San Antonio Area Foundation

Where Giving and Community Connect

San Antonio Area Foundation

Consolidated Financial Statements and Supplementary Information

December 31, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, 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
September 9, 2025

San Antonio Area Foundation

Consolidated Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 72,190,408	$ 69,067,297
Receivables:		
Accounts receivable and other receivables, net	3,035,271	5,285,288
Contributions receivable, net	10,688,131	10,396,817
Total receivables	13,723,402	15,682,105
Investments:		
Cash equivalent funds and securities	419,284,781	384,575,055
Limited liability companies and partnerships	27,770,126	29,087,096
Oil and gas interests and other assets	17,392,630	3,640,395
Real estate, leasing and theater operations, net	339,106,686	348,779,285
Total investments	803,554,223	766,081,831
Prepaid expenses and other assets	11,346,155	11,255,867
Right of use asset	140,187,589	148,584,284
Beneficial interest in trusts	185,345,769	181,931,249
Headquarters and equipment, net	578,914	650,753
Goodwill	75,842,384	75,842,384
Tradename	10,279,464	10,279,464
Deferred tax asset	18,730,858	20,957,903
Total assets	$ 1,331,779,166	$ 1,300,333,137
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 23,390,482	$ 21,031,621
Deferred revenue	3,067,991	2,726,388
Grants and scholarships payable, net	2,847,605	1,250,487
Income tax payable	-	84,389
Line of credit	61,970,000	67,262,250
Operating lease liabilities	142,881,983	149,930,649
Other long-term liabilities	874,342	915,018
Charitable funds held for the benefit of other organizations	14,305,787	14,025,538
Total liabilities	249,338,190	257,226,340
Net assets:		
Without donor restrictions:		
Designated for reserve fund	9,920,733	9,338,534
Donor advised and other designated funds	243,579,079	229,246,074
Undesignated funds	11,452,490	10,037,752
Total without donor restrictions	264,952,302	248,622,360
With donor restrictions	817,488,674	794,484,437
Total with donor restrictions	817,488,674	794,484,437
Total net assets	1,082,440,976	1,043,106,797
Total liabilities and net assets	$ 1,331,779,166	$ 1,300,333,137

See notes to consolidated financial statements.

San Antonio Area Foundation

Consolidated Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Foundation:			
Grants and contributions of cash and other financial assets	$ 32,325,301	$ 15,537,236	$ 47,862,537
Contributions of nonfinancial assets	237,385	-	237,385
Investment income, net	6,901,608	12,887,040	19,788,648
Net realized and unrealized gains on investments	14,873,636	25,638,137	40,511,773
Mineral interest revenue, net	22,510	1,626,178	1,648,688
Change in value of beneficial interest in trusts	-	2,374,183	2,374,183
Change in value of gift annuities	229,576	(7,055)	222,521
Program revenue	759,120	11,000	770,120
Other income	166,908	20,204	187,112
Net assets released from restriction	29,443,702	(29,443,702)	-
	84,959,746	28,643,221	113,602,967
Enterprises:			
Theater box office, concessions and other theater revenue	-	175,631,500	175,631,500
Rental income	-	13,995,234	13,995,234
Interest income	-	303,837	303,837
Other income	-	694,033	694,033
Realized gain on asset disposals, net	-	854,263	854,263
Net assets released from restriction	197,117,851	(197,117,851)	-
	197,117,851	(5,638,984)	191,478,867
Total revenues and support	282,077,597	23,004,237	305,081,834
Expenses:			
Foundation:			
Grants and scholarships	51,177,672	-	51,177,672
Program services	7,318,112	-	7,318,112
Fundraising	826,759	-	826,759
General and administrative	6,822,522	-	6,822,522
Federal and state taxes	2,278,735	-	2,278,735
	68,423,800	-	68,423,800
Enterprises:			
Theater and real estate operations	189,440,698	-	189,440,698
General and administrative	7,369,167	-	7,369,167
Income tax	513,990	-	513,990
	197,323,855	-	197,323,855
Total expenses	265,747,655	-	265,747,655
Change in net assets	16,329,942	23,004,237	39,334,179
Net assets at beginning of year	248,622,360	794,484,437	1,043,106,797
Net assets at end of year	$ 264,952,302	$ 817,488,674	$ 1,082,440,976

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 Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 39,334,179	$ 59,524,174
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for bad debts	169,427	137,058
Depreciation and amortization	21,563,921	18,991,159
Net realized and unrealized gains on investments	(40,534,335)	(31,312,269)
Change in value of beneficial interest in trusts	(3,414,520)	(1,357,700)
Gains on sale of property and equipment, land held for investment, and land held for sale	(853,517)	(1,106,387)
Interest earned on notes receivable	(15,554)	(14,674)
Restricted contributions	(3,177,886)	(3,413,673)
Net change in:		
Accounts receivable and other receivables, net	2,346,387	(3,227,249)
Contributions receivable, net	(291,314)	831,787
Prepaid expenses and other assets	371,324	(7,822,252)
Accounts payable and accrued expenses	1,708,414	5,831,505
Deferred tax asset	2,227,045	(2,859,938)
Grants and scholarships payable, net	1,597,118	519,707
Deferred revenue	341,602	48,591
Other liabilities	(452,988)	31,694
Charitable funds held for the benefit of other organizations	280,249	7,167,486
Net cash provided by operating activities	21,199,552	41,969,019
Cash flows from investing activities:		
Purchases of property and equipment	(11,669,115)	(18,065,080)
Acquisition of VSS Southern Theatres, net of cash acquired	-	(48,895,258)
Proceeds from sale of assets	2,346,967	5,291,424
Purchases of investments	(259,121,663)	(82,147,693)
Proceeds from sale of investments	252,511,007	51,652,937
Net cash used in investing activities	(15,932,804)	(92,163,670)
Cash flows from financing activities:		
Payments on long-term debt	(5,292,250)	-
Proceeds from line of credit	-	51,762,250
Net increase in liabilities due to annuitants	(13,273)	(15,107)
Restricted contributions-proceeds	3,177,886	3,413,673
Payment of deferred financing fees	(16,000)	(532,768)
Net cash (used in) provided by financing activities	(2,143,637)	54,628,048
Net increase in cash and cash equivalents	3,123,111	4,433,397
Cash and cash equivalent:		
Beginning	69,067,297	64,633,900
Ending	$ 72,190,408	$ 69,067,297
Supplemental disclosure of cash flow information:		
Cash paid for taxes	$ 1,227,797	$ 1,951,359
Cash paid for interest	$ 4,369,409	$ 2,032,486
Supplemental disclosure of noncash flow information:		
Right-of-use assets obtained in exchange for operating lease liabilities	$ -	$ 4,611,183

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) - dissolved effective August 31, 2024
- 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. The Gunn Family Foundation was dissolved effective August 31, 2024. The net assets of this fund were transferred to an advised fund under the Plan of the Foundation.

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. As of December 31, 2024, all assets of the Trust have been transferred to the Santikos Foundation.

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 Theaters, LLC and the Theater Real Estate entities (collectively known as the Theater Entities). Santikos Theaters, 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 19—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, 2024, and 2023 beginning on 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 24 funds at December 31, 2024, 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 is 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 $10,200,000 and $10,003,000 for the years ended December 31, 2024 and 2023, 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 records 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 occur at the point of sale. Enterprises collects and remits 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 records a liability in the period in which a gift certificate is sold. As gift certificates are redeemed, Enterprises recognizes revenue and reduces the related liability. Gift certificates do not expire but typically are redeemed within one year of issuance. Enterprises uses 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 maintains 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 considers 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 $175,631,500 and $135,461,302 for the years ended December 31, 2024 and 2023, respectively.

Tenant fees: 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 enters as a lessor. Enterprises has 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 has 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 $3,773,000 and $3,493,000 for the years ended December 31, 2024 and 2023, 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 expects 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.

Opening contract balances at January 1, were as follows:

	2024	2023
Accounts and other receivables, net	$ 2,753,528	$ 908,256
Deferred revenue	2,688,182	1,701,900

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.

Note 1. Foundation and Significant Accounting Policies (Continued)

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, 2024 and 2023, are presented net of an allowance for doubtful accounts of $43,361 and $214,344, respectively.

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 two common investment pools (NEPC Investment Pool 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	
	2024	2023
Deferred leasing and financing cost, net	$ 1,683,925	$ 1,738,240
Deferred lease income	1,615,402	1,659,614
Prepaid expenses	5,899,773	6,362,183
Income tax receivable	406,368	-
Inventory	1,740,687	1,495,830
	$ 11,346,155	$ 11,255,867

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 three 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. As of December 31,2024, all assets from this trust had been distributed to the Charitable Fund.

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, 2024 and 2023, the Foundation received $9,179,823 and $6,566,554, 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 for the gift transaction. For the purchase which occurred in 2023, goodwill represents the purchase price paid in excess of the fair value of the assets acquired and liabilities assumed. Other intangible assets, which resulted from the purchase in 2023, include tradenames which are determined to have indefinite lives. Enterprises evaluates 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 adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. Enterprises first assesses 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 estimates 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. Enterprises did not recognize any impairment related to goodwill during the years ended December 31, 2024 and 2023.

Note 1. Foundation and Significant Accounting Policies (Continued)

Enterprises 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 19).

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.

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	
	2024	2023
Accounts payable	$ 8,623,869	$ 7,433,396
Accrued payroll and benefits	14,536,066	13,354,405
Charitable gift annuities payable	230,547	243,820
Total accounts payable and accrued expenses	$ 23,390,482	$ 21,031,621

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. Proceeds received from advance ticket sales and gift certificates are also recorded as deferred revenue.

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 using the straight-line method, which approximates the effective interest method. Enterprises have deferred financing costs associated with lines of credit.

Note 1. Foundation and Significant Accounting Policies (Continued)

As of December 31, 2024, and 2023, gross deferred financing costs associated with the lines of credit totaled $731,199 and $715,199, respectively, and are presented net of accumulated amortization, which totaled $347,233 and $202,517, respectively. Amortization of deferred financing costs is included in depreciation and amortization. As of December 31, 2024, and 2023, other long-term liabilities include tenant deposits of $751,645 and $775,376, respectively.

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 $14,305,787 and $14,025,538 as of December 31, 2024 and 2023, respectively. Included in these amounts as of December 31, 2024 and 2023, are obligations totaling $0 and $297,232, 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	
	2024	2023
Current	$ 51,690	$ 1,150,840
Deferred	2,227,045	(2,859,938)
	$ 2,278,735	$ (1,709,098)

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 $0 and $598,650 during the years ended December 31, 2024 and 2023, 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, 2024, 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 has 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)

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	
	2024	2023
Contributions receivable in:		
Less than one year	$ 9,889,000	$ 6,025,000
One year to five years	883,000	4,817,621
	10,772,000	10,842,621
Less unamortized discount (5.22-5.71%)	83,869	445,804
	$ 10,688,131	$ 10,396,817

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 $14,709,802 and $5,057,000 as of December 31, 2024 and 2023, 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.

Note 3. Fair Value Measurements and Disclosures (Continued)

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.

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.

Note 3. Fair Value Measurements and Disclosures (Continued)

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 and 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, 2024 and 2023, 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, 2024 and 2023.

	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Assets:				
Investments in cash equivalent funds and securities:				
Cash and cash equivalents	$ 101,147,869	$ 101,147,869	$ -	$ -
Common stock	24,693,332	24,693,332	-	-
Corporate securities-preferred	231,333	231,333	-	-
Mutual funds	61,852,134	61,852,134	-	-
Corporate obligations	5,103,896	3,211,086	1,892,810	-
U.S. government agency obligations	4,738,973	4,349,527	389,446	-
Municipal Bonds	-	-	-	-
Mortgage backed securities	1,314,864	1,094,153	220,711	-
Real estate investment trusts	744,563	744,563	-	-
Investments held at NAV*	219,457,816	-	-	-
Total investments in cash equivalent funds and securities	419,284,780	197,323,997	2,502,967	-
Investments in limited liability companies and partnerships	7,996,860	-	-	7,996,860
Investments in limited liability companies and partnerships (equity method)	19,773,266	-	-	-
Investments in oil and gas interests	16,651,961	-	-	16,651,961
Investments in real estate	740,670	-	-	740,670
Real estate, leasing and theater operations, net	339,106,686	-	-	-
Total investments	803,554,223	197,323,997	2,502,967	25,389,491
Beneficial interest in trusts	185,345,769	-	-	185,345,769
	$ 988,899,992	$ 197,323,997	$ 2,502,967	$ 210,735,260
Liabilities:				
Charitable funds held for the benefit of other organizations	$ 14,305,787	$ 14,305,787	$ -	$ -

* 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, 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.

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

Fair value at December 31, 2023	$ 194,067,875
Transfer in/(out)	-
Change in fair value	16,667,385
Fair value at December 31, 2024	$ 210,735,260

Note 3. Fair Value Measurements and Disclosures (Continued)

Investments owned by Enterprises as of December 31, 2024 and 2023, and accounted for under the equity method are summarized below.

	Ownership Interest (%)	2024	2023
Potranco Holdco LLC	29%	$ 5,196,753	$ 5,196,753
Woodbine Development Legacy	3%	5,013,389	5,163,423
Woodbine Development Legacy Preferred Partners	3%	497,637	444,319
Sage DC (Navy Yard)	21%	2,297,870	2,249,285
Sage Oxford (Denver—Cruiseroom)	26%	2,322,087	2,175,430
Sage Baltimore (Hyatt Place)	27%	1,686,146	1,895,606
Admiral Capital Fund	8%	2,678,574	3,486,110
Titan Capital Fund	4%	89,503	-
Total equity investments in real estate partnerships		19,781,959	20,610,926
Total pooled Investments		800,670	6,597,667
Total Investments		$ 20,582,629	$ 27,208,593

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, 2024:

Financial Instruments Type	Fair Value	Valuation Techniques	Unobservable Input (c)	Range of Inputs (Weighted Average)
Assets:				
Investments in limited liability companies and partnerships	$ 7,996,860	Discounted cash flows	Market comparables Discount for lack of marketability (a) Discount for lack of control (a)	N/A 10.00% - 15.00% (11.92%)
Investment in oil and gas interests	16,651,961	Discounted	Revenue multiple (b)	10.1 (7.6)
Investments in real estate	740,670	Market approach	Market comparables	N/A
Beneficial interest in trusts	185,345,769	Market approach	Discount rate (a)	N/A
Total	$ 210,735,260			

(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, 2024 and 2023:

	Fair Value		Unfunded	Redemption	Redemption
	2024	2023	Commitments	Frequency	Notice Period
Investments in cash equivalent funds and securities:					
Direct lending (a)	$ 2,713,809	$ 3,404,209	$ 1,327,585	Monthly, Illiquid	30-90 days, N/A
Hedged value funds (b)	7,289,516	6,378,757	-	Quarterly, Illiquid	N/A
Domestic mid/large cap funds (c)	123,185,946	13,222,158	-	Daily	Daily, 45 days
Domestic small cap funds (d)	13,220,029	669,678	-	Daily	Daily
Taxable fixed income funds (e)	53,073,978	16,463,181	-	Daily, Monthly	Daily, 45 days
International and emerging market equity funds (f)	15,875,229	32,576,660	-	Daily, Monthly	Daily, 30 days
Private equity (g)	4,099,309	4,177,508	1,883,736	Quarterly, Illiquid	Five days, N/A
	$ 219,457,816	$ 76,892,151	$ 3,211,321		

(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	
	2024	2023
Land and land improvements	$ 72,594,999	$ 72,300,060
Land held for investment	20,089,438	21,459,971
Buildings and building improvements	238,299,511	225,677,578
Leasehold and tenant improvements	62,679,876	59,281,894
Furniture, fixtures and equipment	57,685,679	52,053,391
Construction in progress	1,211,970	14,719,094
	452,561,473	445,491,988
Less accumulated depreciation and amortization	114,880,442	98,138,358
	337,681,031	347,353,630
Land held for sale	1,425,655	1,425,655
	$ 339,106,686	$ 348,779,285

Investments in real estate, leasing and theater operations with a net book value of $337,681,031 and $347,353,630 as of December 31, 2024 and 2023, 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, 2024 and 2023, the Foundation has recorded $277,552 and $373,314 in fair value of charitable gift annuities and $1,143,077 and $1,128,374, 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 $17,827 and $18,985 as of December 31, 2024 and 2023, respectively. Amounts owed to beneficiaries under a charitable remainder unitrust totaled $212,720 and $224,834 as of December 31, 2024 and 2023, respectively.

Beneficial interest in perpetual trusts: The Foundation is the beneficiary of three 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	
	2024	2023
Leasehold and tenant improvements	$ 272,090	$ 254,986
Furniture and fixtures	84,027	90,300
Equipment	161,279	161,279
Software	180,925	180,925
Building	150,000	150,000
Construction in progress	-	5,326
	848,321	842,816
Less accumulated depreciation	269,407	192,063
Headquarters and equipment, net	$ 578,914	$ 650,753

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, 2024, are expected to be paid as follows:

Years ending December 31:	
2025	$ 2,153,450
2026	694,155
	$ 2,847,605

Conditional grant commitments are recognized when the conditions on which they depend are met. As of December 31, 2024 and 2023, the Foundation has conditional grant and scholarship commitments of $16,066,804 and $12,929,600, 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, 2024 and 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 (See Note 20). Borrowings bear interest at a rate of Prime, plus 100 basis points, with a floor of 3.5% and a cap of 4.25%. As of December 31, 2024 and 2023, the effective interest rate attributable to borrowings under the line of credit was 4.25%. The line of credit is subject to financial covenants which are reviewed for compliance on a quarterly and annual basis.

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, 2024 and 2023, there were borrowings on the line of credit totaling $21,970,000 and $27,262,250. Borrowings bear interest at a rate of SOFR plus 250 basis points. As of December 31, 2024, the effective interest rate attributable to borrowings under the line of credit was 6.99%. The line of credit is subject to financial covenants which are reviewed for compliance on a quarterly and annual basis.

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 $534,792 and $399,429 for the years ended December 31, 2024 and 2023, respectively. Other lease information is summarized below at initial adoption:

	2024	2023
Operating cash flows from operating lease	$ 520,527	$ 43,286
ROU asset obtained in exchange for operating lease liability	-	4,611,183
Weighted-average remaining lease term (years)	8.92	9.92
Weight-average discount rate	4.25%	4.25%

The weighted average remaining lease term was 8.92 and 9.92 years at December 31, 2024 and 2023, 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 4.25% at December 31, 2024 and 2023, respectively.

Enterprises has 18 theater leases, including 16 attributable to theater locations acquired during 2023, which qualify as operating leases. Fixed rental expense for these 18 theaters totals approximately $24,000,000 and $11,500,000 for the years ended December 31, 2024 and 2023, respectively, and are included in operating and administrative expenses on the consolidated statements of income. Variable rental expense for these 18 theaters totaled approximately $1,800,000 and $760,000 for the years ended December 31, 2024 and 2023, respectively. Enterprises also had rental expenses related to short-term leases of equipment and storage which totaled approximately $1,400,000 and $1,200,000 for the years ended December 31, 2024 and 2023, respectively. All rental expenses are included in general and administrative expenses on the consolidated statements of activities.

The weighted average remaining lease term was 9.4 and 10.2 years at December 31, 2024 and 2023, 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 7.7% and 7.9% at December 31, 2024 and 2023, 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, 2024:

	San Antonio Area Foundation	Santikos Enterprises, LLC	Total
Years ending December 31:			
2025	$ 533,658	$ 24,604,479	$ 25,138,137
2026	547,035	24,604,479	25,151,514
2027	560,681	24,377,596	24,938,277
2028	574,800	22,733,336	23,308,136
2029	589,167	21,752,722	22,341,889
Thereafter	2,451,733	73,612,526	76,064,259
Total undiscounted rental payments	5,257,074	191,685,138	196,942,212
Less imputed interest	(902,819)	(53,157,410)	(54,060,229)
Total lease liability	$ 4,354,255	$ 138,527,728	$ 142,881,983

As a lessor: Enterprises Real Estate entities 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, 2024, excluding expense reimbursements, are as follows:

Years ending December 31:	
2025	$ 9,932,472
2026	9,182,902
2027	6,520,941
2028	4,688,576
2029	4,807,449
Thereafter	3,469,179
	$ 38,601,519

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, 2024, is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowments	$ -	$ 613,509,110	$ 613,509,110
Board-designated endowments	892,389	-	892,389
Total endowed funds	892,389	613,509,110	614,401,499
Nonendowed funds:			
Designated	20,647,493	704,409	21,351,902
Donor advised	150,714,053	-	150,714,053
Field of interest	36,868,637	2,724,577	39,593,214
Fiscal sponsorships	-	187,500	187,500
Operating	10,517,028	-	10,517,028
Scholarship	14,147,483	475,471	14,622,954
Supporting organization	21,201,413	14,541,838	35,743,251
Undesignated	9,963,806	-	9,963,806
Total nonendowed funds	264,059,913	18,633,795	282,693,708
Beneficial interest in trusts	-	185,345,769	185,345,769
	$ 264,952,302	$ 817,488,674	$ 1,082,440,976

For the year ended December 31, 2024, the Foundation and Enterprises incurred $29,443,702 and $197,323,855, 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, 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

Note 12. Total Net Asset Composition (Continued)

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.

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, 2024 and 2023.

As of December 31, 2024, the endowment net assets composition by type is comprised of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds:			
Designated	$ -	$ 37,076,372	$ 37,076,372
Donor advised	-	7,221,740	7,221,740
Field of interest	-	25,770,224	25,770,224
Scholarship	-	114,909,338	114,909,338
Supporting organization	-	428,071,017	428,071,017
Undesignated	-	460,419	460,419
Board-designated	892,389	-	892,389
	$ 892,389	$ 613,509,110	$ 614,401,499

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

Note 13. Endowment (Continued)

The Foundation had the following changes in endowment net assets for the year ended December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of January 1, 2024	$ 938,738	$ 601,358,072	$ 602,296,810
Enterprises comprehensive income	-	(5,638,985)	(5,638,985)
Contributions	-	3,177,886	3,177,886
Net investment gains with donor restrictions	80,020	52,202,767	52,282,787
Other Income	24	13,150	13,174
Amounts appropriated for expenditures	(126,393)	(37,603,780)	(37,730,173)
Endowment net assets as of December 31, 2024	$ 892,389	$ 613,509,110	$ 614,401,499

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

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 $343,090 and $1,133,183 as of December 31, 2024 and 2023, respectively, as follows:

	December 31	
	2024	2023
Original gift amount	$ 6,691,093	$ 7,194,617
Fair value at year-end	6,348,003	6,061,434
Total deficiency	$ 343,090	$ 1,133,183

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 4% 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. Contributed Nonfinancial Assets

Contributions of nonfinancial assets are recorded at their fair values in the period received. For the years ended December 31, 2024 and 2023, respectively, the Foundation received $237,385 and $352,460 of donated goods and services, including professional services, advertising, 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	2024 Revenue Recognized	2023 Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Professional services	$ 180,300	$ 316,217	Management and general, programmatic and fundraising	None	FMV of goods/services values using standard industry pricing for similar services
Office space	29,456	28,956	Management and general, programmatic and fundraising	None	FMV of goods/services values using standard industry pricing for similar services
Advertising	25,000	-	Management and general	None	FMV of goods/services values using standard industry pricing for similar services
Event space	-	3,750	Programmatic	None	FMV of goods/services values using standard industry pricing for similar services
Catering	380	3,537	Programmatic	None	FMV on date of contribution based on prices of products
Miscellaneous event expenses	2,249	-	Fundraising	None	FMV on date of contribution based on prices of products
Total	$ 237,385	$ 352,460			

Note 15. 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, 2024. 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 federal tax expense totaling $2,278,735 for the year ended December 31, 2024, from functional expenses below.

	Foundation and Charitable Fund				
	Program Activities				
	Grants and Scholarships	Program Services	Fundraising	General and Administrative	Total
Grants and scholarships	$ 51,177,672	$ -	$ -	$ -	$ 51,177,672
Personnel expenses	-	2,568,735	539,049	3,849,916	6,957,700
Professional services	-	2,231,540	4,800	936,686	3,173,026
Public relations and community engagement	-	1,706,276	150,223	266,032	2,122,531
Occupancy	-	396,414	57,630	516,277	970,321
Equipment and technology	-	293,075	31,301	264,177	588,553
Office expenses	-	75,009	42,176	633,364	750,549
Dues and staff development	-	36,568	-	269,254	305,822
Depreciation and amortization	-	10,495	1,580	86,816	98,891
	$ 51,177,672	$ 7,318,112	$ 826,759	$ 6,822,522	$ 66,145,065

Note 15. 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 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

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, 2024. 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 income tax expense totaling $513,990 and interest expense totaling $4,369,409 for the year ended December 31, 2024, from functional expenses below.

	Enterprises		
	Theater and Real Estate Operations	General and Administrative	Total
Cost of sales	$ 66,510,490	$ -	$ 66,510,490
Personnel expenses	30,868,552	4,202,509	35,071,061
Depreciation and amortization	21,253,870	211,089	21,464,959
Occupancy	56,328,970	608,333	56,937,303
Office expenses	6,749,662	562,310	7,311,972
Professional services	1,258,357	712,929	1,971,286
Equipment and technology	2,035,664	1,057,328	3,092,992
Dues and subscriptions	65,723	14,669	80,392
	$ 185,071,288	$ 7,369,167	$ 192,440,455

Note 15. 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 income tax expense 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

Note 16. 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 2024 and 2023. The amounts contributed were $352,615 and $334,750 for the years ended December 31, 2024 and 2023, 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 2024 and 2023, 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 $960,628 and $750,604 for the years ended December 31, 2024 and 2023, respectively.

Note 17. 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 2024, 70% of total contribution revenues was received from three donors. In 2023, 31% of total contribution revenues was received from 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 18. 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	
	2024	2023
Cash and cash equivalents	$ 72,190,408	$ 69,067,297
Accounts receivable and other receivables, net	3,035,271	5,285,288
Contributions receivable, net	10,688,131	10,396,817
Cash equivalent funds and securities	419,284,781	384,575,055
Inventory	1,740,687	1,495,830
	506,939,278	470,820,287
Less:		
Amounts not due within one year or subject to donor restriction	6,912,067	7,971,554
Amounts subject to donor restriction	397,880,635	360,276,073
Financial assets available to meet cash needs for general expenditures within one year	$ 102,146,576	$ 102,572,660

Note 18. Liquidity and Availability (Continued)

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 2024, the spending rate was 4%. A spendable amount estimated to be $19,090,550 will be made available for grantmaking from these endowments during 2024.

Note 19. 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 Enterprises 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. As of December 31, 2024 and 2023, the balance of the escrow was $325,370 and $1,239,935, respectively.

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.

Note 19. Business Combination (Continued)

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 20. Subsequent Events

Subsequent events have been evaluated through September 9, 2025, which is the date the consolidated financial statements were available to be issued.

On February 11, 2025, Enterprises refinanced an existing $40 million line of credit with BOSA. The previous agreement, which was set to mature on February 11, 2025, was modified to extend the term through February 11, 2030. The new facility bears interest at SOFR plus an applicable margin ranging from 2.25% to 3.00% dependent upon Enterprises, funded debt ratio at the end of each quarter. The refinancing resulted in no changes to collateral, however certain financial covenants were modified and agreed to by Enterprises. As of December 31, 2024, the outstanding balance under the line of credit was $40 million. On February 11, 2025, this balance was rolled into the new facility.

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, 2024 and 2023, 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
September 9, 2025

San Antonio Area Foundation

Consolidating Statement of Financial Position
December 31, 2024

		John L. Santikos Charitable Foundation			
	San Antonio Area Foundation	Santikos Enterprises, LLC	Charitable Fund	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 66,189,093	$ 5,167,189	$ 834,126	$ -	$ 72,190,408
Receivables:					
Accounts receivable and other receivables, net	606,208	2,154,270	2,966,543	(2,691,750)	3,035,271
Contributions receivable, net	11,366,178	-	-	(678,047)	10,688,131
Total receivables	11,972,386	2,154,270	2,966,543	(3,369,797)	13,723,402
Investments:					
Cash equivalent funds and securities	396,973,577	809,363	22,311,204	(809,363)	419,284,781
Limited liability companies and partnerships	7,996,860	19,773,266	-	-	27,770,126
Oil and gas interests and other assets	17,392,630	-	-	-	17,392,630
Real estate, leasing and theater operations, net	-	339,106,686	-	-	339,106,686
Total investments	422,363,067	359,689,315	22,311,204	(809,363)	803,554,223
Prepaid expenses and other assets	756,409	10,248,021	341,725	-	11,346,155
Right of use asset	4,040,315	136,147,274	-	-	140,187,589
Beneficial interest in trusts	185,345,769	-	-	-	185,345,769
Headquarters and equipment, net	578,914	-	-	-	578,914
Goodwill	-	75,842,384	-	-	75,842,384
Tradename	-	10,279,464	-	-	10,279,464
Deferred tax asset	-	-	18,730,858	-	18,730,858
Collections (Note 8)	-	-	-	-	-
Total assets	$ 691,245,953	$ 599,527,917	$ 45,184,456	$ (4,179,160)	$ 1,331,779,166
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 1,387,683	$ 24,693,049	$ 1,500	$ (2,691,750)	$ 23,390,482
Deferred revenue	20,624	3,047,367	-	-	3,067,991
Grants and scholarships payable, net	2,314,480	-	1,211,172	(678,047)	2,847,605
Income tax payable	-	-	-	-	-
Long-term liabilities:					
Line of credit	-	61,970,000	-	-	61,970,000
Operating lease liabilities	4,354,255	138,527,728	-	-	142,881,983
Other long-term liabilities	122,697	751,645	-	-	874,342
Charitable funds held for the benefit of other organizations	15,115,150	-	-	(809,363)	14,305,787
Total liabilities	23,314,889	228,989,789	1,212,672	(4,179,160)	249,338,190
Net assets:					
Without donor restrictions:					
Designated for reserve fund	9,920,733	-	-	-	9,920,733
Donor advised and other designated funds	243,579,079	-	-	-	243,579,079
Undesignated funds	11,452,490	-	-	-	11,452,490
Member's equity in Santikos Enterprises, LLC	-	370,538,128	-	(370,538,128)	-
Total net assets without donor restrictions and member's equity	264,952,302	370,538,128	-	(370,538,128)	264,952,302
With donor restrictions	402,978,762	-	43,971,784	370,538,128	817,488,674
Total net assets	667,931,064	370,538,128	43,971,784	-	1,082,440,976
Total liabilities and net assets	$ 691,245,953	$ 599,527,917	$ 45,184,456	$ (4,179,160)	$ 1,331,779,166

San Antonio Area Foundation

Consolidating Statement of Activities
Year Ended December 31, 2024

	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	$ 40,674,736	$ 15,537,236	$ 56,211,972	$ -	$ -	$ -	$ -	$ (8,349,435)	$ 47,862,537
Contributions of nonfinancial assets	237,385	-	237,385	-	-	-	-	-	237,385
Investment income, net	6,901,608	12,041,357	18,942,965	-	-	13,174,974	13,174,974	(12,329,291)	19,788,648
Net realized and unrealized on investments	14,873,636	25,317,685	40,191,321	-	-	320,452	320,452	-	40,511,773
Mineral interest revenue, net	22,510	1,626,178	1,648,688	-	-	-	-	-	1,648,688
Change in value of beneficial interest in trusts	-	2,381,116	2,381,116	-	-	(6,933)	(6,933)	-	2,374,183
Change in value of gift annuities	229,576	(7,055)	222,521	-	-	-	-	-	222,521
Program revenue	759,120	11,000	770,120	-	-	-	-	-	770,120
Other income	166,908	20,204	187,112	-	-	-	-	-	187,112
Transfers	1,544,922	-	1,544,922	-	-	-	-	(1,544,922)	-
Net assets released from restriction	14,589,805	(14,589,805)	-	-	14,853,897	(14,853,897)	-	-	-
	80,000,206	42,337,916	122,338,122	-	14,853,897	(1,365,404)	13,488,493	(22,223,648)	113,602,967
Enterprises:									
Theater box office, concessions and other theater revenue	-	-	-	175,631,500	-	-	175,631,500	-	175,631,500
Rental income	-	-	-	13,995,234	-	-	13,995,234	-	13,995,234
Interest income	-	-	-	303,837	-	-	303,837	-	303,837
Other income	-	-	-	900,037	-	-	900,037	(206,004)	694,033
Realized gain on asset disposals, net	-	-	-	854,263	-	-	854,263	-	854,263
	-	-	-	191,684,871	-	-	191,684,871	(206,004)	191,478,867
Total revenues and support	80,000,206	42,337,916	122,338,122	191,684,871	14,853,897	(1,365,404)	205,173,364	(22,429,652)	305,081,834

(Continued)

San Antonio Area Foundation

Consolidating Statement of Activities (Continued)
Year Ended December 31, 2024

	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	$ 48,685,172	$ -	$ 48,685,172	$ -	$ 10,841,935	$ -	$ 10,841,935	$ (8,349,435)	$ 51,177,672
Program services	7,318,112	-	7,318,112	-	-	-	-	-	7,318,112
Fundraising	826,759	-	826,759	-	-	-	-	-	826,759
General and administrative	6,839,221	-	6,839,221	-	1,734,227	-	1,734,227	(1,750,926)	6,822,522
Federal and state taxes	1,000	-	1,000	-	2,277,735	-	2,277,735	-	2,278,735
	63,670,264	-	63,670,264	-	14,853,897	-	14,853,897	(10,100,361)	68,423,800
Enterprises:									
Theater and real estate operations	-	-	-	189,440,698	-	-	189,440,698	-	189,440,698
General and administrative	-	-	-	7,369,167	-	-	7,369,167	-	7,369,167
Income tax	-	-	-	513,990	-	-	513,990	-	513,990
	-	-	-	197,323,855	-	-	197,323,855	-	197,323,855
Total expenses	63,670,264	-	63,670,264	197,323,855	14,853,897	-	212,177,752	(10,100,361)	265,747,655
Change in net assets	16,329,942	42,337,916	58,667,858	(5,638,984)	-	(1,365,404)	(7,004,388)	(12,329,291)	39,334,179
Net assets at beginning of year	248,622,360	360,640,846	609,263,206	388,506,403	-	45,337,188	433,843,591	-	1,043,106,797
Changes to nets assets:									
Contribution to the Foundation	-	-	-	(12,329,291)	-	-	(12,329,291)	12,329,291	-
Net assets at end of year	$ 264,952,302	$ 402,978,762	$ 667,931,064	$ 370,538,128	$ -	$ 43,971,784	$ 414,509,912	$ -	$ 1,082,440,976