San Antonio Area Foundation

Consolidated Financial Statements and Supplementary Information

December 31, 2025 and 2024

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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, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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.

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

RSM US LLP

San Antonio, Texas
October 19, 2026

San Antonio Area Foundation

Consolidated Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	**$ 62,204,005**	$ 72,190,408
Receivables:		
Accounts receivable and other receivables, net	**2,507,567**	3,441,639
Contributions receivable, net	**7,099,043**	10,688,131
Total receivables	**9,606,610**	14,129,770
Investments:		
Cash equivalent funds and securities	**474,236,784**	419,284,781
Limited liability companies and partnerships	**23,881,935**	27,770,126
Oil and gas interests and other assets	**8,504,637**	17,392,630
Real estate, leasing and theater operations, net	**272,161,629**	337,681,031
Total investments	**778,784,985**	802,128,568
Assets held for sale	**56,253,097**	1,425,655
Prepaid expenses and other assets	**9,785,284**	10,939,787
Right-of-use asset	**131,044,029**	140,187,589
Beneficial interest in trusts	**195,336,712**	185,345,769
Headquarters and equipment, net	**361,622**	578,914
Goodwill	**75,842,384**	75,842,384
Tradename	**6,218,103**	10,279,464
Deferred tax asset	**30,125,445**	18,730,858
Total assets	**$ 1,355,562,276**	$ 1,331,779,166
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 23,768,831**	$ 23,390,482
Deferred revenue	**3,428,571**	3,067,991
Grants and scholarships payable, net	**2,374,237**	2,847,605
Line of credit	**64,720,000**	61,970,000
Operating lease liabilities	**134,286,621**	142,881,983
Other long-term liabilities	**1,934,000**	874,342
Charitable funds held for the benefit of other organizations	**14,667,173**	14,305,787
Total liabilities	**245,179,433**	249,338,190
Net assets:		
Without donor restrictions:		
Designated for reserve fund	**10,987,412**	9,920,733
Donor advised and other designated funds	**260,324,754**	243,579,079
Undesignated funds	**12,510,416**	11,452,490
Total without donor restrictions	**283,822,582**	264,952,302
With donor restrictions	**826,560,261**	817,488,674
Total with donor restrictions	**826,560,261**	817,488,674
Total net assets	**1,110,382,843**	1,082,440,976
Total liabilities and net assets	**$ 1,355,562,276**	$ 1,331,779,166

See notes to consolidated financial statements.

San Antonio Area Foundation

Consolidated Statement of Activities
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Foundation:			
Contributions and grants	$ 54,208,911	$ 13,265,847	$ 67,474,758
Contributions of nonfinancial assets	321,765	-	321,765
Investment income, net	4,608,272	12,386,894	16,995,166
Net realized and unrealized gains on investments	22,759,656	7,768,771	30,528,427
Mineral interest revenue, net	15,086	938,785	953,871
Change in value of beneficial interest in trusts	-	6,430,652	6,430,652
Change in value of gift annuities	(53,982)	(6,140)	(60,122)
Program revenue	332,120	-	332,120
Other income	174,181	7,000	181,181
Net assets released from restriction	22,041,487	(22,041,487)	-
	104,407,496	18,750,322	123,157,818
Enterprises:			
Theater box office, concessions and other theater revenue	-	176,748,899	176,748,899
Rental income	-	14,413,853	14,413,853
Interest income	-	230,430	230,430
Other income	-	(1,147,030)	(1,147,030)
Realized gain on sale of investments	-	3,585,061	3,585,061
Net assets released from restriction	203,509,948	(203,509,948)	-
	203,509,948	(9,678,735)	193,831,213
Total revenues and support	307,917,444	9,071,587	316,989,031
Expenses:			
Foundation:			
Grants and scholarships	79,257,860	-	79,257,860
Program services	9,294,921	-	9,294,921
Fundraising	1,067,176	-	1,067,176
General and administrative	6,592,957	-	6,592,957
Federal and state taxes	(10,881,702)	-	(10,881,702)
	85,331,212	-	85,331,212
Enterprises:			
Theater and real estate operations	188,770,833	-	188,770,833
General and administrative	7,390,050	-	7,390,050
Impairment loss	7,013,297	-	7,013,297
Income tax	541,772	-	541,772
	203,715,952	-	203,715,952
Total expenses	289,047,164	-	289,047,164
Change in net assets	18,870,280	9,071,587	27,941,867
Net assets at beginning of year	264,952,302	817,488,674	1,082,440,976
Net assets at end of year	$ 283,822,582	$ 826,560,261	$ 1,110,382,843

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:			
Contributions and grants	$ 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 expense	-	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 Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	**$ 27,941,867**	$ 39,334,179
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Impairment of long-lived assets	**7,013,297**	-
Provision for bad debts	**(1,225)**	169,427
Depreciation and amortization	**18,910,647**	21,563,921
Net realized and unrealized gains on investments	**(28,874,597)**	(40,534,335)
Change in value of beneficial interest in trusts	**(9,990,943)**	(3,414,520)
Gains on sale of property and equipment, land held for investment, and land held for sale	**(3,585,061)**	(853,517)
Interest earned on notes receivable	**(16,488)**	(15,554)
Restricted contributions	**(4,385,390)**	(3,177,886)
Net change in:		
Accounts receivable and other receivables, net	**695,417**	2,346,387
Contributions receivable, net	**3,589,088**	(291,314)
Prepaid expenses and other assets	**387,188**	371,324
Accounts payable and accrued expenses	**33,897**	1,708,414
Deferred tax asset	**(11,394,587)**	2,227,045
Grants and scholarships payable, net	**(473,368)**	1,597,118
Deferred revenue	**360,580**	341,602
Charitable funds held for the benefit of other organizations	**361,386**	280,249
Net cash provided by operating activities	**571,708**	21,652,540
Cash flows from investing activities:		
Purchases of property and equipment	**(11,434,757)**	(11,669,115)
Proceeds from sale of assets	**5,526,441**	2,346,967
Purchases of investments	**(93,547,805)**	(259,121,663)
Proceeds from sale of investments	**79,958,808**	252,511,007
Net cash used in investing activities	**(19,497,313)**	(15,932,804)
Cash flows from financing activities:		
Payments on long-term debt	**-**	(5,292,250)
Proceeds from long-term debt	**2,671,868**	-
Other liabilities	**1,894,836**	(452,988)
Net increase in liabilities due to annuitants	**(12,892)**	(13,273)
Restricted contributions-proceeds	**4,385,390**	3,177,886
Payment of deferred financing fees	**-**	(16,000)
Net cash provided by (used in) financing activities	**8,939,202**	(2,596,625)
Net (decrease) increase in cash and cash equivalents	**(9,986,403)**	3,123,111
Cash and cash equivalent:		
Beginning	**72,190,408**	69,067,297
Ending	**$ 62,204,005**	$ 72,190,408
Supplemental disclosures of cash flow information:		
Cash paid for taxes	**$ -**	$ 1,227,797
Cash paid for interest	**$ 4,565,275**	$ 4,369,409
Supplemental disclosure of noncash flow information:		
Transfer of property and equipment to assets held for sale	**$ 57,329,682**	$ -

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 (the Board), 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)
- Students + Startups (2019)

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.

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.

Note 1. Foundation and Significant Accounting Policies (Continued)

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. Santikos Theaters GAS, LLC operates 17 theaters across eight states, primarily in the Southern United States. The Theater Entities generate revenues from box office and concession sales, as well as other related theater operations.

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 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.

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.

Note 1. Foundation and Significant Accounting Policies (Continued)

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

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.

Note 1. Foundation and Significant Accounting Policies (Continued)

In addition to contributions received with donor-imposed time restrictions, or donor-imposed endowment restrictions, the Foundation also classifies its split-interest agreements, excluding charitable gift annuities (unless endowment restricted by the donor), as with donor restrictions due to the implied time restriction on the use of such assets. The Board concluded that split-interest funds, including charitable gift annuities, do not constitute institutional funds, as defined by TUPMIFA, therefore, they do not constitute endowment funds. Substantially all contributions received by the Foundation without a donor-imposed time restriction or a donor-imposed endowment restriction are classified as without donor restrictions. The Foundation holds 23 funds at December 31, 2025, 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.

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 across its operating markets in the United States, with a significant concentration in the greater San Antonio market.

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 statements of financial position.

Note 1. Foundation and Significant Accounting Policies (Continued)

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 $10,600,000 and $10,200,000 for the years ended December 31, 2025 and 2024, 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.

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 $176,748,899 and $175,631,500 for the years ended December 31, 2025 and 2024, 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, are 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 $3,826,000 and $3,773,000 for the years ended December 31, 2025 and 2024, respectively, and is included in rental income in the accompanying consolidated statements of activities.

Note 1. Foundation and Significant Accounting Policies (Continued)

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:

	2025	2024
Accounts and other receivables, net	$ 2,154,270	$ 2,753,528
Deferred revenue	3,047,367	2,688,182

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

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

Accounts receivable and other receivables, net: Accounts receivable and other receivables consist primarily of tenant and credit card receivables, other receivables stated at net realizable value, certain notes receivable and federal and state income taxes. 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, 2025 and 2024, are presented net of an allowance for doubtful accounts of $12,841 and $43,361, 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).

Note 1. Foundation and Significant Accounting Policies (Continued)

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. Investment income, net, includes interest, dividends, distributions from trusts, and other investment-related income, net of investment management, consulting, custodial and other investment-related expenses. 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).

Investments in real estate, leasing and theater operations, net: Investments in real estate, leasing and theater operations consist primarily of 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.

Note 1. Foundation and Significant Accounting Policies (Continued)

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).

Assets held for sale: During 2025, Enterprises committed to a plan to sell the Legacy shopping center and determined that the criteria for classification as held for sale were met. Accordingly, the related shopping center assets and underlying land were reclassified from investments in real estate, leasing and theater operations, net, to assets held for sale on the consolidated statements of financial position.

The shopping center and underlying land were being marketed as a single asset and represent a disposal group. Upon classification as held for sale, depreciation ceased on the depreciable assets and the disposal group was measured at the lower of its carrying amount or fair value less costs to sell. As a result, Enterprises recorded an impairment loss of approximately $3,000,000 during the year ended December 31, 2025.

As of December 31, 2025, the carrying value of the shopping center assets held for sale was $30,532,365 and the carrying value of the related land held for sale was $25,720,832, for total assets held for sale of $56,253,097.

Subsequent to year-end, on April 30, 2026, Enterprises completed the sale of the Legacy shopping center and underlying land. Net proceeds from the sale were approximately $55,200,000, after customary closing costs. The sale represents the disposition of the disposal group discussed above. Subsequent to the closing, Enterprises utilized approximately $52,470,000 of the net proceeds to repay outstanding borrowings under its revolving line of credit, reducing the outstanding balance under such facilities to approximately $22,200,000. Enterprises will recognize any resulting gain or loss on sale in the year ending December 31, 2026. The net proceeds from the sale are consistent with Enterprises' estimate of fair value less costs to sell as of December 31, 2025.

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

	December 31	
	2025	2024
Deferred leasing and financing cost, net	$ 883,807	$ 1,683,925
Deferred lease income	1,576,746	1,615,402
Prepaid expenses	5,289,276	5,899,773
Inventory	2,035,455	1,740,687
	$ 9,785,284	$ 10,939,787

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).

Note 1. Foundation and Significant Accounting Policies (Continued)

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.

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, 2025 and 2024, the Foundation received $9,381,661 and $9,179,823, 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).

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 two tradenames (Amstar and The Grand). Both trade names were long-standing marquee names in the communities where the theaters were located. The tradenames are considered to have indefinite useful lives as management believes there are no legal, regulatory, contractual, competitive, economic or other factors that limit their useful 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.

For goodwill, 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, 2025 and 2024.

Note 1. Foundation and Significant Accounting Policies (Continued)

Tradenames are considered indefinite-lived intangible assets, and are not amortized, but are tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the asset may be impaired.

Impairment is assessed by comparing the fair value of the tradename to its carrying value. If the carrying value exceeds fair value, an impairment loss is recognized for the excess. Fair value is determined by using valuation techniques consistent with the income approach and incorporates assumptions that market participants would use. Enterprises recognized impairment loss on intangible assets of $4,061,361 during the year ended December 31, 2025.

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.

The Foundation's deferred tax asset at December 31, 2025 and 2024, primarily relates to suspended passive activity losses and other deductible temporary differences. The Foundation evaluated the recoverability of the associated tax benefits and determined that sufficient future taxable income is expected to be generated to realize the deferred tax asset. Accordingly, no valuation allowance was considered necessary as of December 31, 2025 and 2024.

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

	December 31	
	2025	2024
Accounts payable	$ 8,307,995	$ 8,623,869
Accrued payroll and benefits	15,243,180	14,536,066
Charitable gift annuities payable	217,656	230,547
Total accounts payable and accrued expenses	$ 23,768,831	$ 23,390,482

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 7).

Note 1. Foundation and Significant Accounting Policies (Continued)

Long-term liabilities: Direct costs incurred in connection with obtaining the debt 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.

As of December 31, 2025 and 2024, gross deferred financing costs associated with the lines of credit totaled $626,900 and $731,199, respectively, and are presented net of accumulated amortization, which totaled $281,867 and $347,233, respectively. Amortization of deferred financing costs is included in depreciation and amortization. As of December 31, 2025 and 2024, other long-term liabilities include tenant deposits of $1,829,163 and $751,645, 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 $14,667,173 and $14,305,787 as of December 31, 2025 and 2024, respectively.

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 (benefit) tax for the Foundation are as follows:

	December 31	
	2025	2024
Current	$ 512,885	$ 51,690
Deferred	(11,394,587)	2,227,045
	$ (10,881,702)	$ 2,278,735

Note 1. Foundation and Significant Accounting Policies (Continued)

Impairment of long-lived assets: 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 did not recognize any impairment losses on long-lived assets for the years ended December 31, 2025 and 2024.

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, 2025, management has not identified nor recorded any material loss contingencies.

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

Lessee: Topic 842 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.

Note 1. Foundation and Significant Accounting Policies (Continued)

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.

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 leases 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.

Note 1. Foundation and Significant Accounting Policies (Continued)

In addition, under Topic 842, lessors will only capitalize incremental direct leasing costs. As a result, 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.

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	
	2025	2024
Contributions receivable in:		
Less than one year	$ 6,320,963	$ 9,889,000
One year to five years	872,500	883,000
	7,193,463	10,772,000
Less unamortized discount (5.22% - 6.06%)	94,420	83,869
	$ 7,099,043	$ 10,688,131

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 $11,992,980 and $14,709,802 as of December 31, 2025 and 2024, 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, 2025 and 2024, 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, 2025 and 2024.

	2025			
	Total	Level 1	Level 2	Level 3
Assets:				
Investments in cash equivalent funds and securities:				
Cash and cash equivalents	$ 30,012,008	$ 30,012,008	$ -	$ -
Cash and bank deposits held for investment	85,599,413	-	-	-
Common stock	28,240,030	28,240,030	-	-
Corporate securities-preferred	268,758	268,758	-	-
Mutual funds	56,669,350	56,669,350	-	-
Corporate obligations	4,529,444	3,244,587	1,284,857	-
U.S. government agency obligations	6,665,711	6,467,932	197,779	-
Municipal bonds	337,505	337,505	-	-
Mortgage backed securities	1,010,173	951,313	58,860	-
Real estate investment trusts	1,439,981	1,439,981	-	-
Investments held at NAV*	259,464,410	-	-	-
Total investments in cash equivalent funds and securities	474,236,783	127,631,464	1,541,496	-
Investments in limited liability companies and partnerships	6,364,669	-	-	6,364,669
Investments in limited liability companies and partnerships (equity method)	17,517,266	-	-	-
Investments in oil and gas interests	7,672,316	-	-	7,672,316
Investments in real estate	832,321	-	-	832,321
Real estate, leasing and theater operations, net	272,161,629	-	-	-
Total investments	778,784,984	127,631,464	1,541,496	14,869,306
Beneficial interest in trusts	195,336,712	-	-	195,336,712
	$ 974,121,696	$ 127,631,464	$ 1,541,496	$ 210,206,018
Liabilities:				
Charitable funds held for the benefit of other organizations	$ 14,667,173	$ 14,667,173	$ -	$ -

* 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)

	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	-
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	337,681,031	-	-	-
Total investments	802,128,568	197,323,997	2,502,967	25,389,491
Beneficial interest in trusts	185,345,769	-	-	185,345,769
	$ 987,474,337	$ 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.

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

Fair value at December 31, 2024	$ 210,735,260
Change in fair value	(529,242)
Fair value at December 31, 2025	$ 210,206,018

Note 3. Fair Value Measurements and Disclosures (Continued)

Enterprises had no assets or liabilities measured at fair value on a recurring basis as of December 31, 2025 or 2024. The following table presents assets measured at fair value on a nonrecurring basis as of December 31, 2025, including assets measured at fair value as a result of impairment or held-for-sale classification:

	2025			
	Total	Level 1	Level 2	Level 3
Legacy Shopping Center (assets held for sale)	$ 55,200,000	$ -	$ 55,200,000	$ -
Tradenames	6,218,103	-	-	6,218,103
	$ 61,418,103	$ -	$ 55,200,000	$ 6,218,103

The fair value of the Legacy shopping center disposal group, including related land, was determined based on a signed purchase agreement executed prior to year-end and is consistent with the transaction that closed subsequent to year-end. This measurement is classified within Level 2 of the fair value hierarchy.

During the year ended December 31, 2025, Enterprises identified indicators of impairment on tradenames due to the reporting unit's performance compared to projections. Enterprises performed a quantitative test and determined that the tradename were impaired. As a result, Enterprises recognized an impairment loss of approximately $4,000,000 by writing down tradenames to their estimated fair value of $6,218,103. Enterprises determined fair value using an income approach, specifically the relief-from-royalty method which includes certain assumptions made by management based on market participant considerations. Due to the use of significant unobservable inputs, this measurement is classified within Level 3 of the fair value hierarchy. Management will continue to monitor market conditions and the performance of the reporting units associated with the tradenames to assess potential impairment indicators.

Key assumptions used in fair value measurement included:

- Royalty rate: 1.25% of projected revenues attributable to the tradename
- Discount rate: 10.44%
- Revenue growth rate: 0.0% per annum over the projection period

There were no assets measured at fair value on a nonrecurring basis during the year ended December 31, 2024, as no impairment indicators or other triggering events requiring remeasurement were identified.

There were no transfers between levels of fair value hierarchy during the years ended December 31, 2025 and 2024.

Note 3. Fair Value Measurements and Disclosures (Continued)

Investments owned by Enterprises as of December 31, 2025 and 2024, and accounted for under the equity method, with the exception of pooled investments, are summarized below:

	Ownership Interest (%)	2025	2024
Potranco Holdco LLC	29%	$ 5,196,753	$ 5,196,753
Woodbine Development Legacy	3%	4,633,863	5,013,389
Woodbine Development Legacy Preferred Partners	3%	557,353	497,637
Sage DC (Navy Yard)	21%	2,122,851	2,297,870
Sage Oxford (Denver—Cruiseroom)	26%	2,271,559	2,322,087
Sage Baltimore (Hyatt Place)	27%	764,577	1,686,146
Admiral Capital Fund	8%	1,973,861	2,678,574
Titan Capital Fund	4%	16,582	89,503
Total equity investments in real estate partnerships		17,537,399	19,781,959
Total pooled Investments		3,027,515	800,670
Total Investments		$ 20,564,914	$ 20,582,629

During the year ended 2025, the Sage Baltimore investment was determined to have an other than temporary impairment. Accordingly, management has reduced the carrying value by recording impairment loss of $921,569.

Enterprises' investment in the Foundation's managed pooled investment fund is not classified as an equity investment, as it does not represent an ownership interest with exposure to the underlying net assets of a separate legal entity. Rather, the investment represents participation in a parent-managed reserve or pooled investment vehicle, and is more appropriately classified as other investments, with balances eliminated upon consolidation into the Foundation's financial statements.

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, 2025:

Financial Instruments Type	Fair Value	Valuation Techniques	Unobservable Input (c)	Range of Inputs (Weighted Average)
Assets:				
Investments in limited liability companies and partnerships	$ 6,364,669	Discounted cash flows	Market comparables Discount for lack of marketability (a) Discount for lack of control (a)	N/A 10.00% - 15.00% (12.54%)
Investment in oil and gas interests	7,672,316	Discounted	Revenue multiple (b)	7.9% (10.1%)
Investments in real estate	832,321	Market approach	Market comparables	N/A
Beneficial interest in trusts	195,336,712	Market approach	Discount rate (a)	N/A
Total	$ 210,206,018			

Note 3. Fair Value Measurements and Disclosures (Continued)

(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.

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, 2025 and 2024:

	Fair Value		Unfunded	Redemption	Redemption
	2025	2024	Commitments	Frequency	Notice Period
Investments in cash equivalent funds and securities:					
Direct lending (a)	$ 3,719,589	$ 2,713,809	$ 1,327,585	Monthly, Illiquid	30-90 days, N/A
Hedged value funds (b)	32,943,140	7,289,516	-	Quarterly, Illiquid	N/A
Domestic mid/large cap funds (c)	115,906,162	123,185,946	-	Daily	Daily, 45 days
Domestic small cap funds (d)	1,038,553	13,220,029	-	Daily	Daily
Taxable fixed income funds (e)	41,512,380	53,073,978	-	Daily, Monthly	Daily, 45 days
International and emerging market equity funds (f)	60,539,550	15,875,229	-	Daily, Monthly	Daily, 30 days
Private equity (g)	3,805,036	4,099,309	1,653,541	Quarterly, Illiquid	Five days, N/A
	$ 259,464,410	$ 219,457,816	$ 2,981,126		

(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.

Note 3. Fair Value Measurements and Disclosures (Continued)

(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	
	2025	2024
Land and land improvements	$ 49,856,889	$ 72,594,999
Land held for investment	20,089,438	20,089,438
Buildings and building improvements	193,528,692	238,299,511
Leasehold and tenant improvements	58,741,507	62,679,876
Furniture, fixtures and equipment	60,357,123	57,685,679
Construction in progress	2,025,086	1,211,970
	384,598,735	452,561,473
Less accumulated depreciation and amortization	112,437,106	114,880,442
	$272,161,629	$337,681,031

Investments in real estate, leasing and theater operations with a net book value of $272,161,629 and $337,681,031 as of December 31, 2025 and 2024, 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, 2025 and 2024, the Foundation has recorded $303,595 and $277,552 in fair value of charitable gift annuities and $1,240,452 and $1,143,077, 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 $16,606 and $17,827 as of December 31, 2025 and 2024, respectively. Amounts owed to beneficiaries under a charitable remainder unitrust totaled $201,050 and $212,720 as of December 31, 2025 and 2024, 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.

Note 5. Split-Interest Agreements (Continued)

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	
	2025	2024
Leasehold and tenant improvements	$ 280,195	$ 272,090
Furniture and fixtures	92,140	84,027
Equipment	165,271	161,279
Software	180,925	180,925
Building	-	150,000
	718,531	848,321
Less accumulated depreciation	356,909	269,407
Headquarters and equipment, net	$ 361,622	$ 578,914

Note 7. Grants and Scholarships Payable

Grants and scholarships payable as of December 31, 2025, are expected to be paid as follows:

Years ending December 31:	
2026	$ 2,139,387
2027	234,850
	$ 2,374,237

Conditional grant commitments are recognized when the conditions on which they depend are met. As of December 31, 2025 and 2024, the Foundation has conditional grant and scholarship commitments of $20,460,184 and $16,066,804, respectively. The commitments are contingent upon the achievement of milestones and targeted outcomes, as outlined in the grant agreements.

Note 8. Long-Term Debt

$40,000,000 line of credit: Enterprises has a $40,000,000 revolving line of credit with Bank of San Antonio, maturing February 11, 2030. The facility bears interest at the Secured Overnight Financing Rate (SOFR) plus an applicable margin ranging from 2.25% to 3.00%, depending on Enterprises' funded debt ratio at the end of each quarter.

The facility is collateralized by certain real estate properties, including the Embassy, Silverado and Mayan shopping centers, as well as two industrial properties, and includes an assignment of rents. In December 2025, Enterprises executed an amendment to the credit agreement to remove the Legacy shopping center from the collateral pool and replace it with the two industrial properties.

Note 8. Long-Term Debt (Continued)

As of December 31, 2025 and 2024, outstanding borrowings under the line of credit were $40,000,000. The effective interest rate on borrowings was 6.12% and 4.25% as of December 31, 2025 and 2024, respectively. The facility is subject to financial covenants, which are tested quarterly and annually.

$55,000,000 line of credit: On May 12, 2023, Enterprises entered into a $47,500,000 revolving line of credit with Bank of San Antonio, which was subsequently increased to $55,000,000 in November 2023. The facility matures in 2028.

The line of credit is collateralized by the Embassy, Silverado, Mayan and Cibolo theater properties, and includes an assignment of rents.

Borrowings under the facility bear interest at SOFR plus 2.50%. As of December 31, 2025 and 2024, outstanding borrowings were $24,720,000 and $21,970,000, respectively. The effective interest rate was 6.37% and 6.99%, respectively. The facility is subject to financial covenants, which are tested quarterly and annually. The lines of credit contain various covenants. As of December 31, 2025 and 2024, Enterprises was in compliance with all financial covenants. Enterprises obtained waivers in both years related solely to the required submission date of the audited financial statements.

Subsequent to year-end, Enterprises utilized approximately $52,470,000 of proceeds from the sale of the Legacy shopping center and underlying land to repay outstanding borrowings under its revolving credit facilities. As a result, outstanding borrowings under Enterprises' revolving lines of credit were reduced to approximately $22,200,000 as of April 30, 2026.

Note 9. 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 $554,370 and $534,792 for the years ended December 31, 2025 and 2024, respectively. Other lease information is summarized below at initial adoption:

	2025	2024
Operating cash flows from operating lease	$ 533,658	$ 520,527
Weighted-average remaining lease term (years)	7.92	8.92
Weight-average discount rate	4.25%	4.25%

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 Companies have 19 theater leases which qualify as operating leases. 18 of these theater locations include fixed rental payments, while one location is subject only to variable lease payments. Fixed rental expense for these 18 theaters totaled approximately $25,000,000 and $24,000,000 for the years ended December 31, 2025 and 2024, respectively. Variable rental expense for these theaters totaled approximately $2,200,000 and $1,800,000 for the years ended December 31, 2025 and 2024, respectively. The Companies also had rental expenses related to short-term leases of equipment and storage which totaled approximately $1,400,000 for the years ended December 31, 2025 and 2024. All rental expenses are included in operating and administrative expenses on the consolidated statements of activities.

Note 9. Leases (Continued)

The weighted-average remaining lease term was 8.4 and 9.4 years at December 31, 2025 and 2024, 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 7.8% and 7.7% at December 31, 2025 and 2024, respectively. Enterprises assigned a collateralized interest rate to each lease based on the term.

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, 2025:

	San Antonio Area Foundation	Santikos Enterprises, LLC	Total
Years ending December 31:			
2026	$ 547,035	$ 25,165,270	$ 25,712,305
2027	560,681	25,021,318	25,581,999
2028	574,800	23,384,597	23,959,397
2029	589,167	22,894,899	23,484,066
2030	603,802	15,043,656	15,647,458
Thereafter	1,847,931	70,722,735	72,570,666
Total undiscounted rental payments	4,723,416	182,232,475	186,955,891
Less imputed interest	(726,506)	(51,942,764)	(52,669,270)
Total lease liability	$ 3,996,910	$ 130,289,711	$ 134,286,621

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, 2025, excluding expense reimbursements, are as follows:

Years ending December 31:	
2026	$ 10,567,101
2027	8,351,138
2028	6,537,669
2029	5,186,383
2030	3,956,773
Thereafter	5,356,296
	$ 39,955,360

Note 10. 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 11. 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, 2025, is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowments	$ -	$ 618,475,863	$ 618,475,863
Board-designated endowments	978,419	-	978,419
Total endowed funds	978,419	618,475,863	619,454,282
Nonendowed funds:			
Designated	23,892,170	648,746	24,540,916
Donor advised	154,878,478	-	154,878,478
Field of interest	43,924,452	2,600,842	46,525,294
Fiscal sponsorships	-	93,750	93,750
Operating	11,081,362	-	11,081,362
Scholarship	15,054,537	394,925	15,449,462
Supporting organization	22,575,116	9,009,423	31,584,539
Undesignated	11,438,048	-	11,438,048
Total nonendowed funds	282,844,163	12,747,686	295,591,849
Beneficial interest in trusts	-	195,336,712	195,336,712
	$ 283,822,582	$ 826,560,261	$ 1,110,382,843

For the year ended December 31, 2025, the Foundation and Enterprises incurred $22,041,487 and $203,715,952, 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, 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.

Note 12. 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, 2025 and 2024.

As of December 31, 2025, the endowment net assets composition by type is comprised of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds:			
Designated	$ -	$ 39,186,797	$ 39,186,797
Donor advised	-	10,871,537	10,871,537
Field of interest	-	28,705,818	28,705,818
Scholarship	-	120,866,350	120,866,350
Supporting organization	-	418,338,843	418,338,843
Undesignated	-	506,518	506,518
Board-designated	978,419	-	978,419
	$ 978,419	$ 618,475,863	$ 619,454,282

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

The Foundation had the following changes in endowment net assets for the year ended December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets as of January 1, 2025	$ 892,389	$ 613,509,110	$ 614,401,499
Enterprises comprehensive income	-	(9,678,735)	(9,678,735)
Contributions	-	4,385,390	4,385,390
Net investment gains with donor restrictions	120,369	32,511,886	32,632,255
Other Income	15	861	876
Amounts appropriated for expenditures	(34,354)	(22,252,649)	(22,287,003)
Endowment net assets as of December 31, 2025	$ 978,419	$ 618,475,863	$ 619,454,282

Note 12. 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

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.

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 $25,243 and $343,090 as of December 31, 2025 and 2024, respectively, as follows:

	2025	2024
Original gift amount	$ 40,808	$ 6,691,093
Fair value at year-end	15,565	6,348,003
Total deficiency	$ 25,243	$ 343,090

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.

Note 12. Endowment (Continued)

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 13. Contributed Nonfinancial Assets

Contributions of nonfinancial assets are recorded at their fair values in the period received. For the years ended December 31, 2025 and 2024, the Foundation received $321,765 and $237,385, respectively, 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 statements of activities.

Contributed Nonfinancial Asset Type	2025 Revenue Recognized	2024 Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Professional services	$ 183,250	$ 180,300	Management and general, programmatic and fundraising	None	FMV of goods/services values using standard industry pricing for similar services
Office space	-	29,456	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
Discounts on purchased items	64,598	-	Programmatic	None	FMV on date of contribution based on prices of products
Catering	1,070	380	Programmatic and fundraising	None	FMV on date of contribution based on prices of products
Miscellaneous event expenses	72,847	2,249	Fundraising	None	FMV on date of contribution based on prices of products
Total	$ 321,765	$ 237,385			

Note 14. 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, 2025. 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 benefit totaling $10,881,702 for the year ended December 31, 2025, from functional expenses below.

	Foundation and Charitable Fund				
	Program Activities				
	Grants and Scholarships	Program Services	Fundraising	General and Administrative	Total
Grants and scholarships	$ 79,257,860	$ -	$ -	$ -	$ 79,257,860
Personnel expenses	-	3,036,165	666,887	4,161,509	7,864,561
Professional services	-	3,361,504	600	1,002,495	4,364,599
Public relations and community engagement	-	1,962,377	250,211	105,884	2,318,472
Occupancy	-	385,182	62,339	561,543	1,009,064
Equipment and technology	-	312,050	30,863	222,403	565,316
Office expenses	-	93,018	54,597	277,055	424,670
Dues and staff development	-	134,253	-	186,617	320,870
Depreciation and amortization	-	10,372	1,679	75,451	87,502
	$ 79,257,860	$ 9,294,921	$ 1,067,176	$ 6,592,957	$ 96,212,914

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, 2025. 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 $541,772, interest expense totaling $4,565,275 and impairment loss totaling $7,013,297 for the year ended December 31, 2025, from functional expenses below.

	Enterprises		
	Theater and Real Estate Operations	General and Administrative	Total
Cost of sales	$ 67,025,966	$ -	$ 67,025,966
Personnel expenses	29,538,227	4,317,262	33,855,489
Depreciation and amortization	18,817,806	5,339	18,823,145
Occupancy	58,213,150	672,395	58,885,545
Office expenses	7,667,857	529,561	8,197,418
Professional services	1,033,545	668,809	1,702,354
Equipment and technology	1,839,055	1,161,937	3,000,992
Dues and subscriptions	69,952	34,747	104,699
	$ 184,205,558	$ 7,390,050	$ 191,595,608

Note 14. 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, 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

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. 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 2025 and 2024. The amounts contributed were $391,435 and $352,615 for the years ended December 31, 2025 and 2024, 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 2025 and 2024, 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 $1,009,032 and $960,628 for the years ended December 31, 2025 and 2024, respectively.

Note 16. Deferred Compensation Plan

Enterprises maintains a deferred incentive compensation program for certain executives designed to promote retention and align long-term performance objectives. Under the program, eligible participants are awarded a deferred incentive generally based on a multiple of their current or most recently completed annual bonus. Awards are typically payable approximately two years following the performance period, subject to continued employment through the payment date.

Compensation expense associated with these awards is recognized over the requisite service period, which corresponds to the deferral period. A corresponding liability is recorded within other long-term liabilities in the consolidated statements of financial position.

As of December 31, 2025 and 2024, Enterprises had accrued liabilities related to this program of $1,095,155 and $1,145,038, respectively, which are included in other long-term liabilities in the accompanying consolidated statements of financial position. Compensation expense recognized related to this program was $364,134 and $313,902 for the years ended December 31, 2025 and 2024, 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.

Note 17. Concentrations of Credit Risk (Continued)

In 2025, 29% of total contribution revenue was received from two donors. In 2024, 70% of total contribution revenues was received from three 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	
	2025	2024
Cash and cash equivalents	$ 62,204,005	$ 72,190,408
Accounts receivable and other receivables, net	2,507,567	3,441,639
Contributions receivable, net	7,099,043	10,688,131
Cash equivalent funds and securities	474,236,784	419,284,781
Inventory	2,035,455	1,740,687
	548,082,854	507,345,646
Less:		
Amounts not due within one year or subject to donor restriction	3,717,696	6,912,067
Amounts subject to donor restriction	436,792,304	397,880,635
Financial assets available to meet cash needs for general expenditures within one year	$ 107,572,854	$ 102,552,944

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 12, the Foundation's endowments are subject to an annual spending rate. During 2025, the spending rate was 4%. A spendable amount estimated to be $18,329,760 will be made available for grantmaking from these endowments during 2026.

Note 19. Subsequent Events

Subsequent events have been evaluated through October 19, 2026, which is the date the consolidated financial statements were available to be issued.

RSM US LLP

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, 2025 and 2024, and have issued our report thereon, which contains an unmodified opinion on those financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

San Antonio, Texas
October 19, 2026

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San Antonio Area Foundation

Consolidating Statement of Financial Position
December 31, 2025

	San Antonio Area Foundation	John L. Santikos Charitable Foundation: Santikos Enterprises, LLC	John L. Santikos Charitable Foundation: Charitable Fund	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 56,308,711	$ 5,631,366	$ 263,928	$ -	$ 62,204,005
Receivables:					
Accounts receivable and other receivables, net	594,027	1,164,266	3,631,833	(2,882,559)	2,507,567
Contributions receivable, net	7,099,043	-	-	-	7,099,043
Total receivables	7,693,070	1,164,266	3,631,833	(2,882,559)	9,606,610
Investments:					
Cash equivalent funds and securities	452,109,830	3,047,650	22,126,954	(3,047,650)	474,236,784
Limited liability companies and partnerships	6,364,669	17,517,266	-	-	23,881,935
Oil and gas interests and other assets	8,504,637	-	-	-	8,504,637
Real estate, leasing and theater operations, net	-	272,161,629	-	-	272,161,629
Total investments	466,979,136	292,726,545	22,126,954	(3,047,650)	778,784,985
Assets held for sale	-	56,253,097	-	-	56,253,097
Prepaid expenses and other assets	718,471	9,061,148	5,665	-	9,785,284
Right of use asset	3,662,258	127,381,771	-	-	131,044,029
Beneficial interest in trusts	195,336,712	-	-	-	195,336,712
Headquarters and equipment, net	361,622	-	-	-	361,622
Goodwill	-	75,842,384	-	-	75,842,384
Tradename	-	6,218,103	-	-	6,218,103
Deferred tax asset	-	-	30,125,445	-	30,125,445
Total assets	$ 731,059,980	$ 574,278,680	$ 56,153,825	$ (5,930,209)	$ 1,355,562,276
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	$ 1,752,931	$ 24,898,316	$ 143	$ (2,882,559)	$ 23,768,831
Deferred revenue	64,791	3,363,780	-	-	3,428,571
Grants and scholarships payable, net	1,881,737	-	492,500	-	2,374,237
Long-term liabilities:					
Line of credit	-	64,720,000	-	-	64,720,000
Operating lease liabilities	3,996,910	130,289,711	-	-	134,286,621
Other long-term liabilities	104,837	1,829,163	-	-	1,934,000
Charitable funds held for the benefit of other organizations	17,714,823	-	-	(3,047,650)	14,667,173
Total liabilities	25,516,029	225,100,970	492,643	(5,930,209)	245,179,433
Net assets:					
Without donor restrictions:					
Designated for reserve fund	10,987,412	-	-	-	10,987,412
Donor advised and other designated funds	260,324,754	-	-	-	260,324,754
Undesignated funds	12,510,416	-	-	-	12,510,416
Member's equity in Santikos Enterprises, LLC	-	349,177,710	-	(349,177,710)	-
Total net assets without donor restrictions and member's equity	283,822,582	349,177,710	-	(349,177,710)	283,822,582
With donor restrictions	421,721,369	-	55,661,182	349,177,710	826,560,261
Total net assets	705,543,951	349,177,710	55,661,182	-	1,110,382,843
Total liabilities and net assets	$ 731,059,980	$ 574,278,680	$ 56,153,825	$ (5,930,209)	$ 1,355,562,276

San Antonio Area Foundation

Consolidating Statement of Activities
Year Ended December 31, 2025

	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:									
Contributions and Grants	$ 61,838,911	$ 13,220,847	$ 75,059,758	$ -	$ -	$ 45,000	$ 45,000	$ (7,630,000)	$ 67,474,758
Contributions of nonfinancial assets	321,765	-	321,765	-	-	-	-	-	321,765
Investment income, net	4,608,272	11,699,159	16,307,431	-	-	12,369,418	12,369,418	(11,681,683)	16,995,166
Net realized and unrealized gains (losses) on investments	22,759,656	7,768,771	30,528,427	-	-	-	-	-	30,528,427
Mineral interest revenue, net	15,086	938,785	953,871	-	-	-	-	-	953,871
Change in value of beneficial interest in trusts	-	6,430,652	6,430,652	-	-	-	-	-	6,430,652
Change in value of gift annuities	(53,982)	(6,140)	(60,122)	-	-	-	-	-	(60,122)
Program revenue	332,120	-	332,120	-	-	-	-	-	332,120
Other income	174,181	7,000	181,181	-	-	-	-	-	181,181
Transfers	1,475,844	-	1,475,844	-	-	-	-	(1,475,844)	-
Net assets released from restriction	21,316,467	(21,316,467)	-	-	725,020	(725,020)	-	-	-
	112,788,320	18,742,607	131,530,927	-	725,020	11,689,398	12,414,418	(20,787,527)	123,157,818
Enterprises:									
Theater box office, concessions and other theater revenue	-	-	-	176,748,899	-	-	176,748,899	-	176,748,899
Rental income	-	-	-	14,413,853	-	-	14,413,853	-	14,413,853
Interest income	-	-	-	230,430	-	-	230,430	-	230,430
Other income	-	-	-	(941,026)	-	-	(941,026)	(206,004)	(1,147,030)
Realized gain on asset disposals, net	-	-	-	3,585,061	-	-	3,585,061	-	3,585,061
	-	-	-	194,037,217	-	-	194,037,217	(206,004)	193,831,213
Total revenues and support	112,788,320	18,742,607	131,530,927	194,037,217	725,020	11,689,398	206,451,635	(20,993,531)	316,989,031

(Continued)

San Antonio Area Foundation

Consolidating Statement of Activities (Continued)
Year Ended December 31, 2025

	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	$ 76,975,360	$ -	$ 76,975,360	$ -	$ 9,912,500	$ -	$ 9,912,500	$ (7,630,000)	$ 79,257,860
Program services	9,294,921	-	9,294,921	-	-	-	-	-	9,294,921
Fundraising	1,067,176	-	1,067,176	-	-	-	-	-	1,067,176
General and administrative	6,582,259	-	6,582,259	-	1,692,546	-	1,692,546	(1,681,848)	6,592,957
Federal and state taxes	(1,676)	-	(1,676)	-	(10,880,026)	-	(10,880,026)	-	(10,881,702)
	93,918,040	-	93,918,040	-	725,020	-	725,020	(9,311,848)	85,331,212
Enterprises:									
Theater and real estate operations	-	-	-	188,770,833	-	-	188,770,833	-	188,770,833
General and administrative	-	-	-	7,390,050	-	-	7,390,050	-	7,390,050
Impairment charges	-	-	-	7,013,297	-	-	7,013,297	-	7,013,297
Income tax	-	-	-	541,772	-	-	541,772	-	541,772
	-	-	-	203,715,952	-	-	203,715,952	-	203,715,952
Total expenses	93,918,040	-	93,918,040	203,715,952	725,020	-	204,440,972	(9,311,848)	289,047,164
Change in net assets	18,870,280	18,742,607	37,612,887	(9,678,735)	-	11,689,398	2,010,663	(11,681,683)	27,941,867
Net assets at beginning of year	264,952,302	402,978,762	667,931,064	370,538,128	-	43,971,784	414,509,912	-	1,082,440,976
Changes to nets assets:									
Contribution to the Foundation	-	-	-	(11,681,683)	-	-	(11,681,683)	11,681,683	-
Net assets at end of year	$ 283,822,582	$ 421,721,369	$ 705,543,951	$ 349,177,710	$ -	$ 55,661,182	$ 404,838,892	$ -	$1,110,382,843