



**PASADENA COMMUNITY FOUNDATION  
AND AFFILIATE**

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**CONSOLIDATED FINANCIAL STATEMENTS  
and  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2024**

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## **INDEPENDENT AUDITORS' REPORT**

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To the Board of Directors  
Pasadena Community Foundation and Affiliate

### **Opinion**

We have audited the accompanying consolidated financial statements of Pasadena Community Foundation and Affiliate (nonprofit organizations), which comprise the Consolidated Statement of Financial Position as of December 31, 2024, and the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Pasadena Community Foundation and Affiliate as of December 31, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Pasadena Community Foundation and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pasadena Community Foundation and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.

## INDEPENDENT AUDITORS' REPORT

continued

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Pasadena Community Foundation and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pasadena Community Foundation and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### Other Matters

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Statement of Financial Position and Consolidating Statement of Activities, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## INDEPENDENT AUDITORS' REPORT

continued

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### *Report on Summarized Comparative Information*

We have previously audited Pasadena Community Foundation and Affiliate's 2023 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 5, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### *Other Matter – Significant Subsequent Event*

As discussed in Note 14 to the consolidated financial statements, in response to the Eaton Fire in January 2025, Pasadena Community Foundation established the Eaton Fire Relief and Recovery Fund and a supporting organization, the Altadena Builds Back Foundation. As of July 31, 2025, these efforts had received a combined \$69 million in contributions. Our opinion is not modified with respect to this matter.

*Harrington Group*

Pasadena, California  
July 31, 2025

**PASADENA COMMUNITY FOUNDATION  
AND AFFILIATE**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2024

With comparative totals at December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	2024	2023
<b>ASSETS</b>				
Cash	\$ 1,280,933	\$ 2,697	\$ 1,283,630	\$ 815,487
Accounts receivables			-	120
Prepaid expense	9,634		9,634	10,003
Investments (Note 4)	87,964,624	98,050,953	186,015,577	155,118,564
Asset held-for-sale - donated property (Note 13)			-	5,580,000
Right-of-use assets - operating leases (Note 7)	226,129		226,129	301,697
Right-of-use assets - financing leases (Note 7)	5,481		5,481	9,156
<b>TOTAL ASSETS</b>	<u>\$ 89,486,801</u>	<u>\$ 98,053,650</u>	<u>\$ 187,540,451</u>	<u>\$ 161,835,027</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 478,507	\$ 318,332	\$ 796,839	\$ 636,055
Accrued liabilities	478,124		478,124	384,386
Agency funds (Note 6)	16,216,093		16,216,093	6,315,898
Lease liabilities - operating leases (Note 7)	235,918		235,918	308,272
Lease liabilities - financing leases (Note 7)	5,687		5,687	9,295
<b>TOTAL LIABILITIES</b>	<u>17,414,329</u>	<u>318,332</u>	<u>17,732,661</u>	<u>7,653,906</u>
<b>NET ASSETS</b>				
Without donor restrictions:				
Undesignated	3,971,988		3,971,988	9,277,558
Donor-advised funds	31,345,422		31,345,422	22,744,486
Board designated / quasi endowment	36,755,062		36,755,062	33,240,015
With donor restrictions:				
Purpose restrictions (Note 9)		15,066,353	15,066,353	13,818,721
Perpetual in nature (Notes 9 and 10)		82,668,965	82,668,965	75,100,341
<b>TOTAL NET ASSETS</b>	<u>72,072,472</u>	<u>97,735,318</u>	<u>169,807,790</u>	<u>154,181,121</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 89,486,801</u>	<u>\$ 98,053,650</u>	<u>\$ 187,540,451</u>	<u>\$ 161,835,027</u>

The accompanying notes are an integral part of these consolidated financial statements.

**PASADENA COMMUNITY FOUNDATION  
AND AFFILIATE**

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended December 31, 2024

With comparative totals for the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	2024	2023
<b>REVENUE AND SUPPORT SUPPORT</b>				
Contributions and bequests	\$ 15,498,715	\$ 3,226,420	\$ 18,725,135	\$ 9,910,433
Contributed property			-	5,580,000
Less: amounts received for agency funds	(9,401,585)		(9,401,585)	(427,220)
Total support	<u>6,097,130</u>	<u>3,226,420</u>	<u>9,323,550</u>	<u>15,063,213</u>
<b>REVENUE</b>				
Investment gain, net (Note 4)	7,348,302	10,426,263	17,774,565	20,743,684
Other income	24,178	6,179	30,357	65,067
Total revenue	<u>7,372,480</u>	<u>10,432,442</u>	<u>17,804,922</u>	<u>20,808,751</u>
Net assets released from restrictions (Note 9)	<u>4,842,606</u>	<u>(4,842,606)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>18,312,216</u>	<u>8,816,256</u>	<u>27,128,472</u>	<u>35,871,964</u>
<b>EXPENSES</b>				
Grantmaking and related services	10,364,995		10,364,995	8,806,300
Administrative and general	587,952		587,952	517,737
Development	<u>825,592</u>		<u>825,592</u>	<u>777,470</u>
<b>TOTAL EXPENSES</b>	<u>11,778,539</u>	<u>-</u>	<u>11,778,539</u>	<u>10,101,507</u>
<b>CHANGE IN NET ASSETS BEFORE OTHER CHANGES</b>	6,533,677	8,816,256	15,349,933	25,770,457
<b>OTHER CHANGES</b>				
Gain on sale of contributed property (Note 13)	<u>276,736</u>	<u>-</u>	<u>276,736</u>	
<b>CHANGE IN NET ASSETS</b>	6,810,413	8,816,256	15,626,669	25,770,457
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>65,262,059</u>	<u>88,919,062</u>	<u>154,181,121</u>	<u>128,410,664</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 72,072,472</u>	<u>\$ 97,735,318</u>	<u>\$ 169,807,790</u>	<u>\$ 154,181,121</u>

The accompanying notes are an integral part of these consolidated financial statements.

**PASADENA COMMUNITY FOUNDATION  
AND AFFILIATE**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2024

With comparative totals for the year ended December 31, 2023

	<b>Grantmaking and Related Services</b>	<b>Administrative and General</b>	<b>Development</b>	<b>Total Expenses 2024</b>	<b>2023</b>
<b>GRANTS</b>					
Donor advised grants	\$ 6,408,488	\$ -	\$ -	\$ 6,408,488	\$ 5,650,325
Field of interest grants	1,561,721			1,561,721	971,547
Discretionary grants	1,497,718			1,497,718	1,367,562
Charitable gift annuity expenses	84,744			84,744	98,116
Total grants	<u>9,552,671</u>	<u>-</u>	<u>-</u>	<u>9,552,671</u>	<u>8,087,550</u>
<b>OPERATING EXPENSES</b>					
Salaries	486,484	352,111	397,283	1,235,878	1,186,045
Employee benefits	87,426	63,278	71,396	222,100	234,726
Professional fees	51,700	37,420	42,220	131,340	45,593
Marketing /development expenses			124,452	124,452	63,223
Rent	38,789	28,075	31,677	98,541	99,230
Technology	38,687	28,001	31,593	98,281	94,411
Payroll taxes	37,355	27,037	30,506	94,898	93,256
Office expenses	22,766	16,480	18,594	57,840	55,549
Conference and meetings	15,231	11,024	12,438	38,693	21,890
Event expense			37,761	37,761	33,848
Printing	13,963	10,106	11,403	35,472	33,147
Membership dues	10,301	7,456	8,412	26,169	20,552
Insurance	8,705	6,301	7,109	22,115	29,397
Postage	917	663	748	2,328	3,090
Total operating expenses	<u>812,324</u>	<u>587,952</u>	<u>825,592</u>	<u>2,225,868</u>	<u>2,013,957</u>
<b>TOTAL 2024 FUNCTIONAL EXPENSES</b>	<b><u>\$ 10,364,995</u></b>	<b><u>\$ 587,952</u></b>	<b><u>\$ 825,592</u></b>	<b><u>\$ 11,778,539</u></b>	
<b>TOTAL 2023 FUNCTIONAL EXPENSES</b>	<b><u>\$ 8,806,300</u></b>	<b><u>\$ 517,737</u></b>	<b><u>\$ 777,470</u></b>		<b><u>\$ 10,101,507</u></b>

The accompanying notes are an integral part of these consolidated financial statements.



**PASADENA COMMUNITY FOUNDATION  
AND AFFILIATE**

CONSOLIDATED STATEMENT OF CASH FLOWS  
For the year ended December 31, 2024  
With comparative totals for the year ended December 31, 2023

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 15,626,669	\$ 25,770,457
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Contributions of donated securities	(6,365,506)	(6,569,160)
Reinvested interest and dividends	(8,506,031)	(5,378,800)
Realized and unrealized (gain) on investments, net	(10,874,419)	(16,273,977)
Contributions received that are perpetual in nature	(2,034,612)	(5,135,071)
Gain on sale of donated property	(276,736)	
Amortization of right-of-use assets - operating lease	75,568	73,298
Amortization of right-of-use assets - finance leases	3,675	3,070
Reduction of lease liability - operating lease	(71,880)	(67,695)
(Increase) decrease in operating assets:		
Accounts receivables	120	(120)
Prepaid expenses	369	(735)
Asset held-for-sale - donated property	-	(5,580,000)
Increase (decrease) in operating liabilities:		
Accounts payable	160,784	34,672
Accrued liabilities	93,738	131,585
Agency funds	9,900,195	1,027,704
<b>NET CASH (USED) BY OPERATING ACTIVITIES</b>	<u>(2,268,066)</u>	<u>(11,964,772)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sales of investments	12,891,778	11,080,805
Purchase of investments	(18,042,835)	(4,527,488)
Proceeds from sale of donated property	5,856,736	-
<b>NET CASH PROVIDED IN INVESTING ACTIVITIES</b>	<u>705,679</u>	<u>6,553,317</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Reduction of lease liabilities - financing leases	(4,082)	(2,931)
Contributions received that are perpetual in nature	2,034,612	5,135,071
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>2,030,530</u>	<u>5,132,140</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	468,143	(279,315)
<b>CASH, BEGINNING OF YEAR</b>	<u>815,487</u>	<u>1,094,802</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 1,283,630</u></u>	<u><u>\$ 815,487</u></u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Non-cash operating activity:		
Right-of-use assets/liabilities - financing upon adoption of ASC 842	<u>\$ -</u>	<u>\$ 12,226</u>
Right-of-use assets/liabilities - operating upon adoption of ASC 842	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated financial statements.

# PASADENA COMMUNITY FOUNDATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 1. **Organization**

Pasadena Community Foundation (“PCF”) is California nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and a non-private foundation under Section 509(a)(1) of the Internal Revenue Code. PCF strives to improve and enrich the lives of people in the greater Pasadena area. PCF accomplishes this through the establishment and management of charitable funds with an emphasis on permanently endowed funds that benefit the local community, providing grants and services to non-profits, working with donors and engaging in community partnerships.

PCF was established in 1953 by Louis and Marion Webb primarily for the benefit of the community of Pasadena. Contributions from hundreds of donors through the years have added to the assets of the organizations, ensuring support for the community in perpetuity. PCF administers more than 440 funds, each established with an instrument of gift describing either the general or specific purposes for which grants are to be made. PCF’s Board members, consisting of local community members, provide oversight of the general affairs, property, and assets of PCF.

In 2019, PCF organized PCF Gifting and Liquidation Charitable Foundation (“PCF-GLCF”). The purpose of PCF-GLCF is to facilitate a broad range of donated gifts in support of PCF. Facilitation includes the receipt and liquidation of more complex donations (i.e., property) and ultimately the gifting of the proceeds of such assets (after sale) to PCF for the creation of charitable funds. PCF-GLCF began its first operational activity in the year ended December 31, 2022.

### 2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements is as follows:

#### **Basis of Presentation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

#### **Principles of Consolidation**

The consolidated financial statements include the activity of PCF and PCF-GLCF. PCF and PCF-GLCF are consolidated since PCF-GLCF is a supporting organization to PCF, and the Finance Committee of PCF serve as the directors of PCF-GLCF. All inter-organization transactions have been eliminated for the purposes of the consolidated financial statements presentation. PCF and PCF-GLCF will collectively be referred to as “the Foundation” in these consolidated financial statements.

# PASADENA COMMUNITY FOUNDATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Without Donor Restrictions – Undesignated.** Consist of donations and bequests that are available for the operations and future reserves of the Foundation.

**Without Donor Restrictions - Donor-Advised Funds.** Net assets designated as donor-advised funds are owned and controlled by the Foundation for which the donor has or reasonably expects to have advisory privileges over the distribution and/or investment of the assets. In general, the money is not authorized for operation use. For purposes of complying with net asset accounting, these assets are included in “without donor restrictions” at December 31, 2024.

**Without Donor Restrictions – Quasi Endowment.** Certain net assets have been designated by the Board of Directors to be maintained as quasi endowment funds for granting purposes. Generally accepted accounting principles provide that when the governing body of an organization, such as a community foundation, has the unilateral power to redirect the use of donors’ contributions to another beneficiary, such contributions should be classified as “without donor restrictions”. The Board of Directors of the Foundation has such power (variance power) and would exercise this authority if the stated purpose of a contribution is no longer applicable and incapable of fulfillment. For purposes of complying with net asset accounting, these assets are included in “without donor restrictions” at December 31, 2024.

**With Donor Restrictions – Purpose Restrictions.** The Foundation reports gifts of cash and other assets as “with donor restrictions” if they are received with donor stipulations that limit the use of the donated assets for a specific purpose. When a donor restriction expires, that is, when the purpose of the restriction is accomplished, these net assets are reclassified to “without donor restrictions” and reported in the Statement of Activities as net assets released from restrictions.

**With Donor Restrictions – Perpetual in Nature.** These net assets consist of contributions that are limited by donor-imposed stipulations to invest the principal in perpetuity and to expend the income by making distributions from permanently endowed funds as grants for charitable purposes.

#### Revenue and Revenue Recognition

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - 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 met.

# PASADENA COMMUNITY FOUNDATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### **Contributions and Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded as net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

#### **Concentration of Credit Risks**

The Foundation places its cash and short-term investments in deposit accounts at high-credit, quality financial institutions. At times, such accounts may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. The Foundation mitigates credit risks by utilizing a Vanguard Treasury Money Market Fund and Certificates of Deposit ("CD") ladders. The treasury money market fund is comprised of short-term government securities (treasury bills) which are deemed to have low credit risk since they are backed by the full faith and credit of the government. CD ladders mitigate risk by spreading investments across multiple institutions and by varying the maturity dates. The FDIC provides deposit insurance coverage for up to \$250,000 per depositor, per insured bank. By investing in CD ladders, within the FDIC-insured limit, the Foundation can effectively safeguard their principal against credit risks associated with individual banks. The Foundation has not incurred losses related to these accounts and believes it is not exposed to any significant credit risk on cash and short-term investments.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the Consolidated Statement of Financial Position. The Board routinely reviews the performance of its investments.

#### **Investments**

Investments in money market funds and marketable securities are reported at their fair market values based upon published quotations. Investments for which the fair market values are not readily determinable are recorded at cost or, if received as a contribution, at their fair market values as determined at the time of the gift. Securities are generally held in custodial investment accounts administered by financial institutions. Cash and cash equivalents held at securities institutions and not used for operations are treated as investments.

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses, and interest and dividend income, are reflected in the Consolidated Statement of Activities as investment gain, net (see Note 4).

continued

# PASADENA COMMUNITY FOUNDATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### **Fair Value Measurements**

Generally accepted accounting principles provide guidance on how fair value should be determined when consolidated financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

The Foundation is required to measure certain investments, donated securities and donated property at fair value. The specific techniques used to measure fair value for these consolidated financial statement elements are described in the notes below that relate to each element.

#### **Property and Equipment**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated, and if the cost of the asset is greater than or equal to two thousand dollars and the useful life is greater than one year. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred.

Donated equipment and furniture, the value of which does not meet its criteria for capitalization, are expensed when donated.

#### **Donated Materials, Services and Property**

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended December 31, 2024, the Foundation did not receive any donated materials, services, or property that met the criteria for recognition.

#### **Income Taxes**

The Foundation is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Foundation in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Foundation's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

continued

# PASADENA COMMUNITY FOUNDATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### Functional Allocation of Expenses

Costs of providing the Foundation's programs and other activities have been presented in the Consolidated Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Foundation uses payroll hours to allocate indirect costs.

#### Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could vary from those estimates.

#### Leases

The Foundation applies Accounting Standards Codification ("ASC") 842, *Leases*, in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property, plant or equipment for a period of time in excess of twelve months in exchange for consideration. The Foundation defines control of the asset as the right to obtain substantially all of the economic benefits from use of the identified asset as well as the right to direct the use of the identified asset. The Foundation further determines some existing leases are operating leases and financing leases, which are included in Right-of-Use ("ROU") assets and lease liabilities in the Consolidated Statement of Financial Position.

#### Comparative Totals

The consolidated financial statements include certain prior-year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended December 31, 2023, from which the summarized information was derived.

# PASADENA COMMUNITY FOUNDATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 3. Liquidity and Availability of Resources

Of the \$72 million of assets without donor restrictions at December 31, 2024, available for general expenditures, within one year of the consolidated statement of financial position date, is the following:

Donor advised funds without restrictions*	\$31,345,422
Budgeted endowment spending-rate distributions and appropriations**	4,824,526
Cash and cash equivalents earmarked for operations	<u>2,521,559</u>
	<u>\$38,691,507</u>

\*Although donors do not usually spend out their cash accounts in one year, these amounts are available if necessary.

\*\*The board-designated endowment of \$36,755,062 is subject to an annual spending rate of 4.5 percent as described in Note 2. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditures as part of the Board's annual budget approval and appropriation shown above), these amounts could be made available if necessary.

As part of the Foundation's liquidity management plan, it invests cash in excess of daily requirements in short-term certificates of deposit due to higher interest available in the current market environment. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$2,363,502 as of December 31, 2024. The Foundation's goal is to have 75% of operating budget in the reserve. Any surplus will be transferred to an administration endowment to ensure long term support for the operations of the Foundation.

Our endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditures.

### 4. Investments

Investments at December 31, 2024 consist of the following:

Equities	\$132,607,922
Fixed income	39,875,617
Cash and cash equivalents	11,193,572
Exchange traded funds	2,176,047
Other assets	161,802
Real estate investment trust ("REIT")	<u>617</u>
	<u>\$186,015,577</u>

continued

## PASADENA COMMUNITY FOUNDATION AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 4. Investments, continued

In accordance with the Foundation's policy to honor the expressed designations of the donors, expendable donor funds are invested in short-term accounts to meet the donor advised granting needs. As of December 31, 2024, there was approximately \$31 million in the expendable donor-advised funds in accounts at investment institutions.

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<u>Investment gain, net:</u>			
Dividends and interest income	\$3,256,209	\$ 4,591,941	\$ 7,848,150
Realized and unrealized gain on investments	4,152,662	5,932,746	10,085,408
Investment management fees	<u>(60,569)</u>	<u>(98,424)</u>	<u>(158,993)</u>
Investment gain, net	<u>\$7,348,302</u>	<u>\$10,426,263</u>	<u>\$17,774,565</u>

#### 5. Donor-Advised Funds

The Foundation administers various "Donor-Advised Funds". A Donor-Advised ("DA") Fund: (1) is a separately identified fund established by a donor, or group of donors, with an instrument of gift describing the general or specific purposes of the funds; (2) is owned and controlled by a sponsoring organization (the Foundation); and (3) allows a donor, or person designated by the donor, advisory privileges with respect to the distribution of the charitable funds.

At December 31, 2024, the Foundation had a combined value of approximately \$46 million of donor-advised funds, of which \$31,345,422 are included in the "without donor restrictions" and \$14,665,939 are included in the "with donor restrictions" assets of the Foundation.

#### 6. Agency Funds

Generally accepted accounting principles specifically requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency funds.

The Foundation maintains variance power and legal ownership of agency funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with generally accepted accounting principles, a liability has been established for the fair market value of the funds.

At December 31, 2024, the Foundation was the owner of twenty-nine agency funds with a combined value of \$16,216,093. All financial activity for the year related to these funds is segregated on the Consolidated Statement of Activities and has been included in the agency funds liability.

continued



# PASADENA COMMUNITY FOUNDATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 7. Right-of-Use Assets and Liabilities – Operating/Financing Leases

The Foundation evaluated current office and equipment contracts to determine which met the criteria of a lease. The ROU assets represent the Foundation's right to use underlying assets for the lease term, and lease liabilities represent the Foundation's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Foundation has made an election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The lease payments will be recognized as lease expense on a straight-line basis over the lease term.

The Foundation has entered into an operating lease for an office suite with a lease term of 5 years, starting on November 1, 2022. The lease agreement requires monthly lease payments of \$6,476, payable in advance, and provides for an option to renew the lease for an additional 5-year term.

The Foundation's operating leases consist of office suite, while the financing leases consist of office equipment.

	<u>Operating</u>	<u>Financing</u>
Weighted average remaining lease terms	2.83 years	1.50 years
Weighted average discount rate:	3%	6.5%

Future maturities under operating and financing leases are as follows:

<u>Year ending June 30,</u>	<u>Operating</u>	<u>Financing</u>
2025	\$ 83,574	\$ 4,081
2026	86,950	1,871
2027	<u>75,287</u>	<u>-</u>
	245,811	5,952
Less: Present value discount	<u>(9,893)</u>	<u>(265)</u>
	<u>\$235,918</u>	<u>\$ 5,687</u>

Rent expense under the operating leases for the year ended December 31, 2024 was \$98,541.

There were no variable lease payments or residual value guarantees associated with the lease. There were no other significant changes to the lease agreement subsequent to its inception.

Amortizations under operating and financing leases are as follows:

	<u>Operating</u>	<u>Financing</u>
ROU assets balances, as of January 1, 2024	\$301,697	\$ 9,156
Less: Amortization	<u>(75,569)</u>	<u>(3,675)</u>
ROU assets balances, as of December 31, 2024	<u>\$226,129</u>	<u>\$ 5,481</u>

continued

# PASADENA COMMUNITY FOUNDATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 8. Fair Value Measurements

The table below presents the balances of assets measured at fair value at December 31, 2024 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities and equity funds	\$132,607,922	\$ -	\$ -	\$132,607,922
Fixed income funds	39,875,617			39,875,617
Cash and cash equivalents	11,193,572			11,193,572
Other assets:				
Exchange-traded funds	2,176,047			2,176,047
Alternative investments	116,617			116,617
Non-traditional	45,185			45,185
REIT			617	617
	<u>\$186,014,960</u>	<u>\$ -</u>	<u>\$ 617</u>	<u>\$186,015,577</u>

The fair value of equities and equity funds, fixed income funds, cash and cash equivalents, exchange-traded funds, non-traditional, and alternative investments have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The fair value of the REIT has been measured on a recurring basis based on information provided by the dealer of record, which was the best available information (Level 3 inputs).

### 9. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2024 are restricted for the following:

Purpose restrictions:

Housing/services for the elderly/disabled	\$ 5,062,951
Oncology fellowship	3,048,457
Library	2,295,313
Scholarship	1,843,205
Seniors	783,933
Yes, Virginia	644,027
Dine Out Pasadena	409,200
Enduring heroes	281,161
Fiscal sponsor	250,526
Education	152,450
Human services	148,030
Palmer fund	98,716
Arts	26,514
Childhood cancer research	19,555
Environment	1,979
Veterans	336
	<u>\$15,066,353</u>

continued

# PASADENA COMMUNITY FOUNDATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 9. Net Assets With Donor Restrictions, continued

Endowments (perpetual in nature) and subject to the Foundation endowment spending and appropriation policies:

Field of interest endowments	\$26,088,273
Scholarship endowments	18,024,955
Designated endowments	15,434,864
Undesignated endowments	13,537,440
Donor-advised endowments	<u>9,583,433</u>
	<u>\$82,668,965</u>

For the year ended December 31, 2024, net assets released from purpose restrictions were \$4,842,606, which related to grants given and grant administration fees from both endowed and specific purpose driven funds.

### 10. Endowments

Our endowments represent contributions which the donor has stipulated that the principal is to be kept intact in perpetuity and only the interest and dividends from there may be expended for unrestricted purposes. Our endowments also include certain assets without donor restrictions that have been designated for endowment by the Board of the Foundation.

Generally accepted accounting principles provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). It also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and Board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The Foundation classifies as endowments (a) the original value of the gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument as the time the accumulation is added to the fund. Accumulated earnings as well as gains and losses related to endowment assets have been classified as with donor restrictions until they are appropriated by the Board for use in current operations. The Foundation considers that appropriation occurs as part of its annual budget approval process when its decision is made to spend some or all of the accumulated earnings.

From time to time, certain endowment funds may have fair values less than the principal donation (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. At December 31, 2024, funds with original gifts valued at \$1,301,837, had fair values of \$1,279,364, and deficiencies of \$22,473 were included in the net assets with donor restrictions. Due to the volatility of the market some unrealized losses have been recovered as of the date of these consolidated financial statements.

continued

# PASADENA COMMUNITY FOUNDATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 10. Endowments, continued

#### Investment Policy

According to the Foundation's investment guidelines, the Foundation's permanently endowed assets are currently invested in the Foundation's investment portfolio managed by the Foundation's professional money managers. The Foundation makes distributions from investment income earned on permanently endowed funds as grants for charitable purposes. The amount distributed for grants each year is determined by the current spending rate, which is set by the Foundation's Board of Directors.

The primary long-term financial objective is to preserve and enhance the real (inflation adjusted) purchasing power of the portfolio, net of annual distributions for grants and expenses. This objective should be achieved over rolling five-year period on total return basis.

The portfolio should earn an average annual return sufficient to meet the Foundation's annual payout, net of investment management fees for grants and expenses that at least keep pace with inflation over time. The Foundation's spending rate is 4.0% (grants and administrative fees) and is reviewed annually.

Over the long-term, investment returns coupled with the spending rate are designed to maintain or increase a fund's payout over time in real dollars. Because of the short-term volatility in rates of return for those investments, the total return could be negative at times. At such a time, especially for new funds, the balance of a fund could drop below the historic gift value. Historic gift value is defined as the total dollars of the original gift at the date the gift is contributed for endowment. The Foundation may continue to calculate and pay out a grant amount even if such a payout would expend historic gift amounts. Over the long-term, investment returns will recover short-term losses and, meanwhile, grants will still flow to the community. However, no grant payout will be scheduled if that payout would reduce the endowment fund balance to less than 80% of the historic gift value.

By limiting fluctuations in distributions, this method of determining the amount available for distribution helps to accomplish three goals: (a) to protect the principal of each fund so that it will last in perpetuity; (b) to help the principal grow over time; and (c) to give the Foundation's grantees the benefit of a reasonably stable, consistent, and predictable flow of funds.

The Foundation employs a total return investment policy with the objective of preserving the endowment's capital, protecting the purchasing power of the funds, and providing cash flows to assist in the funding of the Foundation's grants and expenses.

With this long-term objective in mind, the portfolio shall be invested in a diversified portfolio of common stocks, bonds, cash equivalents, exchange traded funds, and mutual funds. The investments shall be diversified within asset classes (for example, equities shall be diversified by economic sector, industry, quality and capitalization). Portfolio diversification provides protection against a single security or class of securities having a disproportionate impact on aggregate performance.

# PASADENA COMMUNITY FOUNDATION AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 10. Endowments, continued

Significant information about endowed assets is as follows:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<u>Endowment composition:</u>			
Board designated /quasi endowment	\$36,755,062	\$ -	\$ 36,755,062
Donor restricted endowment – original donor gift to be maintained in perpetuity		61,791,547	61,791,547
Donor restricted endowment – accumulated earnings		20,877,418	20,877,418
	<u>\$36,755,062</u>	<u>\$82,668,965</u>	<u>\$119,424,027</u>
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<u>Change in endowment assets:</u>			
Beginning balance January 1, 2024	\$33,240,015	\$75,100,341	\$108,340,356
Additions	262,301	2,034,612	2,296,913
Dividends, interest, and gains, net of fees	4,081,384	9,083,327	13,164,711
Appropriation of endowment assets for expenditure	(828,638)	(3,549,315)	(4,377,953)
Ending balance December 31, 2024	<u>\$36,755,062</u>	<u>\$82,668,965</u>	<u>\$119,424,027</u>

### 11. Related Party Transactions

The Foundation's Board has adopted a conflict-of-interest policy and reaffirms its belief that its mission is fostered by having on the Board persons active in the community, including those who serve on the boards of organizations who are or may become grant recipients. The conflict-of-interest policy is intended to assure grantees and donors to the Foundation that decisions of the Foundation are made objectively with full knowledge of the involvement, if any, of the Board and staff and their immediate family members with grant-seeking agencies. During the year ended December 31, 2024, the Foundation gave \$85,505 to four such philanthropic organizations. Board members with an affiliation with the grantees do not vote on those grants.

### 12. Pension Plan

The Foundation's Board has established a 403(b) custodial plan for eligible full-time employees. Under the plan, employees may defer a percentage of their income up to the maximum allowed by the Internal Revenue Service. The Foundation's Board approved a discretionary contribution of \$170,758 to the plan for the year ended December 31, 2024.

The Foundation also has a deferred compensation plan under Section 457 of the Internal Revenue Code for the executive team. The Foundation's contributions under this plan were \$46,000 for the year ended December 31, 2024.

continued

## PASADENA COMMUNITY FOUNDATION AND AFFILIATE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### 13. Gain on Sale of Contributed Property

During the fiscal ended December 31, 2023, PCF-GLCF received a contributed property in an amount of \$5,580,000. The value of the contributed property was determined by an independent appraiser, based on the market value of contributed property as of December 27, 2023. The contributed property was recorded as an asset held-for-sale in the Consolidated Statement of Financial Position as of December 31, 2023.

In March 2024, the property was sold, resulting in net proceeds of \$5,856,736. The sale generated a gain of \$276,736, which was recognized in the fiscal year ending December 31, 2024. The net proceeds were transferred from PCF-GLCF to PCF during 2024.

#### 14. Subsequent Events

In early January 2025, the Eaton Fire caused significant damage across multiple communities in the San Gabriel Valley, with the most severe impact in Altadena and portions of Pasadena and Sierra Madre. In response, PCF launched the Eaton Fire Relief and Recovery Fund to provide immediate and long-term support to those affected. An outpouring of national support followed, resulting in over \$20 million in donations as of May 2025.

To further support the long-term recovery and rebuilding of Altadena, PCF established a supporting organization in February 2025 - the Altadena Builds Back Foundation. The foundation is designed to lead a community-driven process for rebuilding efforts and to assist residents directly impacted by the fire in returning to and restoring their community. As of May 2025, an additional \$50 million has been contributed to this foundation to support its mission.

Management has evaluated subsequent events through July 31, 2025, the date which the consolidated financial statements were available for issue. Except as noted above, no other events or transactions have occurred during this period that appear to require recognition or disclosure in the consolidated financial statements.

## SUPPLEMENTARY INFORMATION

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**PASADENA COMMUNITY FOUNDATION  
AND AFFILIATE**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2024

	Pasadena Community Foundation	PCF Gifting and Liquidation Charitable Foundation	Total	Eliminations	Consolidated Total
<b>Assets</b>					
Cash	\$ 1,242,653	\$ 40,977	\$ 1,283,630	\$ -	\$ 1,283,630
Prepaid expense	9,634		9,634		9,634
Investments (Note 4)	186,015,577		186,015,577		186,015,577
Right-of-use assets - operating leases (Note 7)	226,129		226,129		226,129
Right-of-use assets - financing leases (Note 7)	5,481		5,481		5,481
	<u>187,499,474</u>	<u>40,977</u>	<u>187,540,451</u>	<u>-</u>	<u>187,540,451</u>
<b>Total Assets</b>	<u>\$ 187,499,474</u>	<u>\$ 40,977</u>	<u>\$ 187,540,451</u>	<u>\$ -</u>	<u>\$ 187,540,451</u>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable	\$ 796,839	\$ -	\$ 796,839	\$ -	\$ 796,839
Accrued liabilities	478,124		478,124		478,124
Agency funds (Note 6)	16,216,093		16,216,093		16,216,093
Lease liabilities - operating leases (Note 7)	235,918		235,918		235,918
Lease liabilities - financing leases (Note 7)	5,687		5,687		5,687
	<u>17,732,661</u>	<u>-</u>	<u>17,732,661</u>	<u>-</u>	<u>17,732,661</u>
<b>Total Liabilities</b>	<u>17,732,661</u>	<u>-</u>	<u>17,732,661</u>	<u>-</u>	<u>17,732,661</u>
<b>Net Assets</b>					
Without donor restrictions:					
Undesignated	3,931,011	40,977	3,971,988		3,971,988
Donor-advised funds	31,345,422		31,345,422		31,345,422
Board designated - quasi endowment	36,755,062		36,755,062		36,755,062
With donor restrictions:					
Purpose restrictions (Note 9)	15,066,353		15,066,353		15,066,353
Perpetual in nature (Notes 9 and 10)	82,668,965		82,668,965		82,668,965
	<u>169,766,813</u>	<u>40,977</u>	<u>169,807,790</u>	<u>-</u>	<u>169,807,790</u>
<b>Total Net Assets</b>	<u>169,766,813</u>	<u>40,977</u>	<u>169,807,790</u>	<u>-</u>	<u>169,807,790</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 187,499,474</u>	<u>\$ 40,977</u>	<u>\$ 187,540,451</u>	<u>\$ -</u>	<u>\$ 187,540,451</u>

See independent auditors' report.



**PASADENA COMMUNITY FOUNDATION  
AND AFFILIATE**

CONSOLIDATING STATEMENT OF ACTIVITIES  
For the year ended December 31, 2024

	Pasadena Community Foundation	PCF Gifting and Liquidation Charitable Foundation	Total	Eliminations	Consolidated Total
<b>Revenue and Support</b>					
<b>Support</b>					
Contributions and bequests	\$ 18,611,682	\$ 113,453	\$ 18,725,135	\$ -	\$ 18,725,135
Less: amounts received for agency funds	(9,401,585)		(9,401,585)		(9,401,585)
Total support	9,210,097	113,453	9,323,550	-	9,323,550
<b>Revenue</b>					
Investment gain, net (Note 4)	17,774,565		17,774,565		17,774,565
Other income	30,357		30,357		30,357
Total revenue	17,804,922	-	17,804,922	-	17,804,922
<b>Total Revenue and Support</b>	27,015,019	113,453	27,128,472	-	27,128,472
<b>Expenses</b>					
Grantmaking and related services	10,224,131	140,864	10,364,995		10,364,995
Administrative and general	587,952		587,952		587,952
Development	825,592		825,592		825,592
<b>Total Expenses</b>	11,637,675	140,864	11,778,539	-	11,778,539
<b>Change in Net Assets Before Other Changes</b>	15,377,344	(27,411)	15,349,933	-	15,349,933
<b>Other Changes</b>					
Transfer of real property proceeds	5,856,736	(5,856,736)	-		-
Gain on sale of contributed property (Note 13)		276,736	276,736		276,736
<b>Change in Net Assets</b>	21,234,080	(5,607,411)	15,626,669	-	15,626,669
<b>Net Assets, Beginning of Year</b>	148,532,733	5,648,388	154,181,121	-	154,181,121
<b>Net Assets, End of Year</b>	\$ 169,766,813	\$ 40,977	\$ 169,807,790	\$ -	\$ 169,807,790

See independent auditors' report.