

AUSTIN COMMUNITY FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Years Ended December 31, 2025 and 2024

And Report of Independent Auditor

AUSTIN COMMUNITY FOUNDATION
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR..... 1-2

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Financial Position 3

Consolidated Statements of Activities..... 4-5

Consolidated Statements of Functional Expenses 6-7

Consolidated Statements of Cash Flows 8

Notes to the Consolidated Financial Statements..... 9-24

SUPPLEMENTARY INFORMATION

Consolidating Schedule of Financial Position 25

Consolidating Schedule of Activities 26

Report of Independent Auditor

To the Board of Governors
Austin Community Foundation
Austin, Texas

Opinion

We have audited the accompanying consolidated financial statements of Austin Community Foundation (the "Foundation") which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 financial position of the Foundation as of December 31, 2025 and 2024, 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 the Foundation's ability to continue as a going concern within one year after the date the consolidated financial statements are available to be issued.

Auditor's Responsibility 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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.

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 the Foundation'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 the Foundation'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 audits, significant audit findings, and certain internal controls related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating schedule of financial position and consolidating schedule of activities on pages 25 and 26 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.

Cherry Bekaert LLP

Charlotte, North Carolina
August 26, 2026

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Cash and cash equivalents (Note 3)	\$ 60,115,250	\$ 41,147,118
Certificates of deposit	1,553,350	3,005,075
Contributions receivable (Note 1)	7,000,000	-
Notes receivable, less allowance for credit losses (Note 4)	16,448,147	15,286,584
Investments, at fair value (Note 5)	532,301,840	459,287,419
Split-interest agreements (Note 5)	15,717,662	15,360,683
Other investments (Note 5)	27,274,139	30,131,978
Property and equipment, net (Note 8)	290,310	338,656
Right-of-use asset - operating lease (Note 14)	511,440	776,609
Other assets	553,336	527,602
Total Assets	\$ 661,765,474	\$ 565,861,724
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 1,519,213	\$ 2,118,425
Grants payable, net (Note 6)	3,696,030	3,764,674
Operating lease liability (Note 14)	511,440	776,609
Notes payable (Note 7)	6,786,790	6,549,906
Charitable remainder trusts and gift annuities (Note 5)	1,278,544	1,224,581
Funds held for others - agency	66,368,173	60,192,169
Total Liabilities	80,160,190	74,626,364
Net Assets:		
Without Donor Restrictions:		
Board designated	6,329,441	5,714,832
Designated for endowment	208,196,962	171,199,556
Undesignated	317,121,705	267,911,283
	531,648,108	444,825,671
With donor restrictions	49,957,176	46,409,689
Total Net Assets	581,605,284	491,235,360
Total Liabilities and Net Assets	\$ 661,765,474	\$ 565,861,724

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

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:			
Contributions	\$ 96,828,289	\$ 9,775,295	\$ 106,603,584
Less contributions to agency funds	<u>(3,345,175)</u>	<u>-</u>	<u>(3,345,175)</u>
Net Contributions	93,483,114	9,775,295	103,258,409
Net investment return	68,513,352	5,497,562	74,010,914
Other income, net	52,150	-	52,150
Net assets released from restrictions	<u>11,725,370</u>	<u>(11,725,370)</u>	<u>-</u>
Total Revenues and Support	<u>173,773,986</u>	<u>3,547,487</u>	<u>177,321,473</u>
Expenses:			
Program Services:			
Community grant funding	85,868,482	-	85,868,482
Less grants from agency funds	<u>(5,424,903)</u>	<u>-</u>	<u>(5,424,903)</u>
Net Community Grant Funding	80,443,579	-	80,443,579
Other programs	<u>5,191,191</u>	<u>-</u>	<u>5,191,191</u>
Total Program Services	<u>85,634,770</u>	<u>-</u>	<u>85,634,770</u>
Supporting Services:			
Management and general	682,243	-	682,243
Fundraising and development	<u>634,536</u>	<u>-</u>	<u>634,536</u>
Total Supporting Services	<u>1,316,779</u>	<u>-</u>	<u>1,316,779</u>
Total Expenses	<u>86,951,549</u>	<u>-</u>	<u>86,951,549</u>
Change in net assets	86,822,437	3,547,487	90,369,924
Net assets, beginning of year	<u>444,825,671</u>	<u>46,409,689</u>	<u>491,235,360</u>
Net assets, end of year	<u>\$ 531,648,108</u>	<u>\$ 49,957,176</u>	<u>\$ 581,605,284</u>

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

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:			
Contributions	\$ 52,207,421	\$ 4,022,435	\$ 56,229,856
Less contributions to agency funds	<u>(3,217,282)</u>	<u>-</u>	<u>(3,217,282)</u>
Net Contributions	48,990,139	4,022,435	53,012,574
Net investment return	31,009,571	4,057,474	35,067,045
Other income, net	97,483	-	97,483
Net assets released from restrictions	<u>3,839,981</u>	<u>(3,839,981)</u>	<u>-</u>
Total Revenues and Support	<u>83,937,174</u>	<u>4,239,928</u>	<u>88,177,102</u>
Expenses:			
Program Services:			
Community grant funding	58,934,242	-	58,934,242
Less grants from agency funds	<u>(1,183,965)</u>	<u>-</u>	<u>(1,183,965)</u>
Net Community Grant Funding	57,750,277	-	57,750,277
Other programs	<u>5,670,801</u>	<u>-</u>	<u>5,670,801</u>
Total Program Services	<u>63,421,078</u>	<u>-</u>	<u>63,421,078</u>
Supporting Services:			
Management and general	729,352	-	729,352
Fundraising and development	<u>567,315</u>	<u>-</u>	<u>567,315</u>
Total Supporting Services	<u>1,296,667</u>	<u>-</u>	<u>1,296,667</u>
Total Expenses	<u>64,717,745</u>	<u>-</u>	<u>64,717,745</u>
Change in net assets	19,219,429	4,239,928	23,459,357
Net assets, beginning of year	<u>425,606,242</u>	<u>42,169,761</u>	<u>467,776,003</u>
Net assets, end of year	<u>\$ 444,825,671</u>	<u>\$ 46,409,689</u>	<u>\$ 491,235,360</u>

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

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025

	Program Services		Supporting Services		
	Community Grant Funding	Other Program	Management and General	Fundraising and Development	Total
Grants	\$ 80,443,579	\$ -	\$ -	\$ -	\$ 80,443,579
Fiscal sponsorships and initiatives	-	862,876	-	-	862,876
Professional fees	-	69,401	161,935	-	231,336
Building rent	-	239,935	29,648	36,067	305,650
Credit card processing	-	50,296	-	2,647	52,943
Personnel	-	3,482,236	430,289	523,444	4,435,969
Depreciation and amortization	-	153,009	18,907	23,000	194,916
Technology and equipment	-	194,319	24,011	29,210	247,540
Marketing and communications	-	87,667	10,833	13,178	111,678
Conferences and travel	-	40,528	5,008	6,092	51,628
Other	-	10,924	1,612	898	13,434
Total Expenses	<u>\$ 80,443,579</u>	<u>\$ 5,191,191</u>	<u>\$ 682,243</u>	<u>\$ 634,536</u>	<u>\$ 86,951,549</u>

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

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Program Services		Supporting Services		
	Community Grant Funding	Other Program	Management and General	Fundraising and Development	Total
Grants	\$ 57,750,277	\$ -	\$ -	\$ -	\$ 57,750,277
Fiscal sponsorships and initiatives	-	1,682,587	-	-	1,682,587
Professional fees	-	95,406	222,614	-	318,020
Building rent	-	229,825	30,271	33,798	293,894
Credit card processing	-	47,161	-	2,482	49,643
Personnel	-	2,888,231	380,419	424,740	3,693,390
Depreciation and amortization	-	145,735	19,195	21,432	186,362
Technology and equipment	-	237,641	31,301	34,947	303,889
Marketing and communications	-	156,807	20,654	23,060	200,521
Conferences and travel	-	32,663	4,302	4,803	41,768
Other	-	154,745	20,596	22,053	197,394
Total Expenses	<u>\$ 57,750,277</u>	<u>\$ 5,670,801</u>	<u>\$ 729,352</u>	<u>\$ 567,315</u>	<u>\$ 64,717,745</u>

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

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 90,369,924	\$ 23,459,357
Adjustments to reconcile change in net assets to net cash flows from operations:		
Depreciation	78,185	76,125
Amortization of oil and gas leaseholds	116,731	110,237
Provision for loan losses	225,911	170,152
Noncash contributions of investments	(37,063,813)	(26,472,205)
Appreciation on investments, other investments, and split-interest agreements	(37,182,658)	(18,042,243)
Change in operating assets and liabilities:		
Contributions receivable	(7,000,000)	-
Other assets	(25,734)	(153,988)
Accounts payable	(599,212)	(931,620)
Grants payable	(68,644)	(696,835)
Charitable remainder trusts and gift annuities	53,963	8,446
Funds held for others - agency	6,176,004	7,133,125
Net cash flows from operating activities	<u>15,080,657</u>	<u>(15,339,449)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(29,839)	(111,011)
Purchases of certificates of deposits, investments, and other investments	(109,961,821)	(159,603,451)
Proceeds from sale of certificates of deposits, investments, and other investments	115,029,725	122,767,066
Issuance of notes receivable, net	(7,635,728)	(9,261,650)
Payments received on notes receivable, net	6,248,254	4,457,079
Net cash flows from investing activities	<u>3,650,591</u>	<u>(41,751,967)</u>
Cash flows from financing activities		
Proceeds from notes payable	1,000,000	5,054,611
Payments on notes payable	(763,116)	(1,216,466)
Net cash flows from financing activities	<u>236,884</u>	<u>3,838,145</u>
Net change in cash and cash equivalents	18,968,132	(53,253,271)
Cash and cash equivalents at beginning of year	41,147,118	94,400,389
Cash and cash equivalents at end of year	<u>\$ 60,115,250</u>	<u>\$ 41,147,118</u>
Supplemental disclosure:		
Cash paid for interest	<u>\$ 107,918</u>	<u>\$ 66,778</u>

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

AUSTIN COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 1—Organization and summary of significant accounting policies

Austin Community Foundation is a Texas not-for-profit corporation chartered in 1977, whose primary mission is to receive gifts, bequests, and donations to be administered in charitable, scientific, literary, educational, social, and public welfare activities for the benefit of Central Texas. The Austin Community Foundation is exempt from federal income tax under the Internal Revenue Code (“IRC”) Section 501(c)(3) for income related to its exempt purpose and is classified by the Internal Revenue Service (“IRS”) as an organization other than a private foundation.

Austin Community Foundation manages approximately 1,300 charitable funds, established by individual donors, corporations, and not-for-profit agencies, and invests some funds for growth so they can flow back into the community to support a wide range of charitable efforts, including grants and scholarships. Austin Community Foundation’s grants, whether from specific charitable funds or from its discretionary funds, support health, human services, arts and culture, the environment, community development and community service, education and training, recreation, and animal-related services. Austin Community Foundation has a spectrum of fund types to help donors meet their philanthropic goals and provides leadership around community issues.

ACF Associates, LLC was formed in July 2008 as a limited liability company subsidiary with Austin Community Foundation being the sole member, to hold certain investments.

ACF Bright Leaf Preserve (a not-for-profit corporation) was formed in October 1991 under the original name “Charitable Holdings”, as a support organization to hold title to the 216-acre Bright Leaf Preserve. On July 13, 2021, a state of Texas Probate Court approved the gift of the Bright Leaf Preserve from the Foundation’s support organization, ACF Bright Leaf Preserve, to the City of Austin to be operated under the Wildlands Conservation Division of Austin Water and its Balcones Canyonlands Preserve Program. The transaction was completed on August 17, 2021.

Charitable Holdings II (a not-for-profit corporation) was formed in December 2010 as a support organization to receive real property donations.

CH II Charitable Properties, LLC was formed in December 2013 as a limited liability company subsidiary with Charitable Holdings II being the sole member to receive real property donations.

Texas Clinic Emergency Loan Fund LLC (“TXCELFF LLC”) was formed in July 2020 as a limited liability company subsidiary with Austin Community Foundation being the sole member to hold the assets and activities for a fiscally sponsored project to further the charitable mission of the Austin Community Foundation.

Austin Community Foundation Charitable Trust was formed in March 2021 as a charitable trust in the state of Texas to receive certain donations of appreciated assets.

Central Texas Housing Accelerator Fund, LLC was formed in April 2023 as a limited liability company subsidiary with Austin Community Foundation being the sole member to further the charitable mission of the Austin Community Foundation.

All activity within the subsidiaries, support organizations, and initiatives have been consolidated with the accounts of the Austin Community Foundation.

Basis of Presentation – The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”).

Consolidation – The consolidated financial statements include the accounts of Austin Community Foundation and its subsidiaries, ACF Associates, LLC; TXCELFF LLC and Central Texas Housing Accelerator Fund, LLC; Austin Community Foundation Charitable Trust, and its support organizations, Charitable Holdings II and its subsidiary CH II Charitable Properties, LLC; and ACF Bright Leaf Preserve (collectively, the “Foundation”). All intercompany transactions have been eliminated in consolidation.

AUSTIN COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 1—Organization and summary of significant accounting policies (continued)

Net Asset Classifications – In accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*, the Foundation is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be used for any purpose or designated for specific purposes by the Foundation.

Net Assets With Donor Restrictions – Net assets that are restricted by gift instruments as to use or period of time that do not acknowledge the Foundation’s “variance power”. This occurs primarily when funds are transferred in a donor’s will/bequest without use of a fund agreement, when there is a specific legal contract such as in the case of charitable gift annuities and charitable trusts, or when funds are contributed to support specific programs and initiatives of the Foundation. When donor restrictions expire, either when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As of December 31, 2025 and 2024, the Foundation’s net assets with donor restrictions are restricted for funding various community educational and philanthropic programs specified by donors as further discussed in Notes 9 and 10.

The Board of Governors of the Foundation is governed by its articles of incorporation and bylaws and further complies with the Foundation’s adopted investment policy as well as individual gift instruments and agreements. Although the Foundation’s desire is to build endowed assets, the Foundation has variance power as stated in its articles of incorporation. Variance power is the ability to modify any restriction or condition on the distribution of assets, if circumstances warrant.

As a result of the variance power, all contributions not classified as net assets with donor restrictions are classified as net assets without donor restrictions for consolidated financial statement purposes.

Cash and Cash Equivalents – For purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly-liquid investments with original maturities of 90 days or less.

Contributions – Unconditional contributions are recorded as revenue when received. Contributions received, including unconditional promises to give, are recorded as revenues without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support within net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met.

Unconditional promises to give (contributions receivable) are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions in the reporting period in which the support is recognized. Promises to give consist of one unconditional promise to give due within one year. Management believes the receivable is fully collectible and has not recognized any allowance for uncollectible contributions receivable as of December 31, 2025.

Donated assets are recorded at their estimated fair values at the date of receipt. The Foundation reports contributions of land, buildings, and equipment as revenues without donor restrictions, unless explicit donor restrictions specify how the donated assets must be used. Gifts of assets with explicit restrictions that specify how the assets are to be used are accounted for as restricted support. The Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

AUSTIN COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 1—Organization and summary of significant accounting policies (continued)

Contributed Services – Donated services are recognized as contributions if the services: (1) create or enhance non-financial assets, or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. During the years ended December 31, 2025 and 2024, the value of contributed services meeting the requirements for recognition in the consolidated financial statements was not material and no amounts have been recorded. Although individuals volunteer their time and perform a variety of tasks that assist the Foundation, these services do not meet the criteria for recognition as contributed services.

Property and Equipment – Furniture, equipment, and leasehold improvements are capitalized at cost. Property and equipment is depreciated over estimated useful lives of three to five years using the straight-line method. Leasehold improvements are amortized over the lesser of the life of the lease or the useful life of the asset.

Income Taxes – The Foundation is exempt from federal income taxes under Section 501(c)(3) of the IRC. Unrelated business income, of which the Foundation had no significant amounts for the years ended December 31, 2025 and 2024, is subject to federal income taxes. Accordingly, there is no provision or liability for federal income taxes in the accompanying consolidated financial statements. The Foundation recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the taxing authorities, based on the technical merits of the positions. As of December 31, 2025, there were no uncertain tax positions taken on significant estimates. The tax benefits recognized in the consolidated financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The Foundation files informational returns in the U.S. federal jurisdiction. With few exceptions, the Foundation is no longer subject to U.S. federal tax examinations by tax authorities for the three previous tax years for which filings have been made.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Functional Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain expenses are allocated between functional categories based on management's estimates. Expenses relating to more than one function are allocated to grant funding, program expense, management and general, and fundraising and development costs based on employee time estimates. Expenses to grant funding and program services are for activities that result in services being distributed to beneficiaries, donors, or others that fulfill the mission of the Foundation. Expenses to management and general expenses include accounting, general management and oversight, audit, budgeting, human resources, legal, and admin support of the Board of Governors. Expenses for fundraising are primarily for fundraising activities for operations and programmatic activities. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide overall support and direction of the Foundation.

Charitable Remainder Trusts, Charitable Lead Trusts, and Charitable Gift Annuities – The Foundation has entered into irrevocable agreements with donors whereby, in exchange for the gift from the donor, the Foundation is obligated to provide annual distributions to a designated beneficiary. Assets and liabilities associated with charitable remainder trusts, charitable lead trusts, and charitable gift annuities are classified as split-interest agreements and charitable remainder trusts and gift annuities in the accompanying consolidated statements of financial position.

AUSTIN COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 1—Organization and summary of significant accounting policies (continued)

A charitable remainder unitrust pays a fixed percentage of the net fair value of the trust's assets value at least annually. A charitable remainder annuity trust pays a fixed dollar amount that will not vary from year to year. Each trust is a separate legal entity. At the end of the trust term, the remainder interest is paid to the beneficiary. The portion of the trust attributable to the future interest of the Foundation is recorded in the consolidated statements of activities as contributions with donor restrictions in the period the trust is established. Assets held in the charitable remainder trust are recorded at fair value, which is based on the present value of the future distributions expected to be received over the term of the agreements, in the Foundation's consolidated statements of financial position. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using discount rates provided by the IRS and applicable mortality tables.

The Foundation is the beneficiary of a charitable remainder trust administered by a third party trustee with a fair value of \$95,036 and \$85,945 as of December 31, 2025 and 2024, respectively. The Foundation received notice in 2025 that it is the beneficiary of an additional charitable remainder unitrust administered by a third party trustee with a fair value of \$229,753. The Foundation serves as the trustee for a charitable remainder unitrust but is not the charitable beneficiary. A liability has been established for this beneficiary and this obligation totaled \$561,154 and \$523,516 as of December 31, 2025 and 2024, respectively. The Foundation serves as the trustee and is the beneficiary of a charitable remainder annuity trust with a fair value of \$45,592 and \$66,358 as of December 31, 2025 and 2024, respectively.

A charitable lead annuity trust pays a set dollar amount to a charity for the term of the trust. At the end of the trust term, the remaining trust assets are paid to the beneficiary recipients. When the Foundation is the lead beneficiary and not the trustee, its interest in the trust assets and specified future distributions is recorded as a beneficial interest in split-interest agreements. Assets are initially recorded as contributions at the present value of the projected, future cash flows using actuarial assumptions and discount rates based on market conditions in effect when the trusts were established. The Foundation is the lead beneficiary of two charitable lead trusts administered by a third party trustee with a fair value of \$15,392,873 and \$15,274,738 as of December 31, 2025 and 2024, respectively. The Foundation serves as a trustee for a charitable lead annuity trust and is the lead beneficiary. A liability has been established for these beneficiaries and these obligations totaled \$556,875 and \$518,624 as of December 31, 2025 and 2024, respectively.

A charitable gift annuity pays a fixed dollar amount for the life of the beneficiary. The assets gifted by the donor become the assets of the Foundation at the time of the gift. Unlike the charitable remainder trusts, the annuities are private contracts between the charity and the donor. The assets received from the donor are recorded at fair value. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The Foundation has recorded a liability of \$114,923 and \$116,083 as of December 31, 2025 and 2024, respectively, which represents the estimated present value of the future annuity obligations. The liability has been determined by using discount rates as provided by the IRS and applicable mortality tables.

Funds Held for Others – Agency – The Foundation accepts contributions from various donors, including not-for-profit organizations. If a not-for-profit organization establishes with its own funds a fund at the Foundation for its own benefit, even though variance power is explicitly stated in the gift instrument, the transfer of assets to the Foundation is not contribution revenue and is accounted for as a liability. The Foundation reports the funds as an asset; however, it is required by FASB ASC Topic 958-605 to establish a liability for the fair value, representing the present value of the future payments expected to be made to the not-for-profit organization. The liability is reflected under funds held for others – agency on the accompanying consolidated statements of financial position. In addition, related amounts received and distributed are presented separately in the accompanying consolidated statements of activities.

AUSTIN COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 1—Organization and summary of significant accounting policies (continued)

Grants Payable – Grants payable represents all unconditional grants that have been authorized prior to year-end but remain unpaid as of the statements of financial position date. Grants that are expected to be paid in future years are recorded at the present value of their estimated future cash outflows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the grants are approved by the Board of Governors. Amortization of the discounts is included in grants expense in the accompanying consolidated statements of activities. Conditional grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses by the grant recipient, are expensed and considered payable in the period in which the conditions are substantially satisfied.

Management's Review of Subsequent Events – The Foundation evaluates events that occur subsequent to the consolidated statement of financial position date of periodic reports, but before financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Foundation's consolidated financial statements are available for issuance. For the consolidated financial statements for the year ended December 31, 2025, this date was August 26, 2026.

Note 2—Liquidity and availability of resources

As part of the Foundation's liquidity management, financial assets are structured to be available as general expenditures, liabilities, and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds.

The following table reflects the Foundation's financial assets as of December 31, 2025 and 2024, reduced by amounts unavailable for grants and other expenses within one year. Financial assets are considered unavailable when they are illiquid, unable to be converted to cash within one year, include funds held for others, or are net assets with donor restrictions:

	2025	2024
Cash and cash equivalents	\$ 60,115,250	\$ 41,147,118
Certificates of deposit	1,553,350	3,005,075
Contributions receivable	7,000,000	-
Notes receivable, net	16,448,147	15,286,584
Investments, at fair value	532,301,840	459,287,419
Split-interest agreements	15,717,662	15,360,683
Other investments	27,274,139	30,131,978
Total financial assets	660,410,388	564,218,857
Less amounts not available to be used within one year:		
Board-designated net assets	(6,329,441)	(5,714,832)
Net assets designated for endowment	(208,196,962)	(171,199,556)
Net assets with donor restrictions	(49,957,176)	(46,409,689)
Funds held for others	(66,368,173)	(60,192,169)
Certificates of deposit maturing beyond one year	-	(1,504,458)
Notes receivable, net	(5,397,255)	(7,972,108)
Limited marketable investments	(71,316,686)	(68,035,105)
Split-interest agreements	(13,913,059)	(13,724,923)
Financial assets available to meet operating and grantmaking expenditures over the next 12 months	\$ 238,931,636	\$ 189,466,017

AUSTIN COMMUNITY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 2—Liquidity and availability of resources (continued)

Hedge funds, private equity, real estate, and other investments are considered to be limited marketable investments given the existence of lock up terms, specified withdrawal periods, and less liquid markets.

The Foundation believes the financial assets available to meet operating and grantmaking expenditures is sufficient capital to fund the anticipated growth of the Foundation over the next 12 months as well as any unanticipated contingencies and losses.

Note 3—Cash and cash equivalents

Cash and cash equivalents consisted of the following as of December 31:

	2025	2024
Cash	\$ 14,848,285	\$ 9,011,128
Money market funds	45,266,965	32,135,990
	<u>\$ 60,115,250</u>	<u>\$ 41,147,118</u>

Note 4—Notes receivable, net

Notes receivable represents funds advanced to other organizations and are stated at unpaid principal balances, less an allowance for credit losses. The allowance for credit losses is an estimate based upon loss history from similar loans made by the Foundation or by other third parties, facts about the current financial condition of the debtors, and forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Maturities of loans receivable held at December 31, 2025 are at dates ranging from 2025 to 2032, or upon the occurrence of certain events.

Notes receivable, less allowance for credit losses, included the following as of December 31:

	2025	2024
Programmatic notes receivable	\$ 15,276,068	\$ 14,556,911
Convertible notes receivable	1,200,002	650,001
Other notes receivable	275,000	175,000
Accrued interest receivable	164,509	202,314
Less allowance for credit losses	<u>(467,432)</u>	<u>(297,642)</u>
	<u>\$ 16,448,147</u>	<u>\$ 15,286,584</u>

Management has reviewed the collectability of the notes receivable and has established an allowance for loan losses of \$467,432 and \$297,642 as of December 31, 2025 and 2024, respectively. During the years ended December 31, 2025 and 2024, changes in the allowance for credit losses were as follows:

Balance as of December 31, 2023	\$ 152,489
Change in provision for credit losses on loans	170,152
Charge-offs	<u>(24,999)</u>
Balance as of December 31, 2024	297,642
Change in provision for credit losses on loans	225,911
Charge-offs	<u>(56,121)</u>
Balance as of December 31, 2025	<u>\$ 467,432</u>

AUSTIN COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 4—Notes receivable, net (continued)

Notes receivable, net, are composed of short-term and long-term components as of December 31:

	2025	2024
Short-term portion of notes receivable, net	\$ 11,050,892	\$ 7,314,476
Long-term portion of notes receivable, net	5,397,255	7,972,108
	<u>\$ 16,448,147</u>	<u>\$ 15,286,584</u>

Note 5—Fair value of financial instruments

The estimated fair value amounts of the Foundation's financial instruments have been determined by the Foundation, using the following methods and assumptions for each class of financial instruments:

- The carrying amount of cash equivalents approximates fair value because of the short-term nature and liquidity of the consolidated financial instrument.
- Fixed income securities are based on the present value of the stream of cash flows they are expected to generate, and the active market of similar bonds being traded in the marketplace.
- Publicly-traded equities and other similar instruments are valued at the closing price on the last business day of the year.
- Fair value of beneficial interest in a charitable remainder trust is calculated by determining the present value of the estimated future cash flows.
- Fair value of the oil and gas royalties are estimated using the trailing 60 months of net revenue, an industry accepted valuation method.
- Fair value of hedge funds and private equity investments in the ACF pools are based on net asset value as reported in the audited consolidated financial statements in compliance with U.S. GAAP.
- Fair value of business interests and privately held stock are recorded at appraised value when received and annually evaluated and adjusted if there is a permanent impairment.
- Notes receivable, net are valued based on the present value of the stream of cash flows it is expected to generate and the collectability of the loans and investments.
- Land is valued based on current appraisals or broker's opinions of value. Tax appraisal information is also used to corroborate valuations, where appropriate.
- Insurance policies are valued based on their cash surrender value.

However, considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Foundation could realize in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value amounts. The change in fair value between years along with realized gains or losses are included in net investment return in the consolidated statements of activities in the year of the change.

For investments that are remeasured at fair value on a recurring basis, the Foundation discloses the hierarchy of the valuation based on the inputs used to determine the valuation. Financial instruments are considered Level 1 when their values are determined using quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1, such as quoted prices for similar assets in active or inactive markets, inputs other than quoted prices that are observable for the asset, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation.

AUSTIN COMMUNITY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 5—Fair value of financial instruments (continued)

Other investments are recorded based on fair market value appraisals as of the date of the contribution. Values are adjusted as necessary based on annual tax reporting or additional appraisals depending on the length of time the investment is held.

The carrying amount of cash and cash equivalents, notes receivable, other assets, accounts and grants payable, and funds held for others approximated fair value at December 31, 2025 and 2024, because of their relatively short maturity and market terms.

The following tables represent the Foundation's fair value hierarchy for its investments measured at fair value on a recurring basis as of December 31:

<u>Description</u>	Fair Value Measurements at December 31, 2025			
	Level 1	Level 2	Level 3	Total
Measurement at fair value on a recurring basis:				
Investments:				
Marketable securities:				
Equities	\$ 46,831,975	\$ -	\$ -	\$ 46,831,975
Mutual funds	399,319,198	-	-	399,319,198
Real asset funds	19,985,744	-	-	19,985,744
Government and agency	21,439,279	139,398	-	21,578,677
Corporate bonds	-	543,699	-	543,699
	<u>487,576,196</u>	<u>683,097</u>	<u>-</u>	<u>488,259,293</u>
Hedge funds (*)	-	-	-	26,972,487
Other private investment funds (*)	-	-	-	17,070,060
Total investments	<u>\$ 487,576,196</u>	<u>\$ 683,097</u>	<u>\$ -</u>	<u>\$ 532,301,840</u>
Split-interest agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,717,662</u>	<u>\$ 15,717,662</u>
Charitable remainder trusts and gift annuity liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,278,544</u>	<u>\$ 1,278,544</u>
<u>Description</u>	Level 1	Level 2	Level 3	Total
Measurement at fair value on a nonrecurring basis:				
Other investments:				
Land and oil and gas leasehold	\$ -	\$ -	\$ 4,995,727	\$ 4,995,727
Limited marketable investments	-	-	22,278,412	22,278,412
Total other investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,274,139</u>	<u>\$ 27,274,139</u>

* In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

AUSTIN COMMUNITY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 5—Fair value of financial instruments (continued)

<u>Description</u>	Fair Value Measurements at December 31, 2024			
	Level 1	Level 2	Level 3	Total
Measurement at fair value on a recurring basis:				
Investments:				
Marketable securities:				
Equities	\$ 39,377,385	\$ -	\$ -	\$ 39,377,385
Mutual funds	339,985,325	-	-	339,985,325
Real asset funds	21,610,576	-	-	21,610,576
Government and agency	18,710,363	258,372	-	18,968,735
Corporate bonds	-	1,442,271	-	1,442,271
	419,683,649	1,700,643	-	421,384,292
Hedge funds (*)	-	-	-	24,076,010
Other private investment funds (*)	-	-	-	13,827,117
Total investments	<u>\$ 419,683,649</u>	<u>\$ 1,700,643</u>	<u>\$ -</u>	<u>\$ 459,287,419</u>
Split-interest agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,360,683</u>	<u>\$ 15,360,683</u>
Charitable remainder trusts and gift annuity liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,224,581</u>	<u>\$ 1,224,581</u>
<u>Description</u>	Level 1	Level 2	Level 3	Total
Measurement at fair value on a nonrecurring basis:				
Other investments:				
Land and oil and gas leasehold	\$ -	\$ -	\$ 4,901,874	\$ 4,901,874
Limited marketable investments	-	-	25,230,104	25,230,104
Total other investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,131,978</u>	<u>\$ 30,131,978</u>

* In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

The estimated fair values of Level 3 investments were determined by the Foundation as described above based on a number of factors, including the costs of investments to the Foundation as well as the current and projected operating performance. Changes in unrealized and realized appreciation or depreciation of the investments are included in net investment return in the consolidated statements of activities.

AUSTIN COMMUNITY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 5—Fair value of financial instruments (continued)

The changes in assets and liabilities measured using significant unobservable inputs (Level 3) for the years ended December 31 were:

	Split-Interest Agreements	Other Investments	Charitable Remainder Trusts and Gift Annuity
Balances, December 31, 2023	\$ 15,935,105	\$ 38,318,784	\$ (1,216,135)
Realized and unrealized losses	1,004,048	(6,744,783)	5,037
Purchases and contributions, net	-	2,638,959	(22,162)
Sale and transfer of investments	(1,578,470)	(3,970,745)	8,679
Amortization of oil and gas leasehold	-	(110,237)	-
Balances, December 31, 2024	15,360,683	30,131,978	(1,224,581)
Realized and unrealized gains (losses)	1,793,248	(4,905,344)	(4,979)
Purchases and contributions, net	115,974	5,673,895	(55,122)
Sale and transfer of investments	(1,552,243)	(3,509,659)	6,138
Amortization of oil and gas leasehold	-	(116,731)	-
Balances, December 31, 2025	<u>\$ 15,717,662</u>	<u>\$ 27,274,139</u>	<u>\$ (1,278,544)</u>

Royalties and bonuses received from oil and gas leaseholds totaled \$143,324 and \$117,094 at December 31, 2025 and 2024, respectively, and are included in other income, net on the consolidated statements of activities.

For entities that calculate the net asset value per share (or its equivalent), the following table provides information about the probability of investments being sold at amounts different from the net asset value per share for the year ended December 31, 2025.

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds ^(a)	\$ 26,972,487	\$ -	Monthly, Quarterly	30-90 days
Other private investment funds ^(b)	17,070,060	14,704,890	None	None

^(a) This category invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. Funds incorporate a multi-strategy approach within the credit space, as well as utilizing convertible arbitrage, risk arbitrage, equity long/short (fundamental and quantitative), distressed debt, pairs trading, private placements, global macro, commodities, real estate, reinsurance, and capital structure arbitrage.

^(b) This category includes funds that invest in venture capital, buyout, growth equity, and distressed and private credit funds. Funds invested in this category are very long-term in nature, and are considered illiquid until distributions are achieved, with limited secondary market for interests. These funds are typically returned over the course of several years and may take 10 to 12 years from the beginning of the investment to fully wind down.

The Foundation has unfunded commitments on various other investments, including limited marketable securities, that total \$90,719 and \$70,540 at December 31, 2025 and 2024, respectively.

AUSTIN COMMUNITY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 6—Grants payable

Grants payable at December 31, 2025 are payable in the following periods:

	2025	2024
Payable in one year	\$ 2,372,480	\$ 2,105,286
Payable in two years	944,915	809,250
Payable in three years	669,800	696,600
Payable in four years	500	411,125
Payable in five years	500	500
Payable in more than five years	1,500	1,250
	3,989,695	4,024,011
Less discount on grants payable	(293,665)	(259,337)
Total grants payable	<u>\$ 3,696,030</u>	<u>\$ 3,764,674</u>

For the year ended December 31, 2025, grants payable beyond one year is reported at the present value of their estimated future cash flows using a discount rate of 3%.

Note 7—Notes payable

On July 16, 2020, TXCELFC LLC entered into a nonrecourse loan agreement with a health foundation, for the purpose of utilizing the loan funds to make and support secured loans to assist health clinics meet emergency community needs arising as result of the COVID-19 pandemic. Two of the loans matured and were paid off in October 2023. Four other loans were extended for an additional three-year period through September 30, 2026, at a fixed interest rate of 4% and a three-year amortization period. Quarterly principal and interest payments began in December 2023 and will continue until the maturity date of September 30, 2026, at which point, all outstanding and unpaid principal and interest will be due. As of December 31, 2025 and 2024, the outstanding balance due under the loan agreement was \$786,790 and \$1,549,906, respectively.

On April 1, 2024, the Central Texas Housing Accelerator, LLC, entered into a nonrecourse note payable with the Austin Housing Finance Corporation for the purpose of the production of affordable housing. The note carries a 0% rate and matures in 20 years. As of December 31, 2025, the outstanding balance due under the loan agreement was \$5,000,000.

On March 1, 2025, the Central Texas Housing Accelerator, LLC, entered into a nonrecourse note payable with the Travis County Housing Finance Corporation for the purpose of the production of affordable housing. The note carries a 0% rate and matures in 20 years. As of December 31, 2025, the outstanding balance due under the loan agreement was \$1,000,000.

The following schedule shows minimum payments due as of December 31:

Years Ending December 31,

2026	\$ 786,790
2027	-
2028	-
2029	-
2030	-
Thereafter	6,000,000
	<u>\$ 6,786,790</u>

AUSTIN COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 8—Property and equipment

The following is a summary of furniture, equipment, and leasehold improvements as of December 31:

	2025	2024
Furniture and equipment	\$ 496,885	\$ 501,593
Leasehold improvements	199,499	199,499
	696,384	701,092
Less accumulated depreciation and amortization	(406,074)	(362,436)
Property and equipment, net	\$ 290,310	\$ 338,656

Depreciation expense was \$78,185 and \$76,125 for the years ended December 31, 2025 and 2024, respectively.

Note 9—Net assets

The Foundation's net assets with donor restrictions as of December 31, are as follows:

	2025	2024
Donor-restricted endowment funds (Note 10)	\$ 40,619,191	\$ 37,243,416
Split interest agreements restricted for passage of time	95,036	85,945
Other purpose restricted non-endowed funds	9,242,949	9,080,328
	\$ 49,957,176	\$ 46,409,689

As of December 31, 2025 and 2024, net assets without donor restrictions of \$6,329,441 and \$5,714,832, respectively, were specifically designated by the board to be managed similar to endowments.

Note 10—Endowments

The Foundation's endowments consist of more than 409 individual funds established for a variety of purposes. Endowments are defined in Note 1 to the consolidated financial statements. The Foundation considers the following factors in making a determination on the amount, if any, to be available for distribution from each endowment fund:

- The duration and preservation of the fund;
- The purposes of the organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the organization; and
- The investment policies of the organization.

The Board of Governors, with the advice of legal counsel, determines whether the Foundation's net assets meet the definition of endowments under the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") which was adopted by the state of Texas on September 1, 2007. For those not meeting the requirements of a UPMIFA-defined endowment, the Foundation intends many of its funds to be permanent and manages them accordingly. Further references to "endowment", "endowment fund", or "endowed assets" in these notes relate to those intentions of the Foundation. These quasi-endowments are included in net assets without donor restrictions.

AUSTIN COMMUNITY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 10—Endowments (continued)

The Board of Governors of the Foundation has interpreted UPMIFA as preserving the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary. As a result of this interpretation, the Foundation retains in perpetuity: (a) the original value of gifts donated 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 at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

As of December 31, 2025 and 2024, the endowment assets of the Foundation, as defined by fund type were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>December 31, 2025</u>			
ACF related	\$ -	\$ 460,944	\$ 460,944
Discretionary	12,583,159	861,495	13,444,654
Field of interest	55,725,002	5,145,724	60,870,726
Designated	69,902,886	13,729,470	83,632,356
Scholarship	8,566,701	1,362,529	9,929,230
Advised endowment	61,419,214	19,059,029	80,478,243
Charitable trust	-	95,036	95,036
	<u>\$ 208,196,962</u>	<u>\$ 40,714,227</u>	<u>\$ 248,911,189</u>
	Without Donor Restrictions	With Donor Restrictions	Total
<u>December 31, 2024</u>			
ACF related	\$ -	\$ 423,841	\$ 423,841
Discretionary	11,426,327	788,943	12,215,270
Field of interest	44,060,770	4,670,329	48,731,099
Designated	53,216,541	12,635,984	65,852,525
Scholarship	7,939,525	1,234,694	9,174,219
Advised endowment	54,556,393	17,489,625	72,046,018
Charitable trust	-	85,945	85,945
	<u>\$ 171,199,556</u>	<u>\$ 37,329,361</u>	<u>\$ 208,528,917</u>

Funds with Deficiencies – From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. At December 31, 2025 and 2024, there were no funds with deficiencies.

AUSTIN COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 10—Endowments (continued)

The summary of changes in endowment assets during the year ended December 31, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets as of December 31, 2023	\$ 157,152,357	\$ 35,181,315	\$ 192,333,672
Contributions	4,121,132	-	4,121,132
Transfers and expenses	(117,710)	(1,802,518)	(1,920,228)
Investment returns, net	16,784,200	3,950,564	20,734,764
Grants or scholarships	(6,740,423)	-	(6,740,423)
Endowment assets as of December 31, 2024	171,199,556	37,329,361	208,528,917
Contributions	21,789,323	-	21,789,323
Transfers and expenses	(609,162)	(1,873,450)	(2,482,612)
Investment returns, net	24,664,830	5,258,316	29,923,146
Grants or scholarships	(8,847,585)	-	(8,847,585)
Endowment assets as of December 31, 2025	<u>\$ 208,196,962</u>	<u>\$ 40,714,227</u>	<u>\$ 248,911,189</u>

Return Objectives and Risk Parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment assets while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Governors, the endowment assets are invested in a manner that is intended to produce total investment returns that preserve the endowment's purchasing power while still meeting the Foundation's spending policy, investment and administrative expenses, and inflation over a long-time horizon, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Foundation has a policy of appropriating for distribution each year 4% of its endowment funds average fair value over the prior 20 quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 11—Retirement plan

The Foundation has contracted with a professional employment agency to provide employment services and a 401(k) plan for its eligible employees. For the years ended December 31, 2025 and 2024, the Foundation contributed \$121,677 and \$90,908, respectively, to the plan.

AUSTIN COMMUNITY FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 12—Credit risk

Certain financial instruments potentially subject the Foundation to concentrations of credit risk. These financial instruments consist primarily of cash and cash equivalents, investments, and notes receivable. The cash policy of the Foundation limits the amount of credit exposure and requires that cash be placed with high credit quality financial institutions. Credit risk on investments is limited due to wide diversification of the investment portfolio.

The Foundation maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are generally guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation has not experienced any losses in such accounts. The Foundation also maintains accounts with multiple brokerage firms, which include industry-grade money market funds, mutual funds, equities, government obligations, and other asset classes. Balances in qualifying accounts are insured up to \$500,000 (with a limit of \$250,000 for cash) by the Securities Investor Protection Corporation. At times, balances within these accounts may exceed the insured limits. Management believes the Foundation is not exposed to any significant risk with respect to its cash and cash equivalents.

Note 13—Concentrations

During the year ended December 31, 2025, the Foundation recorded contributions from five donors that amounted to 39% of total contributions. During the year ended December 31, 2024, the Foundation recorded contributions from four donors that amounted to 31% of total contributions.

As of December 31, 2025 and 2024, one fund totaled 40% and 38%, respectively, of the Foundation's agency funds held for others.

Note 14—Lease commitments

In October 2012, the Foundation extended the original lease for its primary office for five years beginning in November 2012 and expiring in October 2017. In October 2017, the Foundation entered into a second amendment which extended the lease for an additional five years beginning in November 2017 and expiring in October 2022. The second amendment includes a clause that the lease may be canceled by the Foundation with a six month notice to the landlord. In July 2022, the Foundation entered into a third amendment which extended the lease for an additional five years beginning in November 2022 and expiring in October 2027. The third amendment includes the same terms and conditions as the previous lease amendment. In January 2023, the Foundation entered into a fourth amendment for the remaining term of the lease through October 2027, to move into a larger suite on the same floor.

Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses are factored into the determination of the lease term if it is reasonably certain these options would be exercised. Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. In order to determine the present value of lease payments, the Foundation uses the risk-free discount rate to determine the present value of lease payments.

The Foundation has elected the practical expedient not to recognize leases with terms of 12 months or less on the consolidated statement of financial position and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Therefore, short-term lease expense for the period does not reflect ongoing short-term lease commitments. Lease expense for such short-term leases was not material for the years ended December 31, 2025 and 2024.

AUSTIN COMMUNITY FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

Note 14—Lease commitments (continued)

Future minimum lease payments for the office space lease as of December 31, 2025 are as follows:

Years Ending December 31,

2026	\$ 317,875
2027	<u>273,667</u>
Total undiscounted cash flows	591,542
Less present value discount	<u>(80,102)</u>
Total lease liabilities	<u><u>\$ 511,440</u></u>

Required supplemental lease information for the years ended December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Cash flows for operating lease payments	\$ 305,649	\$ 293,893
Weighted-average remaining lease term for operating lease	1.83 years	2.8 years
Weighted-average discount rate for operating lease	3.84%	3.84%

Note 15—Life insurance policies and life annuity contracts

In 2003 and 2004, the Foundation participated in life insurance policies and life annuity contracts or “LILAC” transactions. In LILAC transactions, an unrelated entity forms a statutory business trust as a vehicle for paying the proceeds of life annuity contracts and life insurance policies to investors and charities. After the business trust is formed, the trust obtains life insurance and life annuities on the lives of consenting individuals, sells equity securities to investors, and issues a second class of securities to the charitable organization designated by the consenting individuals, such as the Foundation. The trust uses the life annuity payments to pay the life insurance premiums and to provide a return to the investors.

As consenting individuals die, the trust will distribute the majority of the death benefit proceeds to the investors and distribute the remaining proceeds, if any, to the Foundation. The organizers of the LILAC transactions have projected that the death benefits to be received by the Foundation are estimated to be approximately \$28.2 million with \$3.2 million remaining in the future. The Foundation will pay-out the primary portion of the death benefits to other charities designated by the insured.

For financial accounting purposes, the Foundation will recognize any proceeds from the LILAC transactions as they are received. The Foundation received and recognized \$4,125,001 and \$300,001 in proceeds for the years ended December 31, 2025 and 2024, respectively, which are included in contributions revenue on the consolidated statements of activities. Of the \$4,125,001 received in 2025, the Foundation distributed \$3,918,750 in charitable grants and retained \$206,250 as an administrative fee. Of the \$300,001 received in 2024, the Foundation distributed \$285,001 in charitable grants and retained \$15,000 as an administrative fee.

SUPPLEMENTARY INFORMATION

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

DECEMBER 31, 2025

	Austin Community Foundation	ACF Associates, LLC	TXCELf, LLC	ACF Bright Leaf Preserve	Charitable Holdings II and Subsidiary	CTX Housing Accelerator Fund, LLC	Total	Elimination Entries	Consolidated
ASSETS									
Cash and cash equivalents	\$ 56,062,456	\$ -	\$ 115,125	\$ 3,225	\$ 3,812,750	\$ 121,694	\$ 60,115,250	\$ -	\$ 60,115,250
Certificates of deposit	1,553,350	-	-	-	-	-	1,553,350	-	1,553,350
Contributions receivable	7,000,000	-	-	-	-	-	7,000,000	-	7,000,000
Notes receivable, less allowance for credit losses	8,968,217	-	702,831	-	-	12,787,099	22,458,147	(6,010,000)	16,448,147
Investments, at fair value	526,618,970	-	-	-	-	5,682,870	532,301,840	-	532,301,840
Split-interest agreements	15,717,662	-	-	-	-	-	15,717,662	-	15,717,662
Other investments	22,023,073	748,366	-	-	4,502,700	-	27,274,139	-	27,274,139
Property and equipment, net	290,310	-	-	-	-	-	290,310	-	290,310
Right-of-use asset - operating lease	511,440	-	-	-	-	-	511,440	-	511,440
Other assets	1,010,078	-	176,092	100,112	-	15,420	1,301,702	(748,366)	553,336
Total Assets	\$ 639,755,556	\$ 748,366	\$ 994,048	\$ 103,337	\$ 8,315,450	\$ 18,607,083	\$ 668,523,840	\$ (6,758,366)	\$ 661,765,474
LIABILITIES AND NET ASSETS									
Liabilities:									
Accounts payable	\$ 1,314,912	\$ 748,366	\$ 177,529	\$ -	\$ 16,472	\$ 10,300	\$ 2,267,579	\$ (748,366)	\$ 1,519,213
Grants payable, net	3,696,030	-	-	-	-	-	3,696,030	-	3,696,030
Operating lease liability	511,440	-	-	-	-	-	511,440	-	511,440
Notes payable	-	-	786,790	-	-	12,010,000	12,796,790	(6,010,000)	6,786,790
Charitable remainder trusts and gift annuities	1,278,544	-	-	-	-	-	1,278,544	-	1,278,544
Funds held for others - agency	66,368,173	-	-	-	-	-	66,368,173	-	66,368,173
Total Liabilities	73,169,099	748,366	964,319	-	16,472	12,020,300	86,918,556	(6,758,366)	80,160,190
Net Assets:									
Without Donor Restrictions:									
Board designated	6,329,441	-	-	-	-	-	6,329,441	-	6,329,441
Designated for endowment	208,196,962	-	-	-	-	-	208,196,962	-	208,196,962
Undesignated	302,102,878	-	29,729	103,337	8,298,978	6,586,783	317,121,705	-	317,121,705
	516,629,281	-	29,729	103,337	8,298,978	6,586,783	531,648,108	-	531,648,108
With donor restrictions	49,957,176	-	-	-	-	-	49,957,176	-	49,957,176
Total Net Assets	566,586,457	-	29,729	103,337	8,298,978	6,586,783	581,605,284	-	581,605,284
Total Liabilities and Net Assets	\$ 639,755,556	\$ 748,366	\$ 994,048	\$ 103,337	\$ 8,315,450	\$ 18,607,083	\$ 668,523,840	\$ (6,758,366)	\$ 661,765,474

See Report of Independent Auditor.

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

	Austin Community Foundation	ACF Associates, LLC	TXCELF, LLC	ACF Bright Leaf Preserve	Charitable Holdings II and Subsidiary	CTX Housing Accelerator Fund, LLC	Total	Elimination Entries	Consolidated
Revenues and Support:									
Contributions	\$ 107,080,810	\$ -	\$ -	\$ -	\$ 3,872,500	\$ 6,284,750	\$ 117,238,060	\$ (10,634,476)	\$ 106,603,584
Less contributions to agency funds	(3,345,175)	-	-	-	-	-	(3,345,175)	-	(3,345,175)
Net Contributions	103,735,635	-	-	-	3,872,500	6,284,750	113,892,885	(10,634,476)	103,258,409
Net investment return	73,318,282	17,148	50,083	-	110,900	514,501	74,010,914	-	74,010,914
Other income (loss), net	(37,952)	24,894	-	-	2,208	63,000	52,150	-	52,150
Total Revenues and Support	177,015,965	42,042	50,083	-	3,985,608	6,862,251	187,955,949	(10,634,476)	177,321,473
Expenses:									
Program Services:									
Community grant funding	96,460,916	42,042	-	-	-	-	96,502,958	(10,634,476)	85,868,482
Less grants from agency funds	(5,424,903)	-	-	-	-	-	(5,424,903)	-	(5,424,903)
Net Community Grant Funding	91,036,013	42,042	-	-	-	-	91,078,055	(10,634,476)	80,443,579
Other programs	4,837,678	-	66,386	-	9,890	277,237	5,191,191	-	5,191,191
Total Program Services	95,873,691	42,042	66,386	-	9,890	277,237	96,269,246	(10,634,476)	85,634,770
Supporting Services:									
Management and general	594,948	-	-	-	12,403	74,892	682,243	-	682,243
Fundraising and development	595,626	-	-	-	-	38,910	634,536	-	634,536
Total Supporting Services	1,190,574	-	-	-	12,403	113,802	1,316,779	-	1,316,779
Total Expenses	97,064,265	42,042	66,386	-	22,293	391,039	97,586,025	(10,634,476)	86,951,549
Change in net assets	79,951,700	-	(16,303)	-	3,963,315	6,471,212	90,369,924	-	90,369,924
Net assets at beginning of year	486,634,757	-	46,032	103,337	4,335,663	115,571	491,235,360	-	491,235,360
Net assets at end of year	\$ 566,586,457	\$ -	\$ 29,729	\$ 103,337	\$ 8,298,978	\$ 6,586,783	\$ 581,605,284	\$ -	\$ 581,605,284

See Report of Independent Auditor.