reliance subjects Filoli to seasonal attendance and renewal variations which can result in financial assets not being available for general expenditure throughout the year.

Filoli

Notes to the Financial Statements

The following reflects Filoli's financial assets as of the date of the Statement of Financial Position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Financial Position. Amounts not available include amounts set aside for Board-approved projects, an operating reserve and long-term investing purposes. Any of the Board-designated funds could be drawn upon if the Board approves that action.

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 4,804,455	\$ 6,372,462
Board-designated cash	3,163,586	814,587
Receivables, net of discount	131,002	104,394
Investments	473,455	510,577
Board-designated investments	9,802,094	12,176,363
	<hr/>	<hr/>
Total financial assets	18,374,592	19,978,383
Less those unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	(941,277)	(748,868)
Board designations:		
Investment fund, primarily for long-term investing and maintenance reserve	(9,802,094)	(12,176,363)
Cash set aside for Board-approved projects	(652,846)	(814,587)
Cash set aside as Board-approved operating reserve	(2,510,740)	
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Financial assets available to meet cash needs for general expenditures within one year	\$ 4,467,635	\$ 6,238,565

In addition to contributions and program revenue that are received throughout the year to fund general expenditures, Filoli receives income distributions from the beneficial trust fund maintained by the National Trust for the benefit of Filoli based on the spending policy of approximately 4.9%. Such income is not restricted for any specific purposes and, therefore, is available for general expenditure. Filoli generally receives between \$600,000 and \$620,000 from the National Trust annually.

Filoli

Notes to the Financial Statements

Note 10 - Related Party Transactions:

On January 7, 2020, Filoli entered into a multi-year master plan contract with a landscape architecture firm which subcontracts with various consulting firms, including a firm whose principal is a Board member. The estimated total contract obligation was \$545,000, which included an estimated contract amount of \$173,030 to this related party. In 2022 and 2021, \$111,622 and \$32,646, respectively, was paid to the related party. The master plan was completed in 2022.

In addition, Filoli contracted with firms related to Board members and paid a total of \$77,000 and \$44,000 in 2022 and 2021, respectively, for house restoration and garden services.