

Hood & Strong

Advisory, Tax
and Assurance

Filoli

December 31, 2024 and 2023

Independent Auditors' Report and
Financial Statements

**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, 2024 and 2023, 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, 2024 and 2023, 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
June 5, 2025

Filoli

Statement of Financial Position

<i>December 31,</i>	2024	2023
Assets		
Cash and cash equivalents	\$ 4,611,803	\$ 7,252,899
Board-designated cash reserve	5,885,329	3,869,830
Receivables	284,457	233,314
Contributions receivable, net of discount	2,121,702	
Prepaid expenses and other assets	1,009,904	553,617
Inventory	577,510	359,468
Investments	726,942	538,640
Board-designated investments	7,388,034	8,122,880
Property and equipment, net	8,628,705	7,555,215
Total assets	\$ 31,234,386	\$ 28,485,863
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 817,511	\$ 412,456
Deferred revenue	894,015	937,813
Accrued expenses	2,072,627	1,792,147
Total liabilities	3,784,153	3,142,416
Net Assets:		
Without donor restrictions:		
Operating	2,290,516	4,849,457
Property	8,628,705	7,555,215
Board-designated funds	13,273,363	11,992,710
Total without donor restrictions	24,192,584	24,397,382
With donor restrictions	3,257,649	946,065
Total net assets	27,450,233	25,343,447
Total liabilities and net assets	\$ 31,234,386	\$ 28,485,863

See the accompanying notes to the financial statements.

Filoli

Statement of Activities

Years ended December 31,

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions and grants	\$ 1,119,736	\$ 2,895,842	\$ 4,015,578	\$ 1,014,165	\$ 515,285	\$ 1,529,450
Memberships	3,298,856		3,298,856	2,706,551		2,706,551
Programs	12,155,347		12,155,347	9,742,070		9,742,070
Retail gift shop sales	3,058,025		3,058,025	2,385,247		2,385,247
Less cost of sales	(1,267,433)		(1,267,433)	(902,292)		(902,292)
Income from beneficial trust managed by						
National Trust for Historic Preservation	666,902		666,902	631,141		631,141
Other income	388,162		388,162	601,126		601,126
Net assets released from restrictions	584,258	(584,258)	-	510,497	(510,497)	-
Total revenue and support	20,003,853	2,311,584	22,315,437	16,688,505	4,788	16,693,293
Expenses:						
Program services	14,865,050		14,865,050	11,362,169		11,362,169
Management and general	4,181,714		4,181,714	2,532,801		2,532,801
Fundraising	1,833,775		1,833,775	1,743,090		1,743,090
Total expenses	20,880,539	-	20,880,539	15,638,060	-	15,638,060
Changes in net assets from operations	(876,686)	2,311,584	1,434,898	1,050,445	4,788	1,055,233
Other Changes in Net Assets:						
Investment income, net	1,339,530		1,339,530	1,501,921		1,501,921
Deaccession of museum object and other collections	38,197		38,197	124,534		124,534
Loss on disposal of property and equipment	(17,832)		(17,832)	(58,838)		(58,838)
Depreciation	(688,007)		(688,007)	(556,942)		(556,942)
Total other changes in net assets	671,888	-	671,888	1,010,675	-	1,010,675
Change in Net Assets	(204,798)	2,311,584	2,106,786	2,061,120	4,788	2,065,908
Net Assets, beginning of year	24,397,382	946,065	25,343,447	22,336,262	941,277	23,277,539
Net Assets, end of year	\$ 24,192,584	\$ 3,257,649	\$ 27,450,233	\$ 24,397,382	\$ 946,065	\$ 25,343,447

See the accompanying notes to the financial statements.

Filoli

Statement of Functional Expenses

Years ended December 31,

	2024				2023			
	Programs	Management and General	Fundraising	Total	Programs	Management and General	Fundraising	Total
Salaries and benefits	\$ 8,450,402	\$ 1,897,255	\$ 939,372	\$ 11,287,029	\$ 6,529,756	\$ 1,276,487	\$ 723,194	\$ 8,529,437
Program supplies	1,409,156	78,780	204,237	1,692,173	829,502	52,408	184,033	1,065,943
Advertising and promotion	198,734	1,302,429	46,322	1,547,485	9,169	385,128	19,062	413,359
Repairs and maintenance	1,315,022	174,774	43,693	1,533,489	788,999	110,290	27,647	926,936
Consultants and outside services	733,634	317,031	326,769	1,377,434	701,459	449,587	473,022	1,624,068
Credit card merchant fees	549,947	7,417	23,313	580,677	459,688		21,342	481,030
Utilities	482,588	68,130	17,033	567,751	438,588	61,918	15,480	515,986
Garden and landscape	551,101			551,101	487,923			487,923
Information technology	416,838	81,002	43,653	541,493	302,850	46,530	37,034	386,414
Equipment rental and purchase	243,502	29,743	78,368	351,613	211,983	19,439	123,810	355,232
Travel and training	205,192	75,410	24,052	304,654	117,860	41,801	19,198	178,859
Business insurance	175,801	53,757	5,915	235,473	154,418	48,874	4,916	208,208
Office and general expenses	41,824	59,723	12,915	114,462	113,209	12,299	27,217	152,725
Other expenses	54,223	33,479	20,611	108,313	45,060	26,318	4,508	75,886
Printing and publications	37,086	2,784	47,522	87,392	171,705	1,722	62,627	236,054
Total before depreciation and cost of sales	14,865,050	4,181,714	1,833,775	20,880,539	11,362,169	2,532,801	1,743,090	15,638,060
Depreciation	584,806	103,201		688,007	473,401	83,541		556,942
Total before cost of sales	15,449,856	4,284,915	1,833,775	21,568,546	11,835,570	2,616,342	1,743,090	16,195,002
Cost of sales	1,267,433			1,267,433	902,292			902,292
Total Expenses	\$ 16,717,289	\$ 4,284,915	\$ 1,833,775	\$ 22,835,979	\$ 12,737,862	\$ 2,616,342	\$ 1,743,090	\$ 17,097,294

See the accompanying notes to the financial statements.

Filoli

Statement of Cash Flows

<i>Years Ended December 31,</i>	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,106,786	\$ 2,065,908
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation	688,007	556,942
Loss on disposal of property and equipment	17,832	58,838
Net realized and unrealized gains on investments	(498,010)	(1,124,729)
Change in operating assets and liabilities:		
Receivables	(51,143)	(102,312)
Contributions receivable, net of discount	(2,121,702)	
Prepaid expenses and other assets	(456,287)	(81,726)
Inventory	(218,042)	(84,513)
Accounts payable	405,055	67,326
Deferred revenue	(43,798)	319,284
Accrued expenses	280,480	696,459
Net cash provided from operating activities	109,178	2,371,477
Cash Flows from Investing Activities:		
Purchases of property and equipment	(1,779,329)	(1,955,547)
Purchases of investments	(915,193)	(3,327,242)
Proceeds from sales and maturity of investments	1,959,747	6,066,000
Net cash (used) provided from investing activities	(734,775)	783,211
Net Change in Cash and Cash Equivalents	(625,597)	3,154,688
Cash and Cash Equivalents, beginning of year	11,122,729	7,968,041
Cash and Cash Equivalents, end of year	\$ 10,497,132	\$ 11,122,729
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	\$ 4,611,803	\$ 7,252,899
Board-designated cash	5,885,329	3,869,830
Total cash and cash equivalents	\$ 10,497,132	\$ 11,122,729

See the accompanying notes to the financial statements.

Notes to the Financial Statements

Note 1 - Description of the Organization:

Filoli is a California nonprofit public benefit corporation formed in February 1976. Filoli's mission is to connect its rich history with a vibrant future through beauty, nature, and shared stories. Located in Woodside, California—on the unceded ancestral lands of the Ramaytush Ohlone—Filoli is a vibrant cultural and natural landscape that serves as a premier family-friendly and nature-focused destination in the San Francisco Bay Area.

Originally built as a private residence in 1917, Filoli 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 English Renaissance gardens, a 6.8-acre Gentleman's Orchard, and a nature preserve with over eight miles of hiking trails.

Filoli now welcomes nearly 500,000 visitors annually, a number that has doubled in recent years and continues to grow. Many of Filoli's visitors are members with nearly 25,000 member households. Through several community programs, including Museums for All, Filoli welcomes 10,000 guests annually for free. With an audience as diverse as the Bay Area, Filoli is committed to ensuring that all communities experience a deep connection to this historic and natural place.

Visitors can participate in a wide variety of programs at Filoli. Educational tours and talks are offered to visitors daily. Service-Learning projects allow participants to receive hands-on training and give back through a project. Seasonally, Filoli creates immersive experiences like a Halloween event called Nightfall and Holidays at Filoli. And Filoli serves unrepresented youth audiences through both preschool and teen programs which are free to all participants.

Filoli's 600+ acres encompass six distinct ecosystems, providing inclusive opportunities for families, youth organizations, and individuals to access the outdoors—just 30 minutes south of San Francisco. Filoli has developed a 25-year Comprehensive Site Plan that balances increased public access with the stewardship of California's native ecosystems. Initiatives include a Natural Resources Management Plan, Sustainability Action Plan, and expanded trail networks designed to enhance education, engagement, and environmental resilience.

Filoli is developing the Redwood Experience Center, which is envisioned as a dynamic educational hub and primary gateway to the expanded trail system. This experiential hub will feature adaptive programming space, family-friendly play areas, and interpretive opportunities under the redwood canopy.

As a site of the National Trust, Filoli manages its land and buildings in accordance with national historic preservation standards. A fund donated to the National Trust by former estate owner Lurline B. Roth provides income designated to assist in the maintenance of the Filoli site. Filoli holds accreditation from the American Alliance of Museums, recognizing its commitment to the highest standards of stewardship and excellence.

Notes to the Financial Statements

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 expenditure 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.

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 three 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 and *Schwab Treasury Obligations Money Fund* which are carried at their market value based on published quotations.

The Board-approved spending policy requires annual approval for the 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 of 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.

Notes to the Financial Statements

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 with a value greater than \$5,000 are 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 assesses whether an arrangement is or contains a lease at inception and reassesses this determination only if the terms and conditions of the arrangement change. Leases are classified as either operating or finance leases; Filoli does not have any finance leases. For operating leases, right-of-use (ROU) assets and lease liabilities are recognized at the present value of future minimum lease payments over the lease term. When an implicit rate is not readily determinable, Filoli uses a risk-free discount rate at the lease commencement date. Lease expense is recognized on a straight-line basis over the lease term.

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.

Notes to the Financial Statements

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 food and beverage sales. Retail sales are recognized at the time of sales.

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, judgment is used in determining the timing of when a performance obligation is satisfied. If the benefits are deemed to have no determinable terms, 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 \$666,902 and \$631,141 for 2024 and 2023, 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 did not receive any conditional contributions in 2024 and 2023.

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 by using comparable rates for similar items. Filoli recorded approximately \$300,000 and \$159,000 of noncash donations for the years ended December 31, 2024, and 2023, respectively.

Filoli

Notes to the Financial Statements

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 3,500 and 3,600 hours for the years ended December 31, 2024, and 2023, 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, 2024, and 2023.

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.

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.

Notes to the Financial Statements

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.

Reclassifications

For comparative purposes, within the statement of functional expenses, advertising and promotions for 2023 has been allocated to management and general in order to conform to the 2024 presentation. This reclassification had no impact on net assets or the change in net assets.

Subsequent Events

Filoli has evaluated subsequent events from December 31, 2024, through June 5, 2025, 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:

	2024	2023
TIFF Multi-Asset Fund - at NAV	\$ 7,388,034	\$ 8,122,880
Dodge & Cox Balanced Fund - Level 1	586,297	538,640
Schwab Treasury Obligations Money Fund - Level 1	140,645	
	<u>\$ 8,114,976</u>	<u>\$ 8,661,520</u>

Filoli holds an investment in the TIFF Multi-Asset Fund (MAF), a globally diversified mutual fund whose ownership is primarily available to non-profit organizations. The fair value of the investment is estimated using the NAV per share provided by the fund manager.

Filoli

Notes to the Financial Statements

The MAF investment strategy is to exceed the return of inflation plus 5% over the long term. The fund allows for normal annual distributions and redemptions on demand without an exit fee. There are no lock-up periods, gates, or other redemption restrictions applicable to Filoli's investment. Filoli does not have any unfunded commitments related to the MAF as of December 31, 2024.

Because the NAV practical expedient has been applied, this investment is not categorized within the fair value hierarchy (Levels 1, 2, or 3).

Filoli also holds investments in the Dodge & Cox Balanced Fund and the Schwab Treasury Obligations Money Fund. Both are publicly traded mutual funds that are valued at their daily net asset value (NAV), which is based on quoted prices in active markets. As such, these investments are classified within Level 1 of the fair value hierarchy.

During the years ended December 31, 2024, and 2023, \$1,831,400 and \$3,000,000, respectively, were withdrawn from the MAF in accordance with the annual spending policy.

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

	2024	2023
Dividends and capital gain distributions	\$ 841,520	\$ 377,192
Realized gains	71,269	212,246
Unrealized gains	426,741	912,483
	<u>\$ 1,339,530</u>	<u>\$ 1,501,921</u>

Note 4 - Contributions receivable, net of discount:

Contributions receivable, net of discount, consist primarily of unconditional promises to give in support of Filoli's comprehensive campaign. On December 31, contributions receivable are summarized as follows:

	2024
Total pledged amount	\$ 2,782,600
Less amounts received to date	(457,950)
Contributions receivable	2,324,650
Less discount	(202,948)
Contributions receivable, net of discount	<u>\$ 2,121,702</u>

Filoli

Notes to the Financial Statements

The estimated cash flow for contributions receivable was discounted over the collection period using management determined risk-adjusted discount rates, which ranged from 3.42% to 4.88%. Contributions receivable (before the unamortized discount) is due as follows on December 31:

	2024
Contributions receivable due in less than one year	\$ 955,150
Contributions receivable due in one to five years	1,369,500
Total	\$ 2,324,650

Pledges receivable from five donors on December 31, 2024 represented 68% of the gross contributions receivable.

Note 5 - Property and Equipment:

Property and equipment were as follows as of December 31:

	2024	2023
Land (Parcel C)	\$ 551,844	\$ 551,844
Land and building improvements	14,251,700	13,743,699
Furnishings and equipment	1,450,569	770,544
Gardening and maintenance equipment	636,093	604,834
Vehicles	364,572	296,374
Construction in progress	760,514	349,407
Total property and equipment	18,015,292	16,316,702
Less accumulated depreciation	(9,386,587)	(8,761,487)
Net property and equipment	\$ 8,628,705	\$ 7,555,215

Depreciation expense for the years ended December 31, 2024, and 2023 was \$688,007 and \$556,942, respectively.

Notes to the Financial Statements

Note 6 - Net Assets:

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

	2024	2023
Comprehensive campaign	\$ 2,221,457	
Youth programs	311,104	\$ 315,604
Internship program	259,283	278,236
Long-term pledge, time restriction	247,929	
Nature program	137,710	260,670
Trolls	50,000	
Historic house and garden restoration	5,500	25,500
Vegetable garden		29,173
Flower arrangement		20,582
Other	272,595	16,300
	<u>\$ 3,505,578</u>	<u>\$ 946,065</u>

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

	2024	2023
Nature program	\$ 233,500	
Historic house and garden restoration	131,000	\$ 12,800
Holiday lights	50,000	60,000
Internship program	40,954	69,959
Vegetable garden	29,173	45,828
Flower arrangement	20,582	1,332
Youth programs	7,500	28,487
Ballroom terrace restoration		180,591
Wildfire prevention		60,000
Other	71,549	51,500
	<u>\$ 584,258</u>	<u>\$ 510,497</u>

Notes to the Financial Statements

Note 7 - 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.

In accordance with Filoli's collections policy, the leased land, building, and fine art objects are considered part of Filoli's collections and are not capitalized on the statement of financial position. As a result, the below-market lease is not recorded as an in-kind contribution or pledge receivable. This accounting treatment reflects the nature of the property as held for public exhibition and preservation, rather than for financial gain.

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 leases approximately 11.88 acres from the San Francisco Public Utilities Commission ("SFPUC") at an initial annual rental rate of \$20,700. On each anniversary, the base rent increases by four percent (4%) of the prior year's rent. Filoli is responsible for all taxes, licenses, permit fees, assessments, and maintenance costs related to the leased acreage. The use of this land is restricted to maintenance and horticultural operations. This lease between Filoli and the SFPUC was executed in October 2024, commenced on November 1, 2024, and has a term of nine years, expiring in October 2033.

Filoli has operating leases for the use of certain land, office equipment, and property. Filoli assesses whether an arrangement qualifies as a lease at inception and reassesses its determination only if the terms and conditions of the arrangement change. The right-of-use asset is included with other assets and the lease liability is included with accrued expenses on the statement of financial position as of December 31, 2024. As of that date, the weighted-average remaining lease term was 4.00 years, and the weighted-average discount rate was 4.20%.

Rent expense associated with leases that have noncancelable terms greater than one year was \$38,970 and \$36,688 for 2024 and 2023, respectively.

Filoli

Notes to the Financial Statements

Minimum future rental payments under these noncancelable leases are as follows:

	2024
Years ending December 31,	
2025	\$ 51,727
2026	52,668
2027	47,828
2028	42,247
2029 and thereafter	139,126
Total lease payments	333,596
	(51,027)
Present value of lease liabilities	\$ 282,569

Note 8 - 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. In both 2023 and 2024, the Board approved an additional 2% employer matching contribution more than the 4% mandatory safe harbor contribution, resulting in a total employer match of 6%. Filoli's contributions to the plan were \$350,729 and \$261,309 for 2024 and 2023, respectively.

Note 9 - Concentrations of Credit Risk:

Financial instruments that potentially subject Filoli to significant concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, and contributions receivable. 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 is also subject to credit risk with respect to contributions receivable, including significant pledges from members of its Board of Directors. Filoli has not experienced any losses to date related to these concentrations.

Notes to the Financial Statements

Note 10 - 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.

	2024	2023
Financial assets at year end:		
Cash and cash equivalents	\$ 4,611,803	\$ 7,252,899
Board-designated cash	5,885,329	3,869,830
Receivables	284,457	233,314
Contributions receivable, net of discount	2,121,702	
Investments	726,942	538,640
Board-designated investments	7,388,034	8,122,880
Total financial assets	21,018,267	20,017,563
Less amounts unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	(3,257,649)	(946,065)
Long-term pledges, time restriction	(247,929)	
Board designations:		
Investment fund, primarily for long-term investing and maintenance reserve	(7,388,034)	(8,122,880)
Cash set aside for Board-approved projects	(2,585,329)	(572,835)
Cash set aside as Board-approved operating reserve	(3,300,000)	(3,296,995)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,239,326	\$ 7,078,788

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.

Notes to the Financial Statements

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 \$670,000 from the National Trust annually.

Note 11 - Related Parties

Filoli maintains 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 a related-party transaction with Filoli without the consent of the board of directors.

In 2024, Filoli contracted with two firms affiliated with members of its Board of Directors and paid approximately \$189,000 for house restoration and legal services. In 2023, Filoli contracted with a firm affiliated with a Board member and paid approximately \$9,000 for house restoration services.

As of December 31, 2024, and 2023, undiscounted pledges receivable includes commitments from members of Filoli's Board of Directors totaling approximately \$1,710,000 and \$0, respectively.

For the years ended December 31, 2024 and 2023, contributions collected included approximately \$918,000 and \$342,000, respectively, from members of Filoli's Board of Directors.