

Hood & Strong

Advisory, Tax
and Assurance

Filoli

December 31, 2023 and 2022

Independent Auditors' Report and
Financial Statements



Filoli

Independent Auditors' Report and Financial Statements

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Independent Auditor's 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, 2023 and 2022, 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 8, 2024

Filoli

Statement of Financial Position

<i>December 31,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 7,252,899	\$ 4,804,455
Board-designated cash reserve	3,869,830	3,163,586
Receivables, net of discount	233,314	131,002
Prepaid expenses and other assets	553,617	471,891
Inventory	359,468	274,955
Investments	538,640	473,455
Board-designated investments	8,122,880	9,802,094
Property and equipment, net	7,555,215	6,215,448
Total Assets	\$ 28,485,863	\$ 25,336,886
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 412,456	\$ 345,130
Deferred revenue	937,813	618,529
Accrued expenses	1,792,147	1,095,688
Total liabilities	3,142,416	2,059,347
Net Assets:		
Without donor restrictions:		
Operating	4,849,457	3,155,134
Property	7,555,215	6,215,448
Board-designated funds	11,992,710	12,965,680
Total without donor restrictions	24,397,382	22,336,262
With donor restrictions	946,065	941,277
Total net assets	25,343,447	23,277,539
Total liabilities and net assets	\$ 28,485,863	\$ 25,336,886

See the accompanying notes to the financial statements.

Filoli

Statement of Activities

Years ended December 31,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions and grants	\$ 1,014,165	\$ 515,285	\$ 1,529,450	\$ 1,223,923	\$ 767,622	\$ 1,991,545
Memberships	2,706,551		2,706,551	2,177,724		2,177,724
Programs	9,742,070		9,742,070	7,442,687		7,442,687
Retail gift shop sales	2,385,247		2,385,247	2,263,955		2,263,955
Less cost of sales	(902,292)		(902,292)	(833,522)		(833,522)
Income from beneficial trust managed by						
National Trust for Historic Preservation	631,141		631,141	618,766		618,766
Other income	601,126		601,126	147,725		147,725
Net assets released from restrictions	510,497	(510,497)	-	575,213	(575,213)	-
Total revenue and support	16,688,505	4,788	16,693,293	13,616,471	192,409	13,808,880
Expenses:						
Program services	11,689,528		11,689,528	9,173,782		9,173,782
Management and general	2,147,673		2,147,673	1,640,277		1,640,277
Fundraising	1,800,859		1,800,859	1,205,917		1,205,917
Total Expenses	15,638,060	-	15,638,060	12,019,976	-	12,019,976
Changes in net assets from operations	1,050,445	4,788	1,055,233	1,596,495	192,409	1,788,904
Other Changes in Net Assets:						
Investment income, net	1,501,921		1,501,921	(1,864,064)		(1,864,064)
Deaccession of museum object and other collections	124,534		124,534	8,459		8,459
Gain (loss) on disposal of property and equipment	(58,838)		(58,838)	2,277		2,277
Depreciation	(556,942)		(556,942)	(441,172)		(441,172)
Total other changes in net assets	1,010,675	-	1,010,675	(2,294,500)	-	(2,294,500)
Change in Net Assets	2,061,120	4,788	2,065,908	(698,005)	192,409	(505,596)
Net Assets, beginning of year	22,336,262	941,277	23,277,539	23,034,267	748,868	23,783,135
Net Assets, end of year	\$ 24,397,382	\$ 946,065	\$ 25,343,447	\$ 22,336,262	\$ 941,277	\$ 23,277,539

See the accompanying notes to the financial statements.

Filoli

Statement of Functional Expenses

Years ended December 31,

	2023				2022			
	Programs	Management and General	Fundraising	Total	Programs	Management and General	Fundraising	Total
Salaries and benefits	\$ 6,529,756	\$ 1,276,487	\$ 723,194	\$ 8,529,437	\$ 5,016,885	\$ 1,049,224	\$ 552,796	\$ 6,618,905
Program supplies	829,502	52,408	184,033	1,065,943	766,612	35,404	193,267	995,283
Consultants and outside services	701,459	449,587	473,022	1,624,068	588,727	228,859	131,858	949,444
Repairs and maintenance	788,999	110,290	27,647	926,936	592,247	83,393	17,942	693,582
Utilities	438,588	61,918	15,480	515,986	376,284	53,471	11,504	441,259
Advertising and promotion	336,528		76,831	413,359	291,679		64,768	356,447
Garden and landscape	487,923			487,923	343,985			343,985
Credit card merchant fees	459,688		21,342	481,030	319,138		19,366	338,504
Information technology	302,850	46,530	37,034	386,414	252,943	48,929	25,902	327,774
Printing and publications	171,705	1,722	62,627	236,054	221,388	2,201	89,933	313,522
Equipment rental and purchase	211,983	19,439	123,810	355,232	108,676	15,263	70,284	194,223
Business insurance	154,418	48,874	4,916	208,208	107,326	44,415	2,993	154,734
Travel and training	117,860	41,801	19,198	178,859	87,549	39,053	8,612	135,214
Office and general expenses	113,209	12,299	27,217	152,725	65,601	14,958	14,021	94,580
Other expenses	45,060	26,318	4,508	75,886	34,742	25,107	2,671	62,520
Total before depreciation and cost of sales	11,689,528	2,147,673	1,800,859	15,638,060	9,173,782	1,640,277	1,205,917	12,019,976
Depreciation	473,401	83,541		556,942	374,996	66,176		441,172
Total before cost of sales	12,162,929	2,231,214	1,800,859	16,195,002	9,548,778	1,706,453	1,205,917	12,461,148
Cost of sales	902,292			902,292	833,522			833,522
Total	\$ 13,065,221	\$ 2,231,214	\$ 1,800,859	\$ 17,097,294	\$ 10,382,300	\$ 1,706,453	\$ 1,205,917	\$ 13,294,670

See the accompanying notes to the financial statements.

Filoli

Statement of Cash Flows

Years Ended December 31,	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,065,908	\$ (505,596)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	556,942	441,172
Loss (gain) on disposal of property and equipment	58,838	(2,277)
Net realized and unrealized (gains) losses on investments	(1,124,729)	2,816,298
Change in operating assets and liabilities:		
Receivables	(102,312)	(26,608)
Prepaid expenses and other assets	(81,726)	(185,690)
Inventory	(84,513)	(104,152)
Accounts payable	67,326	(188,323)
Deferred revenue	319,284	44,938
Accrued expenses	696,459	449,437
Net cash provided from operating activities	2,371,477	2,739,199
Cash Flows from Investing Activities:		
Purchases of property and equipment	(1,955,547)	(1,557,300)
Purchase of investments	(3,327,242)	(952,234)
Proceeds from sales and maturity of investments	6,066,000	547,327
Proceeds from sale of property and equipment		4,000
Net cash provided (used) from investing activities	783,211	(1,958,207)
Net Change in Cash and Cash Equivalents	3,154,688	780,992
Cash and Cash Equivalents, beginning of year	7,968,041	7,187,049
Cash and Cash Equivalents, end of year	\$ 11,122,729	\$ 7,968,041
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	\$ 7,252,899	\$ 4,804,455
Board-designated cash	<u>3,869,830</u>	<u>3,163,586</u>
Total cash and cash equivalents	<u>\$ 11,122,729</u>	<u>\$ 7,968,041</u>

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 650 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:

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

Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents consist of cash on deposit with financial institutions, money market funds and highly liquid investments with maturity of 90 days or less from the date of purchase.

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 net of related investment expenses.

Inventory

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

Property and Equipment

Property and equipment in excess of \$5,000 is recorded at cost for purchased assets and at estimated fair value 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.

Leases

Filoli determines whether an arrangement is or includes a lease and categorizes leases as either operating or finance leases. Filoli does not have any finance leases. Operating lease right-of-use (ROU) assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term. Filoli used a risk-free discount rate at the commencement date for the new lease agreements that do not provide implicit rates. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

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Notes to the Financial Statements

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.

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.

Income from the beneficial trust fund held by the National Trust is recognized when received. The National Trust transferred to Filoli \$631,141 and \$618,766 for 2023 and 2022, 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.

Filoli

Notes to the Financial Statements

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 did not receive any conditional contributions in 2023 and 2022.

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 \$159,000 and \$204,000 of noncash donations for the years ended December 31, 2023 and 2022, respectively.

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 3,600 and 2,000 hours for the years ended December 31, 2023 and 2022, 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.

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, 2023 and 2022.

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.

Filoli

Notes to the Financial Statements

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.

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.

Subsequent Events

Filoli has evaluated subsequent events from December 31, 2023 through May 8, 2024, 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:

	2023	2022
TIFF Multi-Asset Fund (MAF), at NAV	\$ 8,122,880	\$ 9,802,094
Dodge & Cox Balanced Fund	538,640	473,455
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	\$ 8,661,520	\$ 10,275,549

Filoli

Notes to the Financial Statements

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, 2023.

During the years ended December 31, 2023 and 2022, \$3,000,000 and \$547,936, respectively, was withdrawn from the MAF in accordance with the annual spending policy.

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

	2023	2022
Dividends and capital gain distributions	\$ 377,192	\$ 952,234
Realized gains	212,246	78,809
Unrealized gains (losses)	912,483	(2,895,107)
	<u>1,501,921</u>	<u>\$ (1,864,064)</u>

Note 4 - Property and Equipment:

Property and equipment was as follows as of December 31:

	2023	2022
Land (Parcel C)	\$ 551,844	\$ 551,844
Land and building improvements	13,743,699	12,249,833
Furnishings and equipment	770,544	1,144,027
Gardening and maintenance equipment	604,834	635,598
Vehicles	296,374	272,161
Construction in progress	349,407	139,994
Total Property and Equipment	16,316,702	14,993,457
Less accumulated depreciation	(8,761,487)	(8,778,009)
Net property and equipment	<u>\$ 7,555,215</u>	<u>\$ 6,215,448</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$556,942 and \$441,172, respectively.

Filoli

Notes to the Financial Statements

Note 5 - Net Assets:

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

	2023	2022
Youth programs	\$ 315,604	\$ 307,091
Internship program	278,236	348,196
Nature program	260,670	
Ballroom terrace restoration		178,576
Vegetable garden	29,173	75,000
Flower arrangement	20,582	21,914
Historic house and garden restoration	25,500	10,500
Other	16,300	
	<hr/>	<hr/>
	\$ 946,065	\$ 941,277

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

	2023	2022
Youth programs	\$ 28,487	\$ 33,157
Internship program	69,959	16,414
Ballroom terrace restoration	180,591	57,383
Vegetable garden	45,828	330,402
Flower arrangement	1,332	
Historic house and garden restoration	12,800	88,850
Wildfire prevention	60,000	
Holiday lights	60,000	
Other	51,500	49,007
	<hr/>	<hr/>
	\$ 510,497	\$ 575,213

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.

Filoli

Notes to the Financial Statements

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 San Francisco Public Utilities Commission (“SFPUC”) 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 SFPUC leased 237 acres from Filoli at an annual rental of \$1. The 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.

The above leases between Filoli and the SFPUC were for 40 years and expired in November 2022. As of the date of the release of these financial statements, the intended renewal of the lease agreement is pending ongoing negotiation with the SFPUC.

Note 7 - Retirement Plan:

Employees of Filoli are covered under a 401(k) defined contribution plan. Full-time and part-time employees are considered eligible for contributions after they have attained the age of twenty-one on the first of the month following date of hire. Contributions to the Plan are made by the employees. Filoli offers an annual 4% mandatory safe harbor employer matching contribution. For 2023, the Board approved an additional 2% employer matching contribution in excess of the 4% mandatory safe harbor contribution up to total of 6% matching. Filoli’s contributions to the plan were \$261,309 and \$135,038 for 2023 and 2022, respectively.

Note 8 - Concentrations of Credit Risk:

Financial instruments that potentially subject Filoli to significant concentrations of credit risk consist primarily of cash and cash equivalents and marketable securities. Filoli maintains bank deposits in federally insured major financial institutions and these deposits may exceed federally insured limits. Filoli is exposed to credit risk in the event of default by the national institution holding its cash, cash equivalents and investments (including Board-designated investments) to the extent recorded in the Statement of Financial Position. Filoli has not experienced any losses to date related to these concentrations.

Filoli

Notes to the Financial Statements

Note 9 - Liquidity and Availability:

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 long-term investing in a Board-designated fund that could be drawn upon if the Board approves that action.

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 7,252,899	\$ 4,804,455
Board-designated cash	3,869,830	3,163,586
Receivables, net of discount	233,314	131,002
Investments	538,640	473,455
Board-designated investments	8,122,880	9,802,094
Total financial assets	20,017,563	18,374,592
Less amounts unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	(946,065)	(941,277)
Board designations:		
Investment fund, primarily for long-term investing and maintenance reserve	(8,122,880)	(9,802,094)
Cash set aside for Board-approved projects	(572,835)	(652,846)
Cash set aside as Board-approved operating reserve	(3,296,995)	(2,510,740)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,078,788	\$ 4,467,635

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.

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 \$630,000 from the National Trust annually.

Filoli

Notes to the Financial Statements

Note 10 - Related Party Transactions:

Filoli has a conflict of interest policy under which Filoli's directors, officers, managers with authority over a significant portion of Filoli's operating budget and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related-party transaction with Filoli without the consent of the board of directors. The following related party transactions were approved by the board of directors.

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 2023 and 2022, \$0 and \$111,622, respectively, was paid to the related party. The master plan was completed in 2023.

In addition, Filoli contracted with firms related to a Board member and paid a total of \$9,000 and \$77,000 in 2023 and 2022, respectively, for house restoration and garden services.