San Antonio Area Foundation
Where Giving and Community Connect

San Antonio Area Foundation

Consolidated Financial Statements and Supplementary Information

December 31, 2023 and 2022

Confirmed in compliance with U.S. Standards for Community Foundations

Contents

RSM US LLP

Independent Auditor's Report

Audit Committee and the Board of Directors
San Antonio Area Foundation

Opinion
We have audited the consolidated financial statements of San Antonio Area Foundation (the Foundation), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the Foundation's financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

RSM US LLP

San Antonio, Texas
October 22, 2024

San Antonio Area Foundation

Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 69,067,297	$ 64,633,900
Receivables:		
Accounts receivable and other receivables, net	5,285,288	1,755,204
Contributions receivable, net	10,396,817	11,228,604
Total receivables	15,682,105	12,983,808
Investments:		
Cash equivalent funds and securities	384,575,055	328,594,207
Limited liability companies and partnerships	29,087,096	28,643,113
Oil and gas interests and other assets	3,640,395	4,882,861
Real estate, leasing and theater operations, net	348,779,285	311,457,843
Total investments	766,081,831	673,578,024
Prepaid expenses and other assets	11,255,867	5,317,934
Right of use asset	148,584,284	12,514,685
Beneficial interest in trusts	181,931,249	182,291,939
Headquarters and equipment, net	650,753	447,326
Goodwill	75,842,384	74,543,320
Tradename	10,279,464	-
Deferred tax asset	20,957,903	18,097,965
Total assets	$ 1,300,333,137	$ 1,044,408,901
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 21,031,621	$ 15,042,905
Deferred revenue	2,726,388	1,779,540
Grants and scholarships payable, net	1,250,487	730,780
Income tax payable	84,389	908,574
Line of credit	67,262,250	15,500,000
Operating lease liabilities	149,930,649	867,082
Other long-term liabilities	915,018	12,514,685
Charitable funds held for the benefit of other organizations	14,025,538	13,482,712
Total liabilities	257,226,340	60,826,278
Net assets:		
Without donor restrictions:		
Designated for reserve fund	9,338,534	7,456,377
Donor advised and other designated funds	229,246,074	198,787,275
Undesignated funds	10,037,752	8,496,635
Total without donor restrictions	248,622,360	214,740,287
With donor restrictions	794,484,437	768,842,336
Total with donor restrictions	794,484,437	768,842,336
Total net assets	1,043,106,797	983,582,623
Total liabilities and net assets	$ 1,300,333,137	$ 1,044,408,901

See notes to consolidated financial statements.

San Antonio Area Foundation

Consolidated Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Foundation:			
Grants and contributions of cash and other financial assets	$ 39,640,097	$ 13,292,093	$ 52,932,190
Contributions of nonfinancial assets	352,460	-	352,460
Investment income, net	6,721,982	9,919,370	16,641,352
Net realized and unrealized gains on investments	19,847,652	18,634,478	38,482,130
Mineral interest revenue, net	15,484	383,740	399,224
Change in value of beneficial interest in trusts	-	1,357,700	1,357,700
Change in value of gift annuities	(80,874)	(7,922)	(88,796)
Program revenue	273,143	61,250	334,393
Other income	142,405	258	142,663
Net assets released from restriction	22,717,843	(22,717,843)	-
	89,630,192	20,923,124	110,553,316
Enterprises:			
Theater box office, concessions and other theater revenue	-	135,461,302	135,461,302
Rental income	-	13,495,684	13,495,684
Interest income	-	322,855	322,855
Other expense	-	(560,541)	(560,541)
Realized gain on asset disposals, net	-	1,173,556	1,173,556
Net assets released from restriction	145,173,879	(145,173,879)	-
	145,173,879	4,718,977	149,892,856
Total revenues and support	234,804,071	25,642,101	260,446,172
Expenses:			
Foundation:			
Grants and scholarships	44,484,431	-	44,484,431
Program services	6,151,353	-	6,151,353
Fundraising	825,999	-	825,999
General and administrative	5,789,430	-	5,789,430
Federal and state taxes	(1,709,098)	-	(1,709,098)
	55,542,115	-	55,542,115
Enterprises:			
Theater and real estate operations	138,167,553	-	138,167,553
General and administrative	6,578,537	-	6,578,537
Income tax	633,793	-	633,793
	145,379,883	-	145,379,883
Total expenses	200,921,998	-	200,921,998
Change in net assets	33,882,073	25,642,101	59,524,174
Net assets at beginning of year	214,740,287	768,842,336	983,582,623
Net assets at end of year	$ 248,622,360	$ 794,484,437	$ 1,043,106,797

See notes to consolidated financial statements.

San Antonio Area Foundation

Consolidated Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Foundation:			
Grants and contributions of cash and other financial assets	$ 47,399,684	$ 5,064,994	$ 52,464,678
Contributions of nonfinancial assets	479,654	-	479,654
Investment income, net	3,122,966	11,093,790	14,216,756
Net realized and unrealized losses on investments	(28,948,740)	(24,713,544)	(53,662,284)
Mineral interest revenue, net	28,947	572,598	601,545
Change in value of beneficial interest in trusts	-	(23,126,327)	(23,126,327)
Change in value of gift annuities	16,038	(8,745)	7,293
Program revenue	734,889	171	735,060
Other income	160,292	(110,711)	49,581
Net assets released from restriction	17,428,646	(17,428,646)	-
	40,422,376	(48,656,420)	(8,234,044)
Enterprises:			
Theater box office, concessions and other theater revenue	-	86,539,844	86,539,844
Rental income	-	13,151,272	13,151,272
Interest income	-	603,928	603,928
Other income	-	5,792,220	5,792,220
Grant income	-	736,491	736,491
Realized gain on sale of investments	-	837,177	837,177
Net assets released from restriction	96,744,230	(96,744,230)	-
	96,744,230	10,916,702	107,660,932
Total revenues and support	137,166,606	(37,739,718)	99,426,888
Expenses:			
Foundation:			
Grants and scholarships	49,978,657	-	49,978,657
Program services	5,849,489	-	5,849,489
Fundraising	757,426	-	757,426
General and administrative	5,529,643	-	5,529,643
Federal and state taxes	(315,102)	-	(315,102)
	61,800,113	-	61,800,113
Enterprises:			
Theater and real estate operations	90,572,720	-	90,572,720
General and administrative	5,601,473	-	5,601,473
Income tax	570,037	-	570,037
	96,744,230	-	96,744,230
Total expenses	158,544,343	-	158,544,343
Change in net assets	(21,377,737)	(37,739,718)	(59,117,455)
Net assets at beginning of year	236,118,024	806,582,054	1,042,700,078
Net assets at end of year	$ 214,740,287	$ 768,842,336	$ 983,582,623

See notes to consolidated financial statements.

San Antonio Area Foundation

Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 59,524,174	$ (59,117,455)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for bad debts	137,058	191,070
Depreciation and amortization	18,991,159	17,475,957
Net realized and unrealized (gains) losses on investments	(31,312,269)	5,086,339
Change in value of beneficial interest in trusts	(1,357,700)	23,126,327
Gains on sale of property and equipment, land held for investment, and land held for sale	(1,106,387)	(649,503)
Interest earned on notes receivable	(14,674)	(13,843)
Restricted contributions	(3,413,673)	(1,886,418)
Net change in:		
Accounts receivable and other receivables, net	(3,227,249)	(1,037,488)
Contributions receivable, net	831,787	10,472,158
Prepaid expenses and other assets	(7,822,252)	(66,949)
Accounts payable and other liabilities	5,831,505	3,664,394
Deferred tax asset	(2,859,938)	(1,303,925)
Grants and scholarships payable, net	519,707	(406,344)
Deferred revenue	48,591	(1,409,752)
Other liabilities	31,694	1,861
Charitable funds held for the benefit of other organizations	7,167,486	(3,278,345)
Net cash provided by (used in) operating activities	41,969,019	(9,151,916)
Cash flows from investing activities:		
Purchases of property and equipment	(18,065,080)	(8,835,531)
Acquisition of VSS Southern Theatres, net of cash acquired	(48,895,258)	-
Proceeds from sale of assets	5,291,424	9,769,060
Purchases of investments	(82,147,693)	(22,490,513)
Proceeds from sale of investments	51,652,937	57,516,739
Net cash (used in) provided by investing activities	(92,163,670)	35,959,755
Cash flows from financing activities:		
Payments on long-term debt	-	(36,475,207)
Proceeds from line of credit	51,762,250	15,500,000
Net increase in liabilities due to annuitants	(15,107)	(19,938)
Restricted contributions-proceeds	3,413,673	1,886,418
Payment of deferred financing fees	(532,768)	-
Net cash provided by (used in) financing activities	54,628,048	(19,108,727)
Net increase in cash and cash equivalents	4,433,397	7,699,112
Cash and cash equivalents at beginning of year	64,633,900	56,934,788
Cash and cash equivalents at end of year	$ 69,067,297	$ 64,633,900
Supplemental disclosures of cash flow information:		
Cash paid for taxes	$ 1,951,359	$ 985,228
Cash paid for interest	$ 2,032,486	$ 1,138,755
Supplemental disclosure of noncash flow information:		
Right-of-use assets obtained in exchange for operating lease liabilities	$ 4,611,183	$ 12,514,685

See notes to consolidated financial statements.

Note 1. Foundation and Significant Accounting Policies

Description of the organization: San Antonio Area Foundation (the Foundation) is a community trust established to promote, guide and manage philanthropy for the benefit of the residents of the San Antonio metropolitan area, Bexar County and surrounding counties. The Foundation, incorporated on October 26, 1983, is a Texas nonprofit corporation without members or capital stock, and is operated for religious, charitable, scientific, public safety, literary, educational, prevention of cruelty to children or animals, and fostering national and international amateur sports competition purposes. Under the San Antonio Area Foundation Plan (the Plan), any individual, family, corporation or business may establish a trust under the Plan.

The accompanying consolidated financial statements include all funds held by or created for the benefit of the Foundation and its supporting organizations. The Foundation, and its supporting organizations, are recognized as public charities and have received determination letters from the Internal Revenue Service indicating they are exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code (the Code).

Basis of consolidation: The consolidated financial statements include the accounts of the Foundation (and all trusts created under the Plan), the supporting organizations and the various real estate entities. The Foundation has an economic interest in, and maintains control of, through appointment of a majority of the members of the Board of Directors, each supporting organization. Throughout the consolidated financial statements, the consolidated entities are collectively referred to as the Foundation. All intercompany transactions and balances have been eliminated in the consolidated financial statements. The supporting organizations and their year of incorporation include:

- Gunn Family Foundation (1994)
- Richmond Family Foundation (2006)
- Rapier Educational Foundation (2010)
- Choose to Succeed (2012)
- Friends of the Carver Academy/IDEA (2013)
- City Education Partners (2015)
- John L. Santikos Charitable Foundation (2015)
- Culinary Health Education for Families (2017-2023)
- Students + Startups (2019)

Effective October 31, 2023, Culinary Health Education for Families ended its supporting organization relationship with the Foundation. Culinary Health Education for Families' net assets of $2,188,349 were removed from the consolidated financial statements as of December 31, 2023.

In addition, the Foundation is the sole member of seven nonprofit corporations created to hold and manage donated real estate.

Note 1. Foundation and Significant Accounting Policies (Continued)

The John L. Santikos Living Trust (the Trust) was established by Mr. John L. Santikos. Prior to his death, Mr. Santikos conveyed 100% ownership interest in all his related entities (collectively, Enterprises) to the Trust. Mr. Santikos remained the Trustee of the Trust until his death on December 30, 2014, at which time the Trust became an irrevocable trust, and a named Trustee was appointed pursuant to Mr. Santikos' directive in the Trust Agreement. Under the terms of the Trust, Mr. Santikos gifted the majority of his estate, including the ownership interests in Enterprises, cash and certain other miscellaneous property to the Foundation, to be held by the Foundation for the benefit of a fund of the Foundation deemed the John L. Santikos Charitable Foundation (the Santikos Foundation). The Santikos Foundation consists of Santikos Enterprises, LLC (Enterprises) and the Santikos Charitable Fund (the Charitable Fund). The transfer of these assets from the Trust to the Santikos Foundation was executed over the years following Mr. Santikos' death, through a series of steps designed to facilitate an orderly transfer of ownership interests. The assets remaining in the Trust of $6,933 at December 31, 2023, are held by the Trustee of the Trust in accordance with the final accounting for the Trust.

Enterprises is a Texas limited liability company formed in 2015, with nonprofit language and restrictions in its Certificate of Formation. On December 31, 2017, all assets and liabilities were transferred through a series of transactions from the Foundation to the Santikos Foundation, which is owned 100% by the Foundation. The Santikos Foundation is the sole member of Enterprises. Enterprises holds 100% of the membership interests of Santikos Theatres, LLC and the Theater Real Estate entities (collectively known as the Theater Entities). Santikos Theatres, LLC operates 10 movie theaters in and around San Antonio, Texas, eight of which are owned by the Theater Real Estate entities. The Theater Entities derive revenues from box office and concession sales, as well as other related theater operating revenues.

On July 17, 2023, Enterprises completed a transaction in which it acquired a chain of theaters from a New Orleans Based Operator. The chain is comprised of 17 theaters, operating across eight states, primarily in the Southern United States (see Note 21 – Business Combinations). The results of operations attributable to the acquired theaters were included in the accompanying consolidated financial statements for the year ended December 31, 2023, beginning July 17, 2023.

Enterprises also owns 100% of the membership interests of Real Estate Services, LLC. Real Estate Services, LLC operates several nontheater real estate entities owned by Enterprises. These nontheater real estate entities hold raw land and operate retail, industrial and mixed-use centers involved in commercial real estate leasing and operations.

Basis of presentation: The Foundation's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to not-for-profit organizations. To ensure the observance of limitations and restrictions placed on the use of available resources, the Foundation maintains its accounts in accordance with the principles and practices of fund accounting.

The Foundation's consolidated financial statements follow the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net asset classification: The Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) was enacted by the state of Texas effective September 1, 2007 (TUPMIFA). The Board of Directors of the Foundation (the Board) interpreted TUPMIFA to require the Foundation to exercise prudence in determining the spend policy for donor-restricted endowment funds, while honoring the perpetual nature expressed by the donor, unless otherwise stipulated.

Note 1. Foundation and Significant Accounting Policies (Continued)

In accordance with United States Treasury regulations, as a community foundation, the Foundation possesses the unilateral right of variance power to remove donor-imposed restrictions upon a gift, in response to changed circumstances. This power is exercisable only in narrowly defined circumstances. When this power is specifically incorporated within gift instruments, by reference to variance power or the Foundation's bylaws or Plan, the Foundation views its variance power as an explicit expression of donor intent (collectively referenced throughout these consolidated financial statements as explicit variance power).

The Board has concluded that gifts to the Foundation may be subject to one or more of three types of donor-imposed restrictions: (1) contributions received with restrictions as to the purpose(s) for which the gift may be used (purpose restriction), (2) contributions received with a requirement that some or all of the gift be retained for a specified period of time, or until a specified event occurs (time restriction), and (3) contributions received with a requirement that the principal of the gift be retained in perpetuity (endowment restriction). The Board has determined that the Foundation's variance power applies to all three types of restrictions and that only those funds subject to time restrictions or endowment restrictions constitute endowment funds under TUPMIFA.

Without donor restrictions: Funds consist of net assets that are not subject to donor-imposed restrictions. The Foundation also classifies all funds with explicit variance power, subject only to purpose restrictions, as without donor restrictions.

With donor restrictions: Funds with purpose restrictions and without explicit variance power are classified as with donor restrictions. Funds subject to time restrictions with or without variance power are classified as with donor restrictions until the expiration of the time restriction. For endowment funds explicitly acknowledging variance power, the Foundation classifies as with donor restrictions (a) the original value of gifts contributed to the endowment in perpetuity and perpetual trusts created under the Plan, (b) the original value of subsequent gifts to the endowments in perpetuity and perpetual trusts created under the Plan and (c) accumulations to the endowments in perpetuity and trusts created under the Plan made in accordance with the direction of the applicable donor gift instrument. As donor-restricted endowment funds with explicit variance power are classified as with donor restrictions once amounts are appropriated for spending from these funds, such amounts are classified as without donor restrictions.

For endowment funds lacking explicit variance power, the Foundation classifies as with donor restrictions (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. Amounts appropriated from donor-restricted endowment funds are released to without donor restrictions once spent.

The following summarizes the types of restrictions with or without explicit variance power:

Restriction	With Explicit Variance Power	Without Explicit Variance Power
Purpose	Without donor restriction	With donor restriction
Time	With donor restriction	With donor restriction
Endowment	With donor restriction	With donor restriction
Unrestricted	Without donor restriction	Without donor restriction

Note 1. Foundation and Significant Accounting Policies (Continued)

In accordance with TUPMIFA, the Foundation considers the following factors in determining whether to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund.
- Purposes of the Foundation and the donor-restricted endowment fund.
- General economic conditions.
- Possible effect of inflation and deflation.
- Expected total return from income and the appreciation of investments.
- Other resources of the Foundation.
- Investment policies of the Foundation.

Perpetual trusts created under the Plan, for which the Foundation is not the trustee, are classified as with donor restrictions, and these trusts are included in the Foundation's endowment. Although the individual trustees determine the investment policies for these funds, the Board determines the spending policies and maintains variance power over the ultimate distribution of these funds. Perpetual trusts held by third parties not created under the Plan are classified as with donor restrictions and beneficial interest in trusts.

In addition to contributions received with donor-imposed time restrictions or donor-imposed endowment restrictions, the Foundation also classifies its split-interest agreements, excluding charitable gift annuities (unless endowment restricted by the donor), as with donor restrictions due to the implied time restriction on the use of such assets. The Board concluded that split-interest funds, including charitable gift annuities, do not constitute institutional funds, as defined by TUPMIFA, therefore, they do not constitute endowment funds. Substantially all contributions received by the Foundation without a donor-imposed time restriction or a donor-imposed endowment restriction are classified as without donor restrictions. The Foundation holds 23 funds at December 31, 2023, which are purpose restricted, and the original gift instruments do not include explicit variance power, which are classified as with donor restrictions (purpose).

Revenue recognition: Contribution revenue is recognized as revenue when received and unconditionally promised. Bequests are recognized as contribution revenue at the date the will is declared valid by the probate court and the amount to be received by the Foundation can be estimated. Conditional promises to give are not recognized until the conditions on which they depend are met. Contributions are recorded as with or without donor restrictions based on the existence or nature of the restriction, and in accordance with the Foundation's net asset classification policies. When a stipulated time restriction ends, or donor restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributed services that create or enhance nonfinancial assets, or that require specialized skills that are provided by individuals possessing those skills, and which would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Contributions of assets other than cash are recorded at their estimated fair value on the gift date.

Note 1. Foundation and Significant Accounting Policies (Continued)

Enterprises recognizes revenue from theater operations in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when or as performance obligations are satisfied.

Revenue from theater operations is generated principally through admission and concession sales, with proceeds received at the point of sale. Enterprises' theater operations are marketed and sold primarily to end-user consumers in the greater San Antonio market, and in 17 theaters throughout the Southern United States.

Revenue from the commercial real estate operations are generated principally through monthly lease rentals. Enterprises recognizes income from leases in accordance with ASC Topic 842, Leases. Minimum rents from tenants are recognized on the straight-line basis, net of rent abatements and contractual increases, over the term of the lease. Accordingly, the difference between rental income on a straight-line basis and rent contractually due to Enterprises is presented as deferred rent receivable in the accompanying consolidated balance sheets.

Revenues from tenant services and tenant fees and other income are recognized in accordance with ASC Topic 606, and are reflected as rental income on the consolidated statements of activities. Total rental income recognized from leases under ASC Topic 842 was approximately $10,003,000 and $9,664,000 for the years ended December 31, 2023 and 2022, respectively.

Property operating cost recoveries from rentals of common area maintenance, real estate taxes and other recoverable costs are recognized in the period when the expenses are incurred.

Theater revenue: Enterprises record revenue for theater operations upon providing admission and delivery of concessions to the customer, which is when the performance obligation is satisfied. For this revenue, delivery and admission occurs at the point of sale. Enterprises collect and remit sales, food and beverage and alcoholic beverage taxes on transactions with customers, and reports such amounts under the net method in the consolidated statements of activities. Accordingly, these taxes are not included in gross revenue.

Gift certificates: Enterprises record a liability in the period in which a gift certificate is sold. As gift certificates are redeemed, Enterprises recognize revenue and reduce the related liability. Gift certificates do not expire, but typically are redeemed within one year of issuance. Enterprises use historic gift certificate redemption patterns to determine the probability of a gift certificate's redemption. When a gift certificate is not subject to escheatment and it is probable that a portion of a gift certificate will not be redeemed, this amount is considered to be breakage. Breakage is recognized as revenue consistent with the historic redemption patterns of the associated gift certificate. In addition, Enterprises may incur fees on all gift certificates that are sold through third-party retailers. These fees also are deferred and recorded consistent with the historic redemption pattern of the associated gift certificates.

Note 1. Foundation and Significant Accounting Policies (Continued)

Loyalty programs: Enterprises maintain a loyalty program, which primarily provides customers with the opportunity to earn points toward future admission tickets and concessions discount rewards, with qualifying purchases. Enterprises consider the expected future admission ticket and concessions discount an option that provides the customer with a material right, and accounts for it as a performance obligation. As customers make purchases that accumulate points, a portion of revenue on each purchase is deferred until revenue is recognized, at the earlier of redemption or expiration, as a component of net sales.

Payments for admission, concessions and gift certificates (theater revenue) are due at the point of sale. Total theater revenue recognized was $135,461,302 and $86,539,844 for the years ended December 31, 2023 and 2022, respectively.

Tenant fees: Other revenue, which is inclusive of common area maintenance and triple-net-fee reimbursements, resulting from contractual agreements with third parties, including cleaning, engineering, landscaping and security services, is recognized as the services are transferred. These services are provided to tenants as part of the lease agreements into which Enterprises enter as a lessor. Enterprises have determined that the promise in these arrangements is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day, and from day to day, the nature of the overall promise to provide property management service is the same from day to day. Therefore, Enterprises have concluded that the services to tenants represent a series of daily services that are individually satisfied over time, because tenants simultaneously receive and consume the benefits provided by Enterprises and use a time-based measure of progress to recognize revenue as the performance obligation is satisfied. Total tenant fees revenue recognized was approximately $3,493,000 and $3,488,000 for the years ended December 31, 2023 and 2022, respectively, and is included in rental income in the accompanying consolidated statements of activities.

The transaction price is the amount of consideration to which Enterprises expect to be entitled in exchange for transferring goods and services to the customer. Revenue on theater operations and tenant fees are recorded based on the transaction price, which includes fixed consideration.

When consideration is received, and revenue has not yet been recognized, a contract liability (deferred revenue) is recorded.

Use of estimates: The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and to disclose contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents: The Foundation considers all highly liquid investments with a maturity of three months or less when purchased, excluding cash equivalent funds held in the Foundation’s investment portfolio, to be cash equivalents. Enterprises’ cash equivalents include cash used for daily operations.

Accounts receivable and other receivables, net: Accounts receivable and other receivables consist primarily of tenant and credit card receivables, other receivables stated at net realizable value and certain notes receivable. Accounts receivable are reduced by an allowance for the amount that may become uncollectible in the future. The allowance for doubtful accounts is reviewed periodically for adequacy, by reviewing such factors as the credit quality of tenants, delinquency in payment, historical trends and current economic conditions. Accounts receivable as of December 31, 2023 and 2022, are presented net of an allowance for doubtful accounts of $214,344 and $319,356, respectively.

Note 1. Foundation and Significant Accounting Policies (Continued)

Contributions receivable, net: Contributions receivable include unconditional promises to give, and are recognized in the period received by the Foundation. Conditional promises to give, which contain both donor-imposed conditions that represent a barrier that must be overcome, and a right of return, are recognized when the condition or conditions on which they depend are met. Transfers of assets under conditional promises, which are received by the Foundation prior to fulfilling these conditions, are recorded as a liability (i.e., deferred revenue) until the conditions are met.

Contributions to be received after one year are recorded at the present value of their estimated future cash flows using a discount rate which is commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in the same net asset class and fund as the original contribution. An allowance is made for uncollectible contributions, based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors such as current economic conditions. As a result of this analysis, management has determined that no allowance is necessary (see Note 2).

Investments: Substantially all investments for the Foundation are in cash equivalent funds, securities and investments in oil and gas interests managed by various investment managers and trustees. The majority of investments are combined into four common investment pools (Legacy portfolio, Managed portfolio, Index portfolio and Money Market portfolio) and invested on the basis of a total return policy to provide income and to improve opportunities to realize appreciation in investment values. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities. Realized gains and losses are computed on a trade-date basis (see Note 3).

Investments in cash equivalent funds and securities: Cash equivalent funds and securities are reported at fair value. The Foundation elected to report the fair value of its common trust funds and certain alternative investments, such as direct lending, hedge funds and absolute return funds, for which quoted market prices are not available, using the practical expedient. The practical expedient allows for the use of net asset value (NAV) either as reported by the investee fund or as adjusted by the Foundation's management.

Investments in limited liability companies and partnerships: Investments in limited liability companies and partnerships held directly by the Foundation are reported at fair value. Fair value is generally determined by independent appraisal at the time of donation, and revalued annually by management (see Note 3). Investments in certain limited liability companies and limited partnerships held by Enterprises, which actively invest in and operate Class A hospitality, retail and commercial real estate throughout the United States, are intended to be long-term investments, and are accounted for using the equity method of accounting under which Enterprises' share of net income in these investments is recognized as income in Enterprises' consolidated financial statements.

Investments in oil and gas interests: Oil and gas interests are reported at fair value. Fair value is generally determined by independent appraisal at the time of donation, and revalued annually by management. Investments in oil and gas interests include interests held in various trusts (see Note 3).

Note 1. Foundation and Significant Accounting Policies (Continued)

Investments in real estate, leasing and theater operations, net: Investments in real estate, leasing and theater operations consist primarily of land held for sale, land held for investment, real property and forms of real property interests, including buildings and equipment, which are used to produce lease income. The assets are carried at the lower of cost or fair value, net of accumulated depreciation. Substantially all investments in real estate, leasing and theater operations were originally donated to the Foundation, and it is the Foundation's policy to obtain appraisals from qualified appraisers at the time of donation. Due to the prohibitive cost of obtaining periodic appraisals, the Foundation does not subsequently estimate the fair value of real estate, leasing and theater operations if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment (see Note 4).

Expenditures for significant renovations, additions, renewals and betterments which extend the economic lives of the assets are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Interest is capitalized based on qualifying costs incurred during the construction period, for construction periods expected to exceed one year. Enterprises uses the specific identification method, whereby interest on loans that were incurred for specific construction projects is capitalized. Capitalized interest cannot exceed gross interest expense. Upon completion of the project, or the asset being placed into use, interest ceases to be capitalized.

Depreciation is recorded using the straight-line method based on the expected useful lives, which is 30 years for building and building improvements, 20 years for land improvements, the lesser of the useful life or the lease for leasehold and tenant improvements and two to 15 years for furniture, fixtures and equipment (see Note 4).

Prepaid expenses and other assets: Prepaid expenses and other assets consist of the following:

	December 31	
	2023	2022
Deferred leasing and financing cost, net	$ 1,738,240	$ 1,306,422
Deferred lease income	1,659,614	1,410,839
Prepaid expenses	6,362,183	1,926,773
Inventory	1,495,830	673,900
	$ 11,255,867	$ 5,317,934

Deferred leasing costs are capitalized and amortized on a straight-line basis over the life of the related lease. Lease income is recognized on a straight-line basis and the deferred lease income (asset) will be recognized in the change in net assets in the period earned.

Beneficial interest in trusts: The Foundation is the named beneficiary of perpetual trusts, a living trust, a testamentary trust and a life estate. Beneficial interest in trusts are recorded at fair value, which generally is based on the fair market value of the underlying assets held in the trust, as provided by the trustee. Management evaluates the fair values provided by the trustees when deemed appropriate (see Note 3).

Beneficial interest in perpetual trusts: The Foundation is the beneficiary of two perpetual trusts held by third parties, which do not incorporate the provisions of the Plan. Under the terms of these trusts, the Foundation has the irrevocable right to receive the income (or a percentage of the income) generated by the trusts in perpetuity.

Note 1. Foundation and Significant Accounting Policies (Continued)

Beneficial interest in living trust: The Foundation is the beneficiary of the John L. Santikos Living Trust. The living trust was established by Mr. Santikos to facilitate the transfer of his bequest to the Foundation. A nominal amount remains in this trust for its final accounting.

Beneficial interest in testamentary trust and life estate: The Foundation is a beneficiary of a testamentary trust that provides a life estate provision. During the period of the life estate, the Foundation is a 50% income beneficiary of the testamentary trust. The underlying assets in the testamentary trust are recorded as a beneficial interest. For the years ended December 31, 2023 and 2022, the Foundation received $6,566,554 and $9,408,050, respectively, in distributions from the testamentary trust.

Headquarters and equipment: Headquarters and equipment are recorded net of accumulated depreciation at cost or, if donated, estimated fair market value at the date of donation. The Foundation capitalizes all capital expenditures in excess of $3,000. Depreciation is recorded using the straight-line method based on the expected useful lives ranging from five to 15 years for furniture and fixtures, three to five years for equipment, and five to 10 years for software, and the lesser of the useful life or lease term for leasehold improvements (see Note 6).

Business combination: The acquisition was accounted for in accordance with FASB ASC 805, Business Combinations, under the acquisition method of accounting, the carrying amounts of Enterprises' assets acquired and liabilities assumed in the acquisition were adjusted to their acquisition-date estimated fair values, as determined by Enterprises' management, based on information currently available and on current assumptions on future operations. The excess of the consideration transferred (i.e., purchase price) over the fair value of the net assets acquired in the acquisition has been recognized as goodwill.

Enterprises elected to early adopt Accounting Standards Update (ASU) 2018-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers,* which allows an acquirer to recognize and measure contract assets acquired and contract liabilities assumed in a business combination in accordance with ASC Topic 606.

Goodwill and other intangible assets: Goodwill represents the difference between the estimated fair market value of the contributed businesses and the estimated fair value of the separately identifiable and recognized assets and liabilities of the business on the date the businesses were conveyed to Enterprises. Other intangible assets include tradenames which are determined to have indefinite lives. Enterprises evaluate goodwill and other intangible assets on an annual basis in the fourth quarter, or more frequently, if management believes indicators of impairment exist. Such indicators could include, but are not limited to, (1) a significant change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. Enterprises first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If management concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, management conducts a quantitative goodwill impairment test. The impairment test involves comparing the fair value of the applicable reporting unit with its carrying value. Enterprises estimate the fair values of their reporting units using a combination of the income approach, which utilizes discounted cash flows, and the market approach, which utilizes comparable companies' data. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. The Foundation recognized no impairment loss related to goodwill for the years ended December 31, 2023 and 2022. The Foundation did, however, recognize an additional amount of goodwill, totaling $1,299,064, as well as an amount for tradename, totaling $10,279,464, for the year ended December 31, 2023, in connection with the asset purchase (see Note 20).

Note 1. Foundation and Significant Accounting Policies (Continued)

Deferred tax asset: Deferred tax assets and liabilities are recorded based on differences between financial reporting basis and tax reporting basis of assets and liabilities. These amounts are then multiplied by the unrelated business income tax rate for the current year. Deferred taxes on these unrelated business income amount differences are then measured using the tax rates in effect at the reporting date.

Collections: The Foundation does not include either the cost or the value of its collections in the consolidated statements of financial position, nor does it recognize gifts of collection items as revenues. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, and proceeds from deaccessions or insurance recoveries are reflected as increases in net assets without donor restrictions (see Note 7).

Accounts payable and accrued expenses: The Foundation records accounts payable, accrued expenses and other liabilities at cost.

	December 31	
	2023	2022
Accounts payable	$ 7,433,396	$ 6,832,433
Accrued payroll and benefits	13,354,405	3,312,159
Property taxes	-	4,639,387
Charitable gift annuities payable	243,820	258,926
Total accounts payable and accrued expenses	$ 21,031,621	$ 15,042,905

Charitable gift annuities payable represents amounts due to annuitants under agreements with the Foundation. Assets received are available for immediate use by the Foundation, and annual benefits are paid from Foundation assets and distributed to third-party beneficiaries over the term of the agreement. The liability is established based on life expectancy assumptions and the present value of the payments to be made. The liability is recalculated annually using the historical discount rate, based on changes in life expectancy and payments made (see Note 5).

Deferred revenue: Deferred revenue includes rent collected from tenants prior to the period in which it is earned, advance ticket sales and gift certificates.

Grants and scholarships payable, net: Grants and scholarships payable represent unconditional amounts awarded, but not yet paid, to various not-for-profit organizations to assist with funding of general operations, or special programs and scholarships payable to (or for the benefit of) students. Grants and scholarships to be paid after one year are discounted to net present value. Grants and scholarships contingent upon the occurrence of a specified and uncertain event are not recognized until the conditions on which they depend are met (see Note 8).

Long-term liabilities: Direct costs incurred in connection with obtaining the notes payable are capitalized and amortized over the term of the related indebtedness. As of December 31, 2023 and 2022, deferred financing costs netted against long-term debt totaled $202,517 and $106,418, respectively. Enterprises' long-term obligations are recorded at cost (see Note 9). As of December 31, 2023 and 2022, other long-term liabilities include tenant deposits of $775,376 and $711,362, respectively.

Note 1. Foundation and Significant Accounting Policies (Continued)

Charitable funds held for the benefit of other organizations: The Foundation follows ASC Topic 958, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others. This guidance requires the Foundation to account for assets that are received from a not-for-profit organization for the benefit of that not-for-profit organization, or one of its supporting organizations, as a liability to the specified beneficiary, concurrent with its recognition of the assets received. All asset transfers of this type, and the activity associated with those assets, are recognized as agency transactions (i.e., an increase/decrease in the respective asset category and the charitable funds held for the benefit of other organizations liability). Assets and liabilities related to such funds totaled $14,025,538 and $13,482,712 as of December 31, 2023 and 2022, respectively. Included in these amounts as of December 31, 2023 and 2022, are obligations totaling $297,232 and $316,064, respectively, due to other not-for-profit organizations, which result from charitable gift annuities in which the annuitant (donor) did not acknowledge variance power in the gift instrument, and specified an unaffiliated organization as the charitable beneficiary.

Tax-exempt status: The Foundation and its supporting organizations are not-for-profit organizations and are exempt from federal income tax, except on unrelated business income, under section 501(c)(3) of the Code, and have been determined not to be private foundations under section 509(a) of the Code. Enterprises is a Texas Limited Liability Company formed in 2015, with nonprofit language and restrictions in its Certificate of Formation.

ASC Topic 740 provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the consolidated financial statements. This requires the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Foundation’s tax return to determine whether the tax positions are more likely than not of being sustained when challenged or when examined by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax asset or liability in the current year. Management has determined that there are no material uncertain tax positions.

Federal and state taxes: Effective July 1, 2019, Enterprises elected to be taxed as an S corporation. An S corporation’s taxable income or loss is allocated to their members in accordance with the entity’s respective ownership percentages. All S corporations are subject to the Texas gross margin tax. A liability for the estimated Texas gross margin tax has been recorded in the consolidated financial statements. The Santikos Foundation is a not-for-profit organization, and is exempt from federal income taxes under section 501(c)(3) of the Code, except to the extent it has unrelated business activities.

Significant components of federal and state income tax benefit for the Foundation are as follows:

	December 31	
	2023	2022
Current	$ 1,150,840	$ 988,823
Deferred	(2,859,938)	(1,303,925)
	$ (1,709,098)	$ (315,102)

Note 1. Foundation and Significant Accounting Policies (Continued)

Impairment: The Foundation reviews long-lived assets, including investments in real estate, leasing and theater operations and headquarters and equipment for impairment whenever events and changes in circumstances indicate that the carrying value of the asset may not otherwise be recoverable. In connection with this review, the Foundation also re-evaluates applicable periods of depreciation and amortization for these assets. The Foundation assesses the recoverability by determining whether the net book value of the related asset will be recovered through the projected undiscounted future cash flows of the asset. If the Foundation determines that the carrying value of the asset may not be recovered, it measures any impairment based on the asset’s fair value, as compared to the asset’s carrying value.

Once impairment is recognized, the asset will not be written back to cost, even if the asset or investment subsequently increases in fair value. The factors considered by management in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors. Enterprises recognized impairment losses of $598,650 and $0 during the years ended December 31, 2023 and 2022, respectively.

Contingencies: Certain conditions may exist at the date the consolidated financial statements are issued. These could result in a loss to the Foundation, but will only be determinable when one or more future events occur, or fail to occur. The Foundation’s management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Foundation, or unasserted claims that may result in such proceedings, the Foundation’s legal counsel and management evaluate the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought, or expected to be sought, therein.

If the assessment of a contingency indicates it is probable that a material loss has been incurred, and the amount of the liability can be estimated, then the estimated liability is accrued on the Foundation’s consolidated financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable, but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, is disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case, the guarantees would be disclosed. As of December 31, 2023, management has not identified nor recorded any material loss contingencies.

Leases: The Foundation follows ASU 2016-02, *Leases, (Topic 842)*, which increases transparency and comparability among organizations related to their leasing arrangements.

Lessee: The standard requires lessees to recognize most leases on their consolidated statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance lease (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the consolidated statements of activities.

The Foundation determines if any arrangement is, or contains, a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is, or contains, a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Foundation obtains substantially all of the economic benefits from the use of that underlying asset and directs how, and for what purpose, the asset is used during the term of the contract. The Foundation also considers whether its service arrangements include the right to control the use of an asset.

Note 1. Foundation and Significant Accounting Policies (Continued)

The Foundation made an accounting policy election, available under Topic 842, not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date. The ROU assets also include any initial direct costs incurred and lease payment made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Foundation made an accounting policy election available to non-public companies to utilize an incremental borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Foundation has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate asset classes. The non-lease components typically represent additional services transferred to Enterprises, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Lessor: Enterprises lease primarily commercial property to tenants. The leases may contain extension and termination options that are predominantly at the sole discretion of the lessee, provided certain conditions are satisfied.

Topic 842 provides lessors a practical expedient, applicable by class of underlying asset, to not separate non-lease components from the associated lease component if certain criteria are met. An underlying asset is an asset that is the subject of a lease for which a right to use that asset has been conveyed to a lessee.

Lease components are elements of an arrangement that provide the customer with the right to use an identified asset. Non-lease components are distinct elements of a contract that are not related to securing the use of the leased assets, and revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers.

Enterprises assessed and concluded that the timing and pattern of transfer for non-lease components and the associated lease component are the same. Enterprises determined that the predominant component was the lease component and, as such, its leases will continue to be accounted for as operating leases, and Enterprises have made a policy election to account for and present the lease component and the non-lease component as a single component in the revenue section of the consolidated statements of activities, within rental income. Prior to the adoption of Topic 842, non-lease components were included within reimbursement income on Enterprises consolidated statements of activities.

In addition, under Topic 842, lessors will only capitalize incremental direct leasing costs. As a result, starting January 1, 2022, Enterprises no longer capitalizes non-incremental direct costs. These costs are expensed as incurred and are included within general and administrative expenses on the consolidated statements of activities.

Note 1. Foundation and Significant Accounting Policies (Continued)

Recent accounting pronouncements: In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets, and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in FASB ASC 326 are accounts receivable. The Foundation adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements, and primarily resulted in enhanced disclosures only.

Reclassifications: Certain prior-year amounts have been reclassified to conform to the current-year presentation. The reclassifications had no impact on the previously reported net assets or change in net assets.

Note 2. Contributions Receivable, Net

Unconditional contributions receivable, including amounts due under pledge and grant agreements, are expected to be collected as follows:

	December 31	
	2023	2022
Contributions receivable in:		
Less than one year	$ 6,025,000	$ 5,207,023
One year to five years	4,817,621	6,690,000
	10,842,621	11,897,023
Less unamortized discount (4.25-5.71%)	445,804	668,419
	$ 10,396,817	$ 11,228,604

No amounts have been recognized in the consolidated financial statements for conditional promises to give because the conditions on which they depend have not been met. Conditional promises to give totaled $5,057,000 and $8,218,614 as of December 31, 2023 and 2022, respectively, and are conditional upon the achievement of specified targets and milestones, as specified in the respective grant agreements. The Foundation is also aware of additional naming in estate plans and wills; however, the Foundation does not currently have sufficient information to estimate these intentions to give.

Note 3. Fair Value Measurements and Disclosures

The Foundation's Investment Committee, appointed by the Board, is responsible for the overall management of the Foundation's investments in cash equivalent funds and securities (excluding investments in cash equivalent funds and securities held in trusts under the Plan), including the hiring and termination of investment managers, investment consultant(s), custodian banks and securities lending agents. The Foundation's investment consultants are responsible for sourcing, evaluating and selecting investments for recommendation to the Foundation's Investment Committee. The Foundation's finance department is responsible for the day-to-day operations involving due diligence and other testing procedures in regard to reviewing the reasonableness of fair value for all investments, which includes evaluating the accuracy and adequacy of information provided by custodians, brokers and managers. The valuation process for investments in cash equivalent funds and securities and all other fair value measurements are the responsibility of the Foundation's finance department. Fair value measurements for investments in limited liability companies and partnerships, investments in oil and gas interests, beneficial interests in the Trust and perpetual trusts are prepared by the Foundation's finance department and approved by the Board during its review and approval of the Foundation's audited consolidated financial statements.

Fair value measurements: The Foundation follows ASC Topic 820, Fair Value Measurements, which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The inputs to the three levels of the fair value hierarchy under ASC Topic 820 are described as follows:

Level 1: Inputs are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from, or corroborated by, observable market data by correlation to other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All transfers between fair value hierarchy levels are recognized by the Foundation at the beginning of each reporting period.

Financial assets and liabilities carried at fair value on a recurring basis include investments in cash equivalent funds and securities, investments in limited liability companies and partnerships, investments in oil and gas interests, beneficial interest in the Trust, beneficial interest in perpetual trusts, interest rate swaps and charitable funds held for the benefit of others.

The methods and assumptions used to estimate the fair value of assets and liabilities in the consolidated financial statements, including a description of the methodologies used for the classification within the fair value hierarchy, are as follows.

Contributions receivable, net: Fair value is the price a market participant would pay to acquire the right to receive the cash flows inherent in the promise to pay and, due to inclusion of a discount to net present value and allowance for uncollectible accounts, the carrying value approximates fair value.

Note 3. Fair Value Measurements and Disclosures (Continued)

Investments in cash equivalent funds and securities: All the Foundation's marketable securities are valued by nationally recognized third-party pricing services. The Foundation gives highest priority to quoted prices in active markets for identical assets accessed at the measurement date. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis, and the Foundation classifies all such assets as Level 1. The Foundation gives a Level 2 priority to valuation prices where the valuation process involves inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly, using the market approach. Level 2 inputs under the market approach include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there is not sufficient activity and/or where price quotations vary substantially either over time or among market makers, or in which little information is released publicly. In certain cases, where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

Direct lending funds, common funds and other alternative investments are carried at fair value, which is based on the NAV per share, as provided by the fund manager and/or adjusted by the Foundation. The Foundation uses management agreements, analyst notes, audited financial statements and underlying investment holdings to evaluate the fund manager's valuation methodology (i.e., in determining whether the fund manager follows ASC Topic 820) and considers various other factors including contributions and withdrawals to the fund and monitoring unaudited interim reporting to determine if any adjustment to the NAV is necessary.

Investments in limited liability companies and partnerships: Fair value of limited liability companies and partnerships held by the Foundation are determined using either the income approach (discounted cash flows) or the market approach. In some cases, independent appraisals are obtained and then discounted by the Foundation to fair value for lack of marketability, minority interest and/or market risk and, in certain circumstances, fair values are based on comparison to similar assets at the measurement date and/or identical assets as of a different measurement date. Due to the significant unobservable inputs required to estimate the fair value of these interests, the Foundation's investments in limited liability companies and partnerships are all classified as Level 3 within the hierarchy. The significant unobservable inputs used in the fair value measurement of the limited liability companies and partnerships are net operating income, net assets, cash flows and other financial metrics that provide information about the financial health of the underlying assets. Significant increases (decreases) in any of those inputs would result in a higher (lower) fair value measurement. Investments in this category are generally illiquid and nonredeemable except in certain circumstances.

Investment in real estate partnerships: Enterprises has investments in limited partnerships invested in real estate ventures in the United States of America. The fair value of limited liability companies and partnerships are accounted for using the equity method of accounting under which Enterprises' share of net income (loss) in these investments is recognized as income (loss) in the consolidated financial statements.

Investments in oil and gas interests: Fair value of oil and gas interests are determined by the Foundation's management using a cash flow model (income approach), and consideration of other factors deemed relevant in the circumstances. Due to the significant unobservable inputs required to estimate the fair value of these investments, the Foundation's investments in oil and gas interests are classified as Level 3 in the hierarchy. The significant unobservable inputs used in the fair value measurement of oil and gas interests are the share price of oil and gas companies traded in over the counter markets, annual revenue and net mineral interest income, as reported on an annual basis. All measures are heavily impacted by the price and demand for oil and gas. Significant increases (decreases) in any of the inputs or the price and demand for oil and gas would result in a higher (lower) fair value measurement.

Note 3. Fair Value Measurements and Disclosures (Continued)

Beneficial interest in trusts: The majority of the remaining assets held in the living trust are held in cash and cash equivalents. Management has determined the fair value of the beneficial interest in the living trust using the market approach. The beneficial interest in this trust is classified as Level 1 in the fair value hierarchy. The fair value of the beneficial interest in perpetual trusts, testamentary trust and life estate are based on the interest of the trust for each individual beneficial interest, as determined by the third-party trustees, except for oil and gas interests, which are determined by management using a cash flow model (income approach). Due to the significant unobservable inputs required to estimate the fair value of the underlying assets, the Foundation's beneficial interest in perpetual trusts, testamentary trust and life estate are classified as Level 3 in the hierarchy. The significant unobservable inputs used in the calculation of beneficial interest in perpetual trust, testamentary trust and life estates are net income, net assets and other financial metrics that provide information about the financial health of the underlying assets. Significant increases (decreases) in any of these inputs, would result in a higher (lower) fair value measurement. Significant unobservable inputs used to value the beneficial interest in oil and gas interest are the share price of oil and gas companies traded in over the counter markets, annual revenue and net mineral interest income, as reported on an annual basis. Significant increases (decreases) in any of the inputs or the price and demand for oil and gas would result in a higher (lower) fair value measurement.

Charitable funds held for the benefit of other organizations: The liability's fair value is determined using identical or similar liabilities in the market. Fair value is based on the fair value of the investment assets held by the Foundation for the benefit of the recipient agencies. The specific assets held for the benefit of the other organizations have been classified as Level 1 within the hierarchy for investments in cash equivalent funds and securities.

Note 3. Fair Value Measurements and Disclosures (Continued)

The following tables represent assets and liabilities measured at fair value on a recurring basis, as reported in the consolidated statements of financial position as of December 31, 2023 and 2022, and by level within the fair value measurement hierarchy. The Foundation has no assets or liabilities carried at fair value on a nonrecurring basis as of December 31, 2023 and 2022.

	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Assets:				
Investments in cash equivalent funds and securities:				
Cash and cash equivalents	$ 92,913,985	$ 92,913,985	$ -	$ -
Common stock	42,518,178	42,518,178	-	-
Corporate securities-preferred	263,831	263,831	-	-
Mutual funds	159,877,018	159,877,018	-	-
Corporate obligations	6,386,899	4,217,608	2,169,291	-
U.S. government agency obligations	3,220,761	2,616,697	604,064	-
Municipal Bonds	149,643	149,643	-	-
Mortgage backed securities	1,589,031	1,444,529	144,502	-
Real estate investment trusts	763,558	763,558	-	-
Investments held at NAV*	76,892,151	-	-	-
Total investments in cash equivalent funds and securities	384,575,055	304,765,047	2,917,857	-
Investments in limited liability companies and partnerships	8,503,163	-	-	8,503,163
Investments in limited liability companies and partnerships (equity method)	20,583,933	-	-	-
Investments in oil and gas interests	3,034,300	-	-	3,034,300
Investments in real estate	606,095	-	-	606,095
Real estate, leasing and theater operations, net	348,779,285	-	-	-
Total investments	766,081,831	304,765,047	2,917,857	12,143,558
Beneficial interest in trusts	181,931,249	6,933	-	181,924,316
	$ 948,013,080	$ 304,771,980	$ 2,917,857	$ 194,067,874
Liabilities:				
Charitable funds held for the benefit of other organizations	$ 14,025,538	$ 14,025,538	$ -	$ -

* In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Note 3. Fair Value Measurements and Disclosures (Continued)

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Assets:				
Investments in cash equivalent funds and securities:				
Cash and cash equivalents	$ 70,315,283	$ 70,315,283	$ -	$ -
Common stock	36,453,729	36,453,729	-	-
Corporate securities-preferred	196,550	196,550	-	-
Mutual funds	124,851,204	124,851,204	-	-
Corporate obligations	5,751,179	4,341,477	1,409,702	-
U.S. government agency obligations	4,268,887	3,037,751	1,231,136	-
Municipal Bonds	210,827	210,827	-	-
Mortgage backed securities	604,948	459,621	145,327	-
Real estate investment trusts	826,711	826,711	-	-
Investments held at NAV*	85,114,889	-	-	-
Total investments in cash equivalent funds and securities	328,594,207	240,693,153	2,786,165	-
Investments in limited liability companies and partnerships	6,224,991	-	-	6,224,991
Investments in limited liability companies and partnerships (equity method)	22,418,122	-	-	-
Investments in oil and gas interests	4,391,366	-	-	4,391,366
Investments in real estate	491,495	-	-	491,495
Real estate, leasing and theater operations, net	311,457,843	-	-	-
Total investments	673,578,024	240,693,153	2,786,165	11,107,852
Beneficial interest in trusts	182,291,939	1,710,475	-	180,581,464
	$ 855,869,963	$ 242,403,628	$ 2,786,165	$ 191,689,316
Liabilities:				
Charitable funds held for the benefit of other organizations	$ 13,482,712	$ 13,482,712	$ -	$ -

* In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The table below sets forth a summary of changes in fair value of the Foundation's Level 3 assets:

Fair value at December 31, 2022	$ 191,689,316
Transfer in/(out)	114,600
Change in fair value	2,263,958
Fair value at December 31, 2023	$ 194,067,874

Note 3. Fair Value Measurements and Disclosures (Continued)

Investments owned by Enterprises as of December 31, 2023 and 2022, and accounted for under the equity method are summarized below.

	Ownership Interest (%)	2023	2022
Admiral Capital Fund	8%	$ 3,486,110	$ 4,882,337
Woodbine Development Legacy	3%	5,163,423	5,043,493
Woodbine Sidecar	17%	-	385,002
Woodbine Development Legacy Preferred Partners	3%	444,319	396,713
Sage DC (Navy Yard)	21%	2,249,285	1,916,900
Sage Oxford (Denver—Cruiseroom)	26%	2,175,430	2,211,882
Sage Baltimore (Hyatt Place)	27%	1,895,606	1,800,984
Titan Capital Fund	4%	-	512,585
Total equity investments in real estate partnerships		15,414,173	17,149,896
Total equity investment in joint venture		5,196,753	5,196,753
Total pooled Investments		6,597,667	3,601,088
Total Investments		$ 27,208,593	$ 25,947,737

A summary of financial information for Enterprises equity-method investments in the aggregate as of and for the years ended December 31, 2023 and 2022, is as follows:

	Investments in Real Estate Ventures Year Ended December 31, 2023				
	Titan Capital Fund	Woodbine Funds[1]	Admiral Capital Fund	Sage Funds[2]	Total
Investment property, net	$ 15,640,612	$ 175,133,380	$ 46,565,540	$ 28,306,549	$ 265,646,081
Cash	738,860	3,810,682	377,924	110,919	5,038,385
Other assets	127,497	-	2,731,954	1,669,590	4,529,041
Total assets	$ 16,506,969	$ 178,944,062	$ 49,675,418	$ 30,087,058	$ 275,213,507
Current liabilities	$ 4,064,112	$ 4,391,476	$ 1,120,392	$ 3,770,728	$ 13,346,708
Mortgages payable	14,578,305	-	5,000,000	-	19,578,305
Total liabilities	18,642,417	4,391,476	6,120,392	3,770,728	32,925,013
Partners'/members' capital	(2,135,448)	174,552,586	43,555,026	26,316,330	242,288,494
Total liabilities and partners' members' capital	$ 16,506,969	$ 178,944,062	$ 49,675,418	$ 30,087,058	$ 275,213,507

1. Amounts include aggregated financial information from the Companies' investments in the Woodbine Development Legacy and Woodbine Sidecare Funds.

2. Amounts include aggregated financial information from the Companies' investments in the Sage DC, Sage Oxford and Sage Baltimore Funds.

Note 3. Fair Value Measurements and Disclosures (Continued)

	Investments in Real Estate Ventures Year Ended December 31, 2022				
	Fund	Woodbine Funds[1]	Admiral Capital Fund	Sage Funds[2]	Total
Investment property, net	$ 24,150,035	$ 174,544,182	$ 61,313,174	$ 26,224,029	$ 286,231,420
Cash	2,750,602	636,427	251,134	119,090	3,757,253
Other assets	58,702	-	142,574	1,485,472	1,686,748
Total assets	$ 26,959,339	$ 175,180,609	$ 61,706,882	$ 27,828,591	$ 291,675,421
Current liabilities	$ 736,253	$ 1,846,358	$ 403,818	$ 3,339,042	$ 6,325,471
Mortgages payable	14,714,660	-	500,000	-	15,214,660
Total liabilities	15,450,913	1,846,358	903,818	3,339,042	21,540,131
Partners'/members' capital	11,508,426	173,334,251	60,803,064	24,489,549	270,135,290
Total liabilities and partners' members' capital	$ 26,959,339	$ 175,180,609	$ 61,706,882	$ 27,828,591	$ 291,675,421

1. Amounts include aggregated financial information from the Companies' investments in the Woodbine Development Legacy and Woodbine Sidecare Funds.

2. Amounts include aggregated financial information from the Companies' investments in the Sage DC, Sage Oxford and Sage Baltimore Funds.

	Investments in Real Estate Ventures Year Ended December 31, 2023				
	Titan Capital Fund	Woodbine Funds[1]	Admiral Capital Fund	Sage Funds[2]	Total
Operating income	$ 4,471,031	$ -	$ 1,499,389	$ 186,924	$ 6,157,344
Operating expenses	4,172,310	4,666,603	868,169	447,663	10,154,745
Net operating income (loss)	298,721	(4,666,603)	631,220	(260,739)	(3,997,401)
Other income	53,359	-	-	2,722,439	2,775,798
Net change in unrealized appreciation on investments	(13,336,392)	5,884,937	(17,394,135)	-	(24,845,590)
Interest expense	(717,196)	-	(69,611)	-	(786,807)
Net (loss) income	$ (13,701,508)	$ 1,218,334	$ (16,832,526)	$ 2,461,700	$ (26,854,000)

1. Amounts include aggregated financial information from the Companies' investments in the Woodbine Development Legacy and Woodbine Sidecare Funds.

2. Amounts include aggregated financial information from the Companies' investments in the Sage DC, Sage Oxford and Sage Baltimore Funds.

Note 3. Fair Value Measurements and Disclosures (Continued)

	Investments in Real Estate Ventures Year Ended December 31, 2022				
	Titan Capital Fund	Woodbine Funds[1]	Admiral Capital Fund	Sage Funds[2]	Total
Operating income (loss)	$ 3,205,212	$ (869,890)	$ 1,709,552	$ -	$ 4,044,874
Operating expenses	3,448,818	618,773	868,736	178,712	5,115,039
Net operating (loss) income	(243,606)	(1,488,663)	840,816	(178,712)	(1,070,165)
Other income	735,011	-	-	486,645	1,221,656
Net change in unrealized appreciation on investments	-	8,447,586	6,207,583	-	14,655,169
Interest expense	(704,759)	-	(8,739)	-	(713,498)
Net income	$ (213,354)	$ 6,958,923	$ 7,039,660	$ 307,933	$ 14,093,162

1. Amounts include aggregated financial information from the Companies' investments in the Woodbine Development Legacy and Woodbine Sidecare Funds.

2. Amounts include aggregated financial information from the Companies' investments in the Sage DC, Sage Oxford and Sage Baltimore Funds.

As of December 31, 2023 and 2022, unfunded commitments related to the equity-method investments totaled $504,000.

The following table summarizes the valuation techniques and significant unobservable inputs used for the Foundation's assets and liabilities that are categorized within Level 3 of the fair value hierarchy as of December 31, 2023:

Financial Instruments Type	Fair Value	Valuation Techniques	Unobservable Input (c)	Range of Inputs (Weighted Average)
Assets:				
Investments in limited liability companies and partnerships	$ 8,503,163	Discounted cash flows	Market comparables Discount for lack of marketability (a) Discount for lack of control (a)	N/A 10.00%-15.00% (12.07%)
Investment in oil and gas interests	3,034,300	Discounted	Revenue multiple (b)	7.6 (7.3)
Investments in real estate	606,095	Market approach	Market comparables	N/A
Beneficial interest in trusts	181,924,316	Market approach	Discount rate (a)	N/A

(a) Represents amounts used when the Foundation has determined that market participants would take into account these discounts when pricing the asset or liability.

(b) Represents amounts used when the Foundation has determined that market participants would use such multiples when pricing the investment.

(c) Significant increases or decreases in any of the above unobservable inputs in isolation may result in a significantly lower or higher fair value measurement.

Note 3. Fair Value Measurements and Disclosures (Continued)

The Foundation's investments in certain entities that calculate fair value using NAV per share or its equivalent include the following as of December 31, 2023 and 2022:

	Fair Value		Unfunded	Redemption	Redemption
	2023	2022	Commitments	Frequency	Notice Period
Investments in cash equivalent funds and securities:					
Direct lending (a)	$ 3,404,209	$ 3,646,531	$ 1,379,181	Monthly, Illiquid	30-90 days, N/A
Hedged value funds (b)	6,378,757	6,692,224	-	Quarterly, Illiquid	N/A
Domestic mid/large cap funds (c)	13,222,158	10,833,243	-	Daily	Daily, 45 days
Domestic small cap funds (d)	669,678	877,558	-	Daily	Daily
Taxable fixed income funds (e)	16,463,181	16,540,662	-	Daily, Monthly	Daily, 45 days
International and emerging market equity funds (f)	32,576,660	42,912,152	-	Daily, Monthly	Daily, 30 days
Private equity (g)	4,177,508	3,612,519	968,062	Quarterly, Illiquid	Five days, N/A
	$ 76,892,151	$ 85,114,889	$ 2,347,243		

(a) Investments of privately negotiated high-yielding senior debt, subordinated debt and preferred equity investments in franchised business in the United States. Investments in these funds do not provide for redemption until dissolution of the fund, which is expected to occur between two to five years. Distributions are received through liquidation of the underlying assets of the fund.

(b) Investments in strategies where managers seek to profit from price disparities between two or more instruments with identical or similar characteristics. The strategies generally are event driven whereby managers seek to capitalize on price movements caused by anticipated corporate events or fixed income and convertible arbitrage whereby managers seek to capitalize on pricing inefficiencies of the embedded option in a convertible bond.

(c) Investment strategy focuses on pooling equity investments primarily based in the United States for mid to large capitalization companies, which are either categorized as growth companies offering strong earnings potential, or companies which are considered by managers to be undervalued by the market and provide strong value prospects.

(d) Investment strategy focuses on pooling equity investments primarily based in the United States for small capitalization companies, which are either categorized as growth companies offering strong earnings potential, or companies which are considered by managers to be undervalued by the market and provide strong value prospects.

(e) Investment to achieve income consistency through investment in income producing debt securities.

(f) Investment strategy incorporates the pooled assets of small trusts focusing on investment in equity assets in international and emerging markets.

(g) Equity-based strategies that provide investment capital in exchange for ownership in privately held assets (e.g., businesses, real estate properties, infrastructure, etc.). These are illiquid investments that typically require a liquidity event (e.g., initial public offering, merger, acquisition, or disposition) in order to generate a majority of their financial returns. The strategies that hold these assets commonly have a 10-year fund life, with up to 13 years after they make a commitment.

Note 4. Investments in Real Estate, Leasing and Theater Operations

The Foundation's investments in real estate, leasing and theater operations consist of the following:

	December 31	
	2023	2022
Land and land improvements	$ 72,300,060	$ 69,079,230
Land held for investment	21,459,971	22,919,489
Buildings and building improvements	225,677,578	224,513,624
Leasehold and tenant improvements	59,281,894	36,771,257
Furniture, fixtures and equipment	52,053,391	36,106,734
Construction in progress	14,719,094	1,162,761
	445,491,988	390,553,095
Less accumulated depreciation and amortization	98,138,358	82,290,907
	347,353,630	308,262,188
Land held for sale	1,425,655	3,195,655
	$ 348,779,285	$ 311,457,843

Investments in real estate, leasing and theater operations with a net book value of $347,353,630 and $308,262,188 as of December 31, 2023 and 2022, respectively, are held in various real estate entities, which are wholly owned by the Santikos Foundation. These real estate entities hold theater, raw land and operate retail and mixed-use centers involved in commercial real estate leasing and operations.

Note 5. Split-Interest Agreements

As of December 31, 2023 and 2022, the Foundation has recorded $373,314 and $380,455 in fair value of charitable gift annuities and $1,128,374 and $1,014,876, respectively, in the fair value of charitable remainder unitrust as assets (i.e., investment in cash equivalent funds and securities) in its consolidated statements of financial position. Assets received under these agreements are recorded at fair value and in the appropriate net asset category. Liabilities have been established for which the Foundation is obligated to an annuitant under a charitable gift annuity and beneficiaries under charitable remainder unitrust. Liabilities representing the amounts owed to annuitants under a charitable gift annuity totaled $18,985 and $21,572 as of December 31, 2023 and 2022, respectively. Amounts owed to beneficiaries under a charitable remainder unitrust totaled $224,834 and $237,355 as of December 31, 2023 and 2022, respectively.

Beneficial interest in perpetual trusts: The Foundation is the beneficiary of two perpetual trusts, not created under the Plan, and for which the Foundation is not the trustee. The Foundation's interests in these trusts range from 10% to 100%. The Foundation relies on the fair market values provided by the trustees.

Intentions to give: The Foundation is also the revocable beneficiary of charitable remainder unitrusts in which it does not serve as the trustee. The terms of the various trust agreements currently allow the grantors of the trusts to change the charitable beneficiary. Due to the uncertainty as to whether the Foundation will be the ultimate beneficiary of these trusts, their values are not reflected in the consolidated financial statements until such time as the charitable beneficiary is irrevocable.

Note 6. Headquarters and Equipment

Headquarters and equipment consist of the following:

	December 31	
	2023	2022
Leasehold and tenant improvements	$ 254,986	$ -
Furniture and fixtures	90,300	69,554
Equipment	161,279	160,208
Software	180,925	348,805
Building	150,000	150,000
Construction in progress	5,326	44,796
	842,816	773,363
Less accumulated depreciation	192,063	326,037
Headquarters and equipment, net	$ 650,753	$ 447,326

Note 7. Collections

The Foundation maintains various collections of works of art, historical treasures and similar assets. These collections are maintained for public exhibition, education and research in furtherance of public service rather than for financial gain. Substantially all of these assets are protected, kept unencumbered, cared for and preserved by a local art school. As a matter of policy, the proceeds of items in collections that are sold are used to acquire other items for collections.

Note 8. Grants and Scholarships Payable

Grants and scholarships payable as of December 31, 2023, are expected to be paid as follows:

Years ending December 31:	
2024	$ 801,195
2025	449,292
	$ 1,250,487

Conditional grant commitments are recognized when the conditions on which they depend are met. As of December 31, 2023 and 2022, the Foundation has conditional grant and scholarship commitments of $12,929,600 and $12,789,719, respectively. The commitments are contingent upon the achievement of milestones and targeted outcomes, as outlined in the grant agreements.

Note 9. Long-Term Debt

Enterprises has a $40,000,000 line of credit which is collateralized by specific shopping centers including assignment of rents. At December 31, 2023, there were borrowings on the line of credit totaling $40,000,000. The line of credit has a five-year term, and matures in 2025. Borrowings bear interest at a rate of Prime, plus 100 basis points, with a floor of 3.5% and a cap of 4.25%. At December 31, 2023 and 2022, the effective interest rate attributable to borrowings under the line of credit was 4.25%.

Note 9. Long-Term Debt (Continued)

On May 12, 2023, Enterprises closed on a $47,500,000 line of credit. The line of credit is collateralized by specific theater properties. In November 2023, the line of credit was increased to $55,000,000. The line of credit has a five-year term, and matures in 2028. At December 31, 2023, there were borrowings on the line of credit totaling $27,262,250. Borrowings bear interest at a rate of SOFR, plus 250 basis points. As of December 31, 2023, the effective interest rate attributable to borrowings under the line of credit was 7.88%.

Note 10. Leases

As a lessee: The Foundation entered into a new headquarters lease agreement under an operating lease, with a commencement date of May 30, 2023, and expiration date of November 30, 2033. The Foundation did not recognize any finance leases. Rental expense for the Foundation's headquarters was $399,429 and $413,055 for the years ended December 31, 2023 and 2022, respectively. Other lease information is summarized below at initial adoption:

Operating cash flows from operating lease	$	43,286
ROU asset obtained in exchange for operating lease liability		4,611,183
Weighted-average remaining lease term (years)		9.92
Weight-average discount rate		4.25%

The weighted average remaining lease term was 9.92 and 0 years at December 31, 2023 and 2022, respectively. The Foundation does not include renewal options in the lease term for calculating the lease liability unless the Foundation is reasonably certain they will exercise the option, or the lessor has the sole ability to exercise the option. The weighted average incremental borrowing rate was 4.25% and 0% at December 31, 2023 and 2022, respectively.

Enterprises has 18 theater leases, including 16 attributable to theater locations acquired during 2023, which qualify as operating leases. Rental expense for these 18 theaters totals approximately $11,500,000 and $600,000 for the years ended December 31, 2023 and 2022, respectively, and are included in operating and administrative expenses on the consolidated statements of income. Variable rental expense for these 18 theaters totaled approximately $760,000 and $435,000 for the years ended December 31, 2023 and 2022, respectively. Enterprises also had rental expense related to short-term leases of equipment and storage which totaled approximately $1,200,000 and $570,000 for the years ended December 31, 2023 and 2022, respectively. All rental expenses are included in general and administrative expenses on the consolidated statements of activities.

The weighted average remaining lease term was 10.2 and 16 years at December 31, 2023 and 2022, respectively. Enterprises does not include renewal options in the lease term for calculating the lease liability unless Enterprises is reasonably certain they will exercise the option, or the lessor has the sole ability to exercise the option. The weighted average incremental borrowing rate was 7.9% and 4.25% at December 31, 2023 and 2022, respectively. Enterprises assigned a collateralized interest rate to each lease based on the term.

Note 10. Leases (Continued)

Future undiscounted cash flows, excluding variable costs, for each of the next five years thereafter, and a reconciliation to the lease liabilities recognized, are as follows as of December 31, 2023:

	San Antonio Area Foundation	Santikos Enterprises, LLC	Total
Years ending December 31:			
2024	$ 520,527	$ 24,036,029	$ 24,556,556
2025	533,658	24,146,519	24,680,177
2026	547,035	24,146,519	24,693,554
2027	560,681	23,919,637	24,480,318
2028	574,800	22,275,377	22,850,177
Thereafter	3,040,900	90,799,860	93,840,760
Total undiscounted rental payments	5,777,601	209,323,941	215,101,542
Less imputed interest	(1,094,257)	(64,076,636)	(65,170,893)
Total lease liability	$ 4,683,344	$ 145,247,305	$ 149,930,649

As a lessor: Enterprises real estate properties are leased to tenants under noncancelable operating leases, with various expiration dates through 2034. Future minimum rentals to be received under noncancelable operating leases as of December 31, 2023, excluding expense reimbursements, are as follows:

Years ending December 31:	
2024	$ 9,925,444
2025	9,471,050
2026	8,679,233
2027	5,734,983
2028	3,935,766
Thereafter	7,796,668
	$ 45,543,144

Note 11. Commitments and Contingent Liabilities

Enterprises is involved in claims and litigation in the normal course of business. Management believes the applicable insurance coverage is adequate to cover costs of settlement and defense of such claims and litigation.

Note 12. Total Net Asset Composition

In addition to endowment funds, the Foundation also manages other nonendowed funds. The Foundation's total net asset composition as of December 31, 2023, is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowments	$ -	$ 601,358,072	$ 601,358,072
Board-designated endowments	938,738	-	938,738
Total endowed funds	938,738	601,358,072	602,296,810
Nonendowed funds:			
Designated	16,885,441	760,305	17,645,746
Donor advised	139,522,455	-	139,522,455
Field of interest	35,722,941	1,467,941	37,190,882
Fiscal sponsorships	-	250,000	250,000
Operating	9,937,519	-	9,937,519
Scholarship	15,137,641	508,875	15,646,516
Supporting organization	21,977,596	8,207,995	30,185,591
Undesignated	8,500,029	-	8,500,029
Total nonendowed funds	247,683,622	11,195,116	258,878,738
Beneficial interest in trusts	-	181,931,249	181,931,249
	$ 248,622,360	$ 794,484,437	$ 1,043,106,797

For the year ended December 31, 2023, the Foundation and Enterprises incurred $22,717,843 and $145,379,883, respectively, in expenses that satisfied the restricted purposes of net assets.

In addition to endowment funds, the Foundation also manages other nonendowed funds. The Foundation's total net asset composition as of December 31, 2022, is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowments	$ -	$ 581,208,024	$ 581,208,024
Board-designated endowments	798,559	-	798,559
Total endowed funds	798,559	581,208,024	582,006,583
Nonendowed funds:			
Designated	16,007,638	808,437	16,816,075
Donor advised	115,124,874	-	115,124,874
Field of interest	29,349,013	1,663,227	31,012,240
Fiscal sponsorships	-	500,000	500,000
Operating	8,609,285	25,000	8,634,285
Scholarship	15,256,706	514,073	15,770,779
Supporting org	22,344,096	1,831,636	24,175,732
Undesignated	7,250,116	-	7,250,116
Total nonendowed funds	213,941,728	5,342,373	219,284,101
Beneficial interest in trusts	-	182,291,939	182,291,939
	$ 214,740,287	$ 768,842,336	$ 983,582,623

Note 12. Total Net Asset Composition (Continued)

For the year ended December 31, 2022, the Foundation and Enterprises incurred $17,428,646 and $96,744,229, respectively, in expenses that satisfied the restricted purposes of net assets.

Note 13. Endowment

The Foundation's endowment consists of funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation had one board-designated endowment as of December 31, 2023 and 2022.

As of December 31, 2023, the endowment net assets composition by type is comprised of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds:			
Designated	$ -	$ 36,238,874	$ 36,238,874
Donor advised	-	4,501,965	4,501,965
Field of interest	-	24,137,084	24,137,084
Scholarship	-	89,689,513	89,689,513
Supporting organization	-	446,357,017	446,357,017
Undesignated	-	433,619	433,619
Board-designated	938,738	-	938,738
	$ 938,738	$ 601,358,072	$ 602,296,810

As of December 31, 2022, the endowment net assets composition by type is comprised of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds:			
Designated	$ -	$ 32,277,502	$ 32,277,502
Donor advised	-	2,957,637	2,957,637
Field of interest	-	20,846,487	20,846,487
Scholarship	-	77,458,490	77,458,490
Supporting organization	-	447,299,042	447,299,042
Undesignated	-	368,867	368,867
Board-designated	798,559	-	798,559
Total funds endowed	$ 798,559	$ 581,208,025	$ 582,006,584

Note 13. Endowment (Continued)

The Foundation had the following changes in endowment net assets for the year ended December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of January 1, 2023	$ 798,559	$ 581,208,025	$ 582,006,584
Enterprises comprehensive income	-	4,718,977	4,718,977
Contributions	-	3,413,673	3,413,673
Other adjustments	-	(7,666)	(7,666)
Net investment gains with donor restrictions	140,185	42,563,920	42,704,105
Amounts appropriated for expenditures	(6)	(30,538,857)	(30,538,863)
Endowment net assets as of December 31, 2023	$ 938,738	$ 601,358,072	$ 602,296,810

The Foundation had the following changes in endowment net assets for the year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of January 1, 2022	$ 1,660,364	$ 595,725,483	$ 597,385,847
Enterprises comprehensive income	-	10,927,778	10,927,778
Contributions	-	1,886,418	1,886,418
Other adjustments	(693,875)	685,302	(8,573)
Net investment losses with donor restrictions	(167,930)	(748,227)	(916,157)
Amounts appropriated for expenditures	-	(27,268,729)	(27,268,729)
Endowment net assets as of December 31, 2022	$ 798,559	$ 581,208,025	$ 582,006,584

Funds with deficiencies: The Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of the initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures under law.

The Foundation has a policy that permits spending from underwater endowment funds, depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The current policy restricts spending from funds that are underwater two times the annual spend rate.

Note 13. Endowment (Continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions and totaled $1,133,183 and $934,610 as of December 31, 2023 and 2022, respectively, as follows:

	December 31	
	2023	2022
Original gift amount	$ 7,194,617	$ 16,292,999
Fair value at year-end	6,061,434	15,358,389
Total deficiency	$ 1,133,183	$ 934,610

Return objectives and risk parameters: The investment objective is to obtain a total rate of return that exceeds the anticipated impact of inflation on the consumer price index, plus all annual investment, administration and charitable expenditures.

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 parameters.

Endowment investment and spending policies: 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, while seeking to maintain the purchasing power of the endowment assets. The investment policy has established an achievable return objective through diversification of investment assets.

Spending policy and how the investment objectives relate to spending policy: The spending policy calculates the amount of money annually appropriated for spending from the Foundation’s various endowment funds. The current spending policy is to appropriate an amount equal to 3.5% of a moving 12 -quarter average through the end of the third quarter preceding the fiscal year in which the distribution is planned for all types of funds. The Foundation reviews its endowment spending policy annually and considers the long-term expected return on the endowment, the anticipated rate of inflation and the funds’ specific expenses.

Trusts held by third-party trustees created under the Plan, and held in the Foundation’s endowment, are subject to the Foundation’s endowment spending policies, but are not subject to the Foundation’s endowment investment policies.

Note 14. Grants and Credits

Enterprises follows ASC 450 related to contingencies, which indicates that contingent gains should not be recognized prior to the gain being realizable. As such, any grants or credits received will be recognized when the Company qualifies to receive and has received the funds.

Note 14. Grants and Credits (Continued)

During the fiscal years ended December 31, 2023 and 2022, Enterprises received approximately $0 and $740,000, respectively, of grant proceeds received under two Shuttered Venue Operators Grants (SVOG), which were recorded in the consolidated statements of activities as grant income. Through December 31, 2022, Enterprises had used approximately $18,000,000 of the grant proceeds received during the fiscal ended December 31, 2021. The SVOG program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act and is administered by SBS's Office of Disaster Assistance in response to uncertain economic conditions caused by the COVID-19 pandemic. The grants do not have to be repaid if used for allowable expenses as defined by the program.

During the fiscal year ended December 31, 2022, Enterprises received approximately $4,700,000 of Employee Retention Credits (ERC), which were recorded in the consolidated statement of activities as other income. The ERC program was created under the Coronavirus Aid, Relief and Economic Security Act, and was created to encourage employers to retain and continue paying employees during periods of pandemic-related reductions in business volume.

Note 15. Contributed Nonfinancial Assets

Contributions of nonfinancial assets are recorded at their fair values in the period received. For the years ended December 31, 2023 and 2022, respectively, the Foundation received $352,460 and $479,654 of donated goods and services, including professional services, office space, event space and catering. The amounts are included as contributions of nonfinancial assets on the consolidated statement of activities.

Contributed Nonfinancial Asset Type	2023 Revenue Recognized	2022 Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Professional services	$ 316,217	$ 447,333	Management and General, programmatic and fundraising	None	FMV of goods services values using standard industry pricing for similar services
Office space	28,956	28,956	Management and general, programmatic and fundraising	None	FMV of goods services values using standard industry pricing for similar services
Event space	3,750	3,365	Programmatic	None	FMV of goods services values using standard industry pricing for similar services
Catering	3,537	-	Programmatic	None	FMV on date of contribution based on prices of products
Total	$ 352,460	$ 479,654			

Note 16. Functional Expenses

The following reflects the classification of expenses for the Foundation and the Charitable Fund by both the underlying nature of the expense and function for the year ended December 31, 2023. An individual expense is allocated to the underlying activity through which it was incurred. The Foundation has certain expenses that must be allocated on a reasonable basis, which has been consistently applied. Depreciation, rent and occupancy expenses are allocated based on square footage. Salaries of the Foundation are allocated based on a time study of where the efforts were made. The remaining expenses of the Foundation are allocated based on the function of the division or the underlying funds within a division. The Foundation and the Charitable Fund have excluded a federal tax benefit totaling $(1,709,098) for the year ended December 31, 2023, from functional expenses below.

	Foundation and Charitable Fund				
	Program Activities				
	Grants and Scholarships	Program Services	Fundraising	General and Administrative	Total
Grants and scholarships	$ 44,484,431	$ -	$ -	$ -	$ 44,484,431
Personnel expenses	-	2,711,846	527,471	3,352,180	6,591,497
Professional services	-	1,825,147	76,549	969,442	2,871,138
Public relations and community engagement	-	887,360	128,597	71,361	1,087,318
Occupancy	-	259,347	47,906	465,444	772,697
Equipment and technology	-	287,305	35,491	240,547	563,343
Office expenses	-	115,157	8,997	344,885	469,039
Dues and staff development	-	60,675	-	240,283	300,958
Depreciation and amortization	-	4,516	988	105,288	110,792
	$ 44,484,431	$ 6,151,353	$ 825,999	$ 5,789,430	$ 57,251,213

Note 16. Functional Expenses (Continued)

The following reflects the classification of expenses for the Foundation and the Charitable Fund by both the underlying nature of the expense and function, for the year December 31, 2022. An individual expense is allocated to the underlying activity through which it was incurred. The Foundation has certain expenses that must be allocated on a reasonable basis, which has been consistently applied. Depreciation, rent and occupancy expenses are allocated based on square footage. Salaries of the Foundation are allocated based on a time study of where the efforts were made. The remaining expenses of the Foundation are allocated based on the function of the division or the underlying funds within a division. The Foundation and the Charitable Fund have excluded a federal tax benefit totaling $(315,102) for the year ended December 31, 2022, from functional expenses below.

	Foundation and Charitable Fund				
	Program Activities				
	Grants and Scholarships	Program Services	Fundraising	General and Administrative	Total
Grants and scholarships	$ 49,978,657	$ -	$ -	$ -	$ 49,978,657
Personnel expenses	-	2,353,922	424,930	3,205,153	5,984,005
Professional services	-	1,521,214	88,224	863,802	2,473,240
Occupancy	-	520,617	31,890	278,626	831,133
Office expenses	-	361,622	51,932	403,323	816,877
Equipment and technology	-	378,031	42,044	335,290	755,365
Public relations and community engagement	-	555,920	113,543	42,437	711,900
Depreciation and amortization	-	116,946	4,839	173,676	295,461
Dues and staff development	-	41,217	24	227,336	268,577
	$ 49,978,657	$ 5,849,489	$ 757,426	$ 5,529,643	$ 62,115,215

Note 16. Functional Expenses (Continued)

The following reflects the classification of expenses for Enterprises by both the underlying nature of the expense and function, for the year ended December 31, 2023. An individual expense is allocated to the underlying activity through which it was incurred. Bank and credit card fees, payroll benefits, depreciation, rent and occupancy for Enterprises have been allocated among the divisions and supporting services benefited. Enterprises has excluded a federal income tax expense, inclusive of state taxes, totaling $633,793 and interest expense totaling $2,032,486 for the year ended December 31, 2023, from functional expenses below.

	Enterprises		
	Theater and Real Estate Operations	General and Administrative	Total
Cost of sales	$ 49,310,057	$ -	$ 49,310,057
Personnel expenses	24,657,324	3,900,658	28,557,982
Depreciation and amortization	18,670,940	209,406	18,880,346
Occupancy	35,107,462	738,992	35,846,454
Office expenses	5,350,159	397,273	5,747,432
Professional services	1,760,653	636,747	2,397,400
Equipment and technology	1,242,674	683,012	1,925,686
Dues and subscriptions	35,798	12,449	48,247
	$ 136,135,067	$ 6,578,537	$ 142,713,604

The following reflects the classification of expenses for Enterprises by both the underlying nature of the expense and function, for the year ended December 31, 2022. An individual expense is allocated to the underlying activity through which it was incurred. Bank and credit card fees, payroll benefits, depreciation, rent and occupancy for Enterprises have been allocated among the divisions and supporting services benefited. Enterprises has excluded a federal income tax expense totaling $570,037 and interest expense totaling $1,138,755 for the year ended December 31, 2022, from functional expenses below.

	Enterprises		
	Theater and Real Estate Operations	General and Administrative	Total
Cost of sales	$ 31,605,172	$ -	$ 31,605,172
Personnel expenses	17,826,901	3,039,436	20,866,337
Depreciation and amortization	16,957,325	222,995	17,180,320
Occupancy	17,205,362	811,223	18,016,585
Office expenses	3,638,654	406,040	4,044,694
Professional services	1,015,268	549,774	1,565,042
Equipment and technology	1,159,247	481,638	1,640,885
Dues and subscriptions	26,036	90,367	116,403
	$ 89,433,965	$ 5,601,473	$ 95,035,438

Note 17. Retirement Plans

The Foundation has adopted a Simplified Employee Pension Plan. All full-time employees of the Foundation, excluding employees of Enterprises, are eligible beneficiaries immediately upon hire. The percentage contributed by the Foundation is set annually and may range from 0% to 25% of an employee's gross wages. Contributions are immediately fully vested. The percentage contributed was 6% in 2023 and 2022. The amounts contributed were $334,750 and $302,921 for the years ended December 31, 2023 and 2022, respectively.

The Foundation has adopted the San Antonio Area Foundation 403(b) Plan (the Retirement Plan). Eligible employees may make voluntary contributions to the Retirement Plan, subject to Internal Revenue Service (IRS) limitations. All Foundation employees, excluding employees of Enterprises, may participate in the Retirement Plan. The Foundation does not make contributions to this Retirement Plan. Benefits paid under the Retirement Plan are limited to the sum of the employee's contributions and investment earnings on those contributions.

Enterprises established a 401(k) plan for all its (and its consolidated entities) eligible employees. Eligible employees may contribute a percentage of their annual compensation limited to a maximum amount as set by the IRS. Enterprises will match 50% of the employee's elective contributions up to 6%. During 2023 and 2022, Enterprises elected to make a safe harbor nonelective contribution on behalf of each eligible employee in an amount equal to 3% of the employees' annual compensation. Enterprises contributed $750,604 and $657,463 for the years ended December 31, 2023 and 2022, respectively.

Note 18. Concentrations of Credit Risk

The Foundation maintains its cash and cash equivalents in bank deposit accounts that, 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 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.

In 2023, 31% of total revenues was received from two donors. In 2022, 34% of total revenues was received from a bequest from two donors.

Real estate operations (see Note 4) are subject to a number of risks and uncertainties due to its concentration in the real estate industries including, but not limited to, the cyclical nature of real estate operations, governmental regulations, environmental considerations, competition, the availability of financing and the risk of natural disasters that may occur where the Foundation's real estate properties are located.

Theater operations are subject to a number of risks and uncertainties due to its concentration in the movie theater industry including, but not limited to, competition in attracting patrons, licensing motion pictures and low barriers to entry by national, regional and independent movie theaters.

Note 19. Liquidity and Availability

The Foundation regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to maximize the return on investment of its funds not required for annual operations. As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing mission-related activities, as well as the conduct of services performed to support those activities.

The following financial assets are available to meet general expenditures:

	December 31	
	2023	2022
Cash and cash equivalents	$ 69,067,297	$ 64,633,900
Accounts receivable and other receivables, net	5,285,288	1,755,204
Contributions receivable, net	10,396,817	11,228,604
Cash equivalent funds and securities	384,575,055	328,594,207
Inventory	1,495,830	673,900
	470,820,287	406,885,815
Less:		
Amounts not due within one year or subject to donor restriction	7,971,554	8,197,709
Amounts subject to donor restriction	360,276,073	311,468,704
Financial assets available to meet cash needs for general expenditures within one year	$ 102,572,660	$ 87,219,402

The Foundation manages its cash available for grantmaking purposes by examining the fund for purpose and time restrictions. Funds with purpose and time restrictions are not considered available for general expenditures. Endowment funds consist of donor-restricted endowments. As described in Note 13, the Foundation's endowments are subject to an annual spending rate. During 2023, the spending rate was 3.5%. A spendable amount estimated to be $17,098,524 will be made available for grantmaking from these endowments during 2024.

Note 20. Business Combination

On July 17, 2023, Enterprises entered into a purchase agreement to acquire certain assets and liabilities of VSS Southern Holdings, LLC for total consideration of approximately $49,000,000. Funding for the acquisition included cash and proceeds from the existing credit agreement. The acquisition was completed for Enterprises' entry into the theater market in other regions.

Consideration: Cash	$49,036,369
Recognized amounts of identifiable assets acquired:	
Cash	$141,111
Receivables	1,648,822
Prepaid expenses and other assets	1,138,426
Inventory	787,149
Property and equipment	41,546,605
Other assets	67,453
Intangible assets (indefinite-lived)	10,279,464
Operating lease right-of-use assets	138,748,552
Total assets acquired	194,357,582
Recognized amount of liabilities assumed:	
Accounts payable	2,711,727
Accrued expenses	5,159,998
Operating lease obligations	138,748,552
Total liabilities assumed	146,620,277
Total identifiable net assets acquired	47,737,305
Goodwill	1,299,064
	$49,036,369

At July 17, 2023, Enterprises funded a $2 million Escrow related to the acquisition. The Escrow fund is intended to reimburse The Grand Theatres and AmStar Cinemas for any HVAC repairs or replacements over the course of two years after the acquisition date, and any unused Escrow would be submitted to the seller as additional consideration. Based on the current run rate of HVAC repairs and replacements, there will be $0 Escrow fund remaining at the end of the two-year period. Accordingly, no purchase price value was placed on the Escrow.

The goodwill arising from the acquisition was the result of the historical growth, anticipated future growth of Enterprises and the fair values of the acquired workforce have been subsumed into goodwill. The goodwill recognized in the acquisition is deductible for tax purposes.

The fair value of receivables approximates gross contract amounts.

In connection with the above transaction, Enterprises incurred $496,000 of transaction costs which were expensed in the accompanying consolidated statements of activities.

Note 21. Subsequent Events

Subsequent events have been evaluated through October 22, 2024, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Independent Auditor's Report on the Supplementary Information

Audit Committee and the Board of Directors
San Antonio Area Foundation

We have audited the consolidated financial statements (collectively, the financial statements) of San Antonio Area Foundation (the Foundation) as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon, which contains an unmodified opinion on those financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

RSM US LLP

San Antonio, Texas
October 22, 2024

San Antonio Area Foundation

Consolidating Statement of Financial Position
December 31, 2023

	San Antonio Area Foundation	John L. Santikos Charitable Foundation: Santikos Enterprises, LLC	John L. Santikos Charitable Foundation: Charitable Fund	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 62,081,595	$ 6,796,755	$ 188,947	$ -	$ 69,067,297
Receivables:					
Accounts receivable and other receivables, net	571,298	2,753,528	4,902,455	(2,941,993)	5,285,288
Contributions receivable, net	10,396,817	-	-	-	10,396,817
Total receivables	10,968,115	2,753,528	4,902,455	(2,941,993)	15,682,105
Investments:					
Cash equivalent funds and securities	364,579,752	6,624,660	19,995,303	(6,624,660)	384,575,055
Limited liability companies and partnerships	8,503,163	20,583,933	-	-	29,087,096
Oil and gas interests and other assets	3,640,395	-	-	-	3,640,395
Real estate, leasing and theater operations, net	-	348,779,285	-	-	348,779,285
Total investments	376,723,310	375,987,878	19,995,303	(6,624,660)	766,081,831
Prepaid expenses and other assets	462,671	10,789,014	4,182	-	11,255,867
Right of use asset	4,403,247	144,181,037	-	-	148,584,284
Beneficial interest in trusts	181,924,316	-	6,933	-	181,931,249
Headquarters and equipment, net	650,753	-	-	-	650,753
Goodwill	-	75,842,384	-	-	75,842,384
Tradename	-	10,279,464	-	-	10,279,464
Deferred tax asset	-	-	20,957,903	-	20,957,903
Collections (Note 8)	-	-	-	-	-
Total assets	$ 637,214,007	$ 626,630,060	$ 46,055,723	$ (9,566,653)	$ 1,300,333,137
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 1,327,365	$ 22,150,544	$ 495,705	$ (2,941,993)	$ 21,031,621
Deferred revenue	38,206	2,688,182	-	-	2,726,388
Grants and scholarships payable, net	1,250,487	-	-	-	1,250,487
Income tax payable	(138,441)	-	222,830	-	84,389
Long-term liabilities:					
Line of credit	-	67,262,250	-	-	67,262,250
Operating lease liabilities	4,683,344	145,247,305	-	-	149,930,649
Other long-term liabilities	139,642	775,376	-	-	915,018
Charitable funds held for the benefit of other organizations	20,650,198	-	-	(6,624,660)	14,025,538
Total liabilities	27,950,801	238,123,657	718,535	(9,566,653)	257,226,340
Net assets:					
Without donor restrictions:					
Designated for reserve fund	9,338,534	-	-	-	9,338,534
Donor advised and other designated funds	229,246,074	-	-	-	229,246,074
Undesignated funds	10,037,752	-	-	-	10,037,752
Member's equity in Santikos Enterprises, LLC	-	388,506,403	-	(388,506,403)	-
Total net assets without donor restrictions and member's equity	248,622,360	388,506,403	-	(388,506,403)	248,622,360
With donor restrictions	360,640,846	-	45,337,188	388,506,403	794,484,437
Total net assets	609,263,206	388,506,403	45,337,188	-	1,043,106,797
Total liabilities and net assets	$ 637,214,007	$ 626,630,060	$ 46,055,723	$ (9,566,653)	$ 1,300,333,137

San Antonio Area Foundation

Consolidating Statement of Activities
Year Ended December 31, 2023

	San Antonio Area Foundation				John L. Santikos Charitable Foundation				
	Without Donor Restrictions	With Donor Restrictions	Total	Enterprises	Charitable Fund Without Donor Restrictions	Charitable Fund With Donor Restrictions	Total	Eliminations	Consolidated Total
Revenues and support:									
Foundation:									
Grants and contributions of cash and other financial assets	$ 47,147,597	$ 13,292,093	$ 60,439,690	$ -	$ -	$ -	$ -	$ (7,507,500)	$ 52,932,190
Contributions of nonfinancial assets	352,460	-	352,460	-	-	-	-	-	352,460
Investment income, net	6,721,982	9,398,811	16,120,793	-	-	14,222,371	14,222,371	(13,701,812)	16,641,352
Net realized and unrealized on investments	19,847,652	17,434,698	37,282,350	-	-	1,199,780	1,199,780	-	38,482,130
Mineral interest revenue, net	15,484	383,740	399,224	-	-	-	-	-	399,224
Change in value of beneficial interest in trusts	-	1,342,851	1,342,851	-	-	14,849	14,849	-	1,357,700
Change in value of gift annuities	(80,874)	(7,922)	(88,796)	-	-	-	-	-	(88,796)
Program revenue	273,143	61,250	334,393	-	-	-	-	-	334,393
Other income	142,405	258	142,663	-	-	-	-	-	142,663
Transfers	1,125,455	-	1,125,455	-	-	-	-	(1,125,455)	-
Net assets released from restriction	12,915,769	(12,915,769)	-	-	9,802,074	(9,802,074)	-	-	-
	88,461,073	28,990,010	117,451,083	-	9,802,074	5,634,926	15,437,000	(22,334,767)	110,553,316
Enterprises:									
Theater box office, concessions and other theater revenue	-	-	-	135,461,302	-	-	135,461,302	-	135,461,302
Rental income	-	-	-	13,495,684	-	-	13,495,684	-	13,495,684
Interest income	-	-	-	322,855	-	-	322,855	-	322,855
Other income	-	-	-	(354,537)	-	-	(354,537)	(206,004)	(560,541)
Realized gain on asset disposals, net	-	-	-	1,173,556	-	-	1,173,556	-	1,173,556
	-	-	-	150,098,860	-	-	150,098,860	(206,004)	149,892,856
Total revenues and support	88,461,073	28,990,010	117,451,083	150,098,860	9,802,074	5,634,926	165,535,860	(22,540,771)	260,446,172

(Continued)

San Antonio Area Foundation

Consolidating Statement of Activities (Continued)
Year Ended December 31, 2023

	San Antonio Area Foundation				John L. Santikos Charitable Foundation				
	Without Donor Restrictions	With Donor Restrictions	Total	Enterprises	Charitable Fund Without Donor Restrictions	Charitable Fund With Donor Restrictions	Total	Eliminations	Consolidated Total
Expenses:									
Foundation:									
Grants and scholarships	$ 41,967,555	$ -	$ 41,967,555	$ -	$ 10,024,376	$ -	$ 10,024,376	$ (7,507,500)	$ 44,484,431
Program services	6,125,353	-	6,125,353	-	26,000	-	26,000	-	6,151,353
Fundraising	825,999	-	825,999	-	-	-	-	-	825,999
General and administrative	5,822,773	-	5,822,773	-	1,298,116	-	1,298,116	(1,331,459)	5,789,430
Federal and state taxes	(162,680)	-	(162,680)	-	(1,546,418)	-	(1,546,418)	-	(1,709,098)
	54,579,000	-	54,579,000	-	9,802,074	-	9,802,074	(8,838,959)	55,542,115
Enterprises:									
Theater and real estate operations	-	-	-	138,167,553	-	-	138,167,553	-	138,167,553
General and administrative	-	-	-	6,578,537	-	-	6,578,537	-	6,578,537
Income tax	-	-	-	633,793	-	-	633,793	-	633,793
	-	-	-	145,379,883	-	-	145,379,883	-	145,379,883
Total expenses	54,579,000	-	54,579,000	145,379,883	9,802,074	-	155,181,957	(8,838,959)	200,921,998
Change in net assets	33,882,073	28,990,010	62,872,083	4,718,977	-	5,634,926	10,353,903	(13,701,812)	59,524,174
Net assets at beginning of year	214,740,287	331,650,836	546,391,123	397,489,238	-	39,702,262	437,191,500	-	983,582,623
Changes to nets assets:									
Contribution to the Foundation	-	-	-	(13,701,812)	-	-	(13,701,812)	13,701,812	-
Net assets at end of year	$ 248,622,360	$ 360,640,846	$ 609,263,206	$ 388,506,403	$ -	$ 45,337,188	$ 433,843,591	$ -	$ 1,043,106,797