

Financial Statements

As of and for the years ended December 31, 2025 and 2024

Embarcadero Media Foundation

Palo Alto, California

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Embarcadero Media Foundation

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Independent Auditors' Report

To the Board of Directors
Embarcadero Media Foundation
Palo Alto, California

Opinion

We have audited the accompanying financial statements of Embarcadero Media Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Embarcadero Media Foundation as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section in our report. We are required to be independent of Embarcadero Media Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Embarcadero Media Foundation as of December 31, 2024 were audited by other auditors whose report dated March 4, 2026 expressed an unmodified opinion on those statements.

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 Embarcadero Media Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Independent Auditors' Report (continued)

Auditors' 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Identify and assess the risks of material misstatement of the 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 Embarcadero Media 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 Embarcadero Media 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.

Altruic Advisors, CPAs
Certified Public Accountants

Plymouth, Michigan
November 10, 2026

Embarcadero Media Foundation

Statements of Financial Position

December 31	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 549,678**	$ 2,622,159
Investments	**2,067,212**	192,149
Accounts receivable, net of allowance for credit losses of $13,279 and $9,346, respectively	**222,038**	252,707
Other receivables	**28,245**	19,744
Pledges and grants receivable, current	**50,000**	188,101
Prepaid expenses	**61,963**	66,694
Total current assets	**2,979,136**	3,341,554
Property and Equipment		
Furniture and equipment	**39,921**	39,921
Less accumulated depreciation	**(13,730)**	(5,746)
Net property and equipment	**26,191**	34,175
Other Assets		
Pledges and grants receivable, net of current portion	**50,000**	100,000
Right-of-use assets, net	**273,141**	384,406
Security deposits	**13,569**	13,569
Total other assets	**336,710**	497,975
Total assets	**$ 3,342,037**	$ 3,873,704
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	**$ 64,103**	$ 45,415
Accrued payroll expenses	**172,543**	208,442
Grants payable	**4,000**	2,000
Operating lease obligation, current portion	**141,986**	148,255
Deferred subscription revenue and trade credits	**360,310**	492,327
Total current liabilities	**742,942**	896,439
Long-Term Liabilities		
Operating lease obligation, net of current portion	**139,807**	240,901
Total liabilities	**882,749**	1,137,340
Net Assets		
Net assets without donor restrictions	**1,396,057**	1,268,397
Net assets with donor restrictions	**1,063,231**	1,467,967
Total net assets	**2,459,288**	2,736,364
Total liabilities and net assets	**$ 3,342,037**	$ 3,873,704

The accompanying Notes are an integral part of these financial statements

Embarcadero Media Foundation

Statement of Activities

Year ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Operating Revenue			
Community Journalism revenue	$ 3,871,309	$ -	$ 3,871,309
Special event revenue, net of support below	93,697	-	93,697
Special event expenses	(80,349)	-	(80,349)
Total operating revenue	3,884,657	-	3,884,657
Operating Support			
Grants and contributions	1,333,202	656,691	1,989,893
Special event support, net of revenue above	-	67,347	67,347
Net assets released from restrictions			
Expiration of time restrictions	188,101	(188,101)	-
Satisfaction of purpose restrictions	940,673	(940,673)	-
Total operating support	2,461,976	(404,736)	2,057,240
Total operating revenue and support	6,346,633	(404,736)	5,941,897
Operating Expenses			
Program services	4,955,641	-	4,955,641
Supporting services			
General and administrative	1,131,210	-	1,131,210
Fundraising	185,687	-	185,687
Total operating expenses	6,272,538	-	6,272,538
Total operating revenue and support in excess (deficit) of operating expenses	74,095	(404,736)	(330,641)
Other Changes			
Interest and dividend income	41,535	-	41,535
Investment gains	11,530	-	11,530
Other income	500	-	500
Total other changes	53,565	-	53,565
Change in Net Assets	127,660	(404,736)	(277,076)
Net Assets, Beginning of Year	1,268,397	1,467,967	2,736,364
Net Assets, End of Year	$ 1,396,057	$ 1,063,231	$ 2,459,288

The accompanying Notes are an integral part of these financial statements

Embarcadero Media Foundation

Statement of Activities

Year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Operating Revenue			
Community Journalism revenue	$ 4,220,849	$ -	$ 4,220,849
Special event revenue, net of support below	118,354	-	118,354
Special event expenses	(80,909)	-	(80,909)
Total operating revenue	4,258,294	-	4,258,294
Operating Support			
Grants and contributions	1,221,841	1,460,731	2,682,572
Other in-kind contributions	93,600	-	93,600
Net contribution of cash and noncash assets from Embarcadero Media, Inc. (see Note 9)	494,365	-	494,365
Special event support, net of revenue above	-	61,236	61,236
Net assets released from restrictions			
Expiration of time restrictions	402,389	(402,389)	-
Satisfaction of purpose restrictions	697,821	(697,821)	-
Total operating support	2,910,016	421,757	3,331,773
Total operating revenue and support	7,168,310	421,757	7,590,067
Operating Expenses			
Program services	5,153,944	-	5,153,944
Supporting services			
General and administrative	990,273	-	990,273
Fundraising	47,363	-	47,363
Total operating expenses	6,191,580	-	6,191,580
Total operating revenue and support in excess of operating expenses	976,730	421,757	1,398,487
Other Changes			
Interest income	26,106	-	26,106
Total other changes	26,106	-	26,106
Change in Net Assets	1,002,836	421,757	1,424,593
Net Assets, Beginning of Year	265,561	1,046,210	1,311,771
Net Assets, End of Year	$ 1,268,397	$ 1,467,967	$ 2,736,364

The accompanying Notes are an integral part of these financial statements

Embarcadero Media Foundation

Statement of Functional Expenses

Year ended December 31, 2025

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising	Total Expenses
Salaries	$ 2,248,350	$ 514,166	$ 125,565	$ 2,888,081
Payroll taxes	173,425	38,738	9,403	221,566
Employee benefits	246,563	99,408	-	345,971
Total personnel costs	2,668,338	652,312	134,968	3,455,618
Holiday fund grants	1,228,774	-	-	1,228,774
Printing and mailing	729,258	388	448	730,094
Occupancy	11,908	124,938	29,085	165,931
Subscriptions and dues	17,811	127,227	9,043	154,081
Repairs and maintenance	76,840	37,181	2,436	116,457
Freelance contributors	112,547	-	-	112,547
Professional services	9,977	76,439	-	86,416
Advertising and promotions	46,510	19,055	5,290	70,855
Office expenses	13,239	37,684	621	51,544
Insurance	16,982	19,964	559	37,505
Meals and entertainment	8,779	20,213	3,167	32,159
Auto and gas expense	6,147	2,073	70	8,290
Depreciation	-	7,984	-	7,984
Credit loss expense	7,605	-	-	7,605
Miscellaneous expense	-	5,476	-	5,476
Information technology	484	187	-	671
Equipment rental expense	442	-	-	442
Conferences and meetings	-	89	-	89
Total expenses	$ 4,955,641	$ 1,131,210	$ 185,687	$ 6,272,538

The accompanying Notes are an integral part of these financial statements

Embarcadero Media Foundation

Statement of Functional Expenses

Year ended December 31, 2024

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising	Total Expenses
Salaries	$ 2,512,813	$ 535,372	$ 18,091	$ 3,066,276
Payroll taxes	194,334	41,404	1,399	237,137
Employee benefits	251,345	53,551	1,810	306,706
Total personnel costs	2,958,492	630,327	21,300	3,610,119
Holiday fund grants	1,100,210	-	-	1,100,210
Printing and mailing	739,994	455	-	740,449
Occupancy	40,839	77,461	19,056	137,356
Repairs and maintenance	76,326	47,035	-	123,361
Freelance contributors	118,948	-	-	118,948
Subscriptions and dues	14,995	99,432	49	114,476
Advertising and promotions	52,840	2,589	3,765	59,194
Professional services	9,476	44,083	-	53,559
Office expenses	19,209	30,814	309	50,332
Insurance	-	38,716	-	38,716
Meals and entertainment	15,952	11,204	2,884	30,040
Auto and gas expense	4,375	2,208	-	6,583
Depreciation	-	5,746	-	5,746
Conferences and meetings	1,051	-	-	1,051
Information technology	804	-	-	804
Equipment rental expense	433	203	-	636
Total expenses	$ 5,153,944	$ 990,273	$ 47,363	$ 6,191,580

The accompanying Notes are an integral part of these financial statements

Embarcadero Media Foundation

Statements of Cash Flows

Increases (Decreases) in Cash and Cash Equivalents

Years ended December 31	2025	2024
Cash Flows From Operating Activities		
Change in net assets	**$ (277,076)**	$ 1,424,593
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	**7,984**	5,746
Donated property and equipment	**-**	(25,000)
Investment gains	**(11,530)**	-
Lease amortization	**3,902**	4,750
Increase (decrease) from changes in assets and liabilities		
Accounts receivable	**30,669**	(254,030)
Other receivables	**(8,501)**	(19,744)
Pledges and grants receivable	**188,101**	114,288
Prepaid expenses	**4,731**	(65,371)
Security deposits	**-**	(13,569)
Accounts payable and accrued expenses	**18,688**	71,715
Accrued payroll expenses	**(35,899)**	182,142
Grants payable	**2,000**	2,000
Deferred subscription revenue and trade credits	**(132,017)**	492,327
Net cash provided (used) by operating activities	**(208,948)**	1,919,847
Cash Flows From Investing Activities		
Purchases of property and equipment	**-**	(14,921)
Purchases of investments	**(1,863,533)**	(192,149)
Net cash used by investing activities	**(1,863,533)**	(207,070)
Net Increase (Decrease) in Cash and Cash Equivalents	**(2,072,481)**	1,712,777
Cash and Cash Equivalents, Beginning of Year	**2,622,159**	909,382
Cash and Cash Equivalents, End of Year	**$ 549,678**	$ 2,622,159
Noncash Investing Activities		
Right-of use asset acquired through an operating lease	**$ -**	$ 421,233

The accompanying Notes are an integral part of these financial statements

Embarcadero Media Foundation

Notes to Financial Statements

As of and for the years ended December 31, 2025 and 2024

Note 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization. Embarcadero Media Foundation ("the Foundation") is a California nonprofit organization founded in 2020 and located in Palo Alto, California. Its purpose is to enhance the quality of life and public engagement in the San Francisco Bay Area by supporting accurate and professional local news coverage of the region, increasing in-depth and investigative reporting, and providing grants to nonprofit organizations that address social and human service needs within their communities. The Foundation's major sources of revenue and support are primarily derived from community journalism, advertising income, grants, and contributions.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting. The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents. Cash consists of checking and savings accounts held at financial institutions. For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents.

Investments. The Foundation's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation's management determines the valuation policies utilizing information provided by the investment advisors and custodians. See *Fair Value Measurements.*

Unrealized gains and losses, if any, are calculated since the most recent financial statement reporting date. In the year that an investment is sold, unrealized gains and losses are calculated from the most recent financial statement reporting date through the date of sale. Therefore, realized gains and losses are generally not reported. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value Measurements. The Foundation reports using fair value measurements, which requires enhanced disclosures about investments that are measured and reported at fair value and establishes a 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 the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Fair Value Measurements (continued).

Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or 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 to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's 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 measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Money Markets. The Foundation values money market funds at the daily closing price reported by the fund. These investments are registered with the SEC and are required to publish their daily net asset value and to transact at that price.

Treasury Bills. The Foundation values treasury bills with readily determinable market values at fair value as determined by quoted prices on national securities exchanges valued at the closing price on the last business day of the fiscal year.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at December 31, 2025 and 2024.

In general, investments are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Accounts Receivable. Accounts receivable consists primarily of amounts due from advertising revenue. Accounts receivable is presented net of an allowance for credit losses, which represents management's estimate of amounts that may not be collectible. Under Accounting Standards Update ("ASU") 2025-05 - *Financial Instruments-Credit Losses* (Topic 326): *Measurement of Credit Losses for Accounts Receivable and Contract Assets*, the Foundation has elected to apply the practical expedient which allows the assumption that current conditions remain unchanged over the remaining life of current accounts receivable and that a subsequent collections policy may be adopted to account for subsequent collections when determining this estimate. In applying this practical expedient, management has adopted a subsequent collections policy that applies consistent cut-off date procedures that consider subsequent collections through the date at which the accompanying financial statements are available for release. As of December 31, 2025 and 2024, the Foundation has recorded an allowance for credit losses of $13,279 and $9,346, respectively, utilizing the aforementioned allowance methods (see Note 3).

Pledges and Grants Receivable. Promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The Foundation records promises to give that are expected to be collected within one year at a net realizable value. Promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating a risk-adjusted discount rate intended to reflect assumptions market participants would use in pricing the asset. Promises to give are stated net of an allowance for uncollectible accounts. Management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to the allowance account based on its assessment of the current status of individual promises to give. Balances still outstanding after management has used reasonable collection efforts are written off through a reduction to the allowance account and a corresponding reduction to the receivable account. Management has determined that all promises to give are fully collectible and, therefore, has not recorded an allowance for doubtful accounts as of December 31, 2025 and 2024.

Prepaid Expenses. Prepaid expenses consist of payments made in advance for services to be received in future periods, including rent, insurance, and other services.

Property and Equipment. It is the Foundation's policy to capitalize property and equipment at cost for purchases over $1,000, while repair and maintenance items are charged to expense. Donations of property and equipment are capitalized at their estimated fair value at the date of gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, which is generally five to seven years for furniture, fixtures, and equipment. Depreciation expense totaled $7,984 and $5,746 for the years ended December 31, 2025 and 2024, respectively.

Impairment of Long-Lived Assets. In the event that facts and circumstances indicate that property and equipment or other assets may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the years ended December 31, 2025 and 2024.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Right-of-Use Assets and Leases. The Foundation determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") lease assets, current portion of lease obligations, and long-term lease obligations on the Foundation's statements of financial position. ROU lease assets represent the Foundation's right to use an underlying asset for the lease term, and lease obligations represent the Foundation's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. The Foundation's lease does not provide an implicit rate; therefore, the Foundation uses a US Treasury long-term borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The ROU lease asset also includes any lease payments made and excludes lease incentives. The Foundation's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Basis of Net Asset Presentation. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions. Net assets resulting from revenues generated, receiving contributions that have no donor stipulations, providing services, and receiving interest and other income less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions. Net assets resulting from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated net assets until the donor restriction expires, that is, until the stipulated time restriction ends or the purpose restriction is accomplished.

Revenue Recognition.

Community Journalism. Program revenue from the Foundation's Community Journalism program consists principally of fees from print and online advertising, sponsorships, and subscriptions to the Foundation's newspapers and websites. Print and online advertising revenue is recognized as of the publication date.

Revenue received in advance for newspaper subscriptions is recorded as deferred subscription revenue and recognized ratably over the subscription or membership period, which is generally one year. Deferred subscription revenue was $245,913 and $255,492 at December 31, 2025 and 2024, respectively.

Revenue received in advance for print and online advertising is recorded as trade credits and recognized as revenue upon satisfaction of the related performance obligations. Trade credits were $114,397 and $236,835 at December 31, 2025 and 2024, respectively.

Transaction Price. The transaction price of a contract with a customer is the amount of consideration to which the Foundation expects to be entitled in exchange for transferring promised goods and services to the customer.

For the years ended December 31, 2025 and 2024, the Foundation recognized revenue of $3,871,309 and $4,220,849, respectively, from goods and services that transfer to the customer over time.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Revenue Recognition (continued).

Contract Balances. The following table provides information about the Foundation's receivables and contract liabilities from contracts with customers at December 31:

	2025	2024
Accounts receivable, net, beginning of year	**$ 252,707**	$ 124,171
Accounts receivable, net, end of year	**$ 222,038**	$ 252,707
Deferred revenue, beginning of year	**$ 492,327**	$ 496,663
Deferred revenue, end of year	**$ 360,310**	$ 492,327

The Foundation’s contracts do not include significant financing components.

Grants and Contributions. Grants and contributions are recognized when the donations are received. Donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Grants and contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support.

Contributed Goods and Services. Contributed items are recorded at fair market value at the time of donation. Contributed services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Certain other volunteer services are not recorded in these financial statements as they do not meet the criteria for recognition.

Advertising. The Foundation expenses advertising costs, including donated advertising, as incurred. Advertising expense for the years ended December 31, 2025 and 2024 was $70,855 and $59,194, respectively.

Functional Allocation of Expenses. Direct expenses have been allocated to the applicable program for which the expenses were incurred. Indirect expenses have been allocated between program and supporting services based on an analysis of personnel time and space utilized for the related activities.

Income Taxes. The Foundation is a nonprofit corporation exempt from income taxes as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. The Foundation is subject to unrelated business income tax on its advertising income and alcohol and foods sales. No other provision for income taxes has been made. The Foundation is subject to examination by the IRS for returns covering the last three years and by the State of California taxing jurisdictions for returns covering the last four years. The Foundation believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Reclassifications. Certain amounts from the prior year financial statements have been reclassified to conform to the current year presentation without affecting net assets as of December 31, 2024.

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Subsequent Events. The Foundation evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through November 10, 2026, the date at which the financial statements were available to be issued.

Note 2 – Fair Value Measurements

The following table summarizes the Foundation's fair value of assets measured on a recurring basis, by fair value hierarchy as of December 31, 2025:

	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**$ 2,067,212**	**$ -**	**$ -**	**$ 2,067,212**

The following table summarizes the Foundation's fair value of assets measured on a recurring basis, by fair value hierarchy as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Treasury bills	$ 14,230	$ -	$ -	$ 14,230
Cash and cash equivalents	177,919	-	-	177,919
Total assets at fair value	$ 192,149	$ -	$ -	$ 192,149

Changes in Fair Value Levels. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. The Foundation evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2025 and 2024, there were no significant transfers in or out of fair value levels.

Net investment earnings consisted of the following for the years ended December 31:

	2025	2024
Investment gains	**$ 11,530**	$ -
Interest and dividend income	**41,535**	26,106
	$ 53,065	$ 26,106

Note 3 – Allowance for Credit Losses

Changes to the allowance for credit losses were as follows at December 31:

	2025	2024
Allowance for credit losses, beginning of year	**$ 9,346**	$ 9,346
Write-offs, net of recoveries	**(3,672)**	-
Increase in the allowance for credit losses	**7,605**	-
Allowance for credit losses, end of year	**$ 13,279**	$ 9,346

Note 3 – Allowance for Credit Losses (continued)

Write-offs during the years ended December 31, 2025 and 2024 were primarily related to uncollectible balances resulting from nonpayment of advertising income.

Note 4 – Pledges and Grants Receivable

Pledges and grants receivable are expected to be collected as follows at December 31:

	2025	2024
Due within one year	**$ 50,000**	$ 188,101
Due within one to five years	**50,000**	100,000
	$ 100,000	$ 288,101

Pledges and grants receivable are measured in the aggregate using present value techniques that consider historical trends of collections similar to other fundraising activities, the type of donor, general economic conditions, and market interest rate assumptions. The noncurrent portion of grants and pledges receivable relates to the estimated fair market value of grants and pledges receivable as of December 31, 2025 and 2024, at which time a present value discount rate of 5.0% was used. The total present value discount was deemed immaterial to the financial statements as of December 31, 2025 and 2024 and, therefore, was not recorded in the statements of financial position.

Note 5 – Right-of-Use Assets

Right-of-use assets consisted of the following at December 31:

	2025	2024
Right-of-use assets under operating leases (office space)	**$ 421,233**	$ 421,233
Less accumulated amortization	**(148,092)**	(36,827)
Net right-of-use assets	**$ 273,141**	$ 384,406

Note 6 – Commitments

Operating lease obligations consisted of the following at December 31:

	2025	2024
Operating lease agreement for office space; current monthly payment of $12,051, 36-month lease term; expires November 2027	**$ 263,248**	$ 381,839
Operating lease agreement for office space; current monthly payment of $966, 24-month lease term; expires August 2027	**18,545**	7,317
Total, net of unamortized present value discount, carried to the next page	**$ 281,793**	$ 389,156

Note 6 – Commitments (continued)

Total, net of unamortized present value discount, carried from the previous page	**$ 281,793**	$ 389,156
Less current portion	**(141,986)**	(148,255)
Operating lease obligations, net of current portion, net of unamortized present value discount	**$ 139,807**	$ 240,901
Weighted average discount rate at December 31	**6.75%**	6.75%
Weighted average remaining lease term at December 31	**1.9 years**	2.9 years

Future annual minimum lease payments under the operating leases are as follows at December 31:

Year Ended December 31	Lease obligation	Unamortized present value discount	Net of unamortized discount
2026	$ 156,682	$ (14,696)	$ 141,986
2027	144,503	(4,696)	139,807
Total	$ 301,185	$ (19,392)	$ 281,793

Total annual lease expense recognized for operating leases was $156,528 during each of the years ended December 31, 2025 and 2024.

Note 7 – Net Assets with Donor Restrictions

The following summarizes the balances of net assets with donor restrictions at December 31, 2025:

	January 1, 2025	**Additions**	**Releases**	**December 31, 2025**
Time restrictions:				
Promises to give	**$ 288,101**	**$ -**	**$ 188,101**	**$ 100,000**
Purpose restrictions:				
The Holiday Fund	**1,179,866**	**724,038**	**940,673**	**963,231**
	$ 1,467,967	**$ 724,038**	**$ 1,128,774**	**$ 1,063,231**

The following summarizes the balances of net assets with donor restrictions at December 31, 2024:

	January 1, 2024	Additions	Releases	December 31, 2024
Time restrictions:				
Promises to give	$ 402,389	$ 288,101	$ 402,389	$ 288,101
Purpose restrictions:				
The Holiday Fund	643,821	1,233,866	697,821	1,179,866
	$ 1,046,210	$ 1,521,967	$ 1,100,210	$ 1,467,967

Note 8 – Special Events

The Foundation derived net revenue and support from their Moonlight Run event during the years ended December 31:

	2025	2024
Sponsorships and donations	**$ 67,347**	$ 61,236
Entry fees	**93,697**	118,354
Direct costs	**(80,349)**	(80,909)
Net revenue and support	**$ 80,695**	$ 98,681

Note 9 – Donation of Business Assets and Liabilities

On January 1, 2024, Embarcadero Media, Inc., a for-profit corporation, donated certain business assets and transferred related liabilities to the Foundation. The donation included cash, receivables, prepaid expenses, deposits, and property and equipment, and the assumption of accounts payable, deferred revenue, accrued payroll and compensated absences. The donation was accounted for as a contribution in accordance with accounting principles generally accepted in the United States of America

The assets and liabilities donated were measured at their estimated fair values as of the date of donation. Fair value was determined using the net asset value method and the net assets transferred. The following table summarized the fair values of the assets and liabilities transferred at January 1, 2024:

Assets and liabilities:	
Cash	$ 774,984
Accounts receivable, net	307,212
Other receivables	9,620
Prepaid expenses and other assets	10,637
Deposits	16,869
Property and equipment	25,000
Accounts payable and accrued expenses	(30,412)
Accrued payroll and compensated absences	(141,605)
Deferred subscription revenue and trade credits	(477,940)
Net amount	$ 494,365

The Foundation received donated property and equipment, which were valued at fair value based on the retail value of similar items available for purchase in the Palo Alto area.

Note 10 – Related Parties

For the year ended December 31, 2024, Embarcadero Media, Inc. was considered a related party due to common board members and significant influence. The donation of business assets and liabilities to the Foundation was at fair value and no consideration was exchanged. As of the year ended December 31, 2025, Embarcadero Media, Inc. had been dissolved

In 2024, Embarcadero Media, Inc. provided the Foundation with a rent concession for the use of its office space. The rent concession was recorded as an in-kind contribution of $93,600 for the year ended December 31, 2024.

Note 11 – Other in-kind contributions

In-kind contributions are as follows for the year ended December 31, 2024.

		Usage
Rent (see Note 10)	$ 93,600	General operations

The Foundation received donated facilities were valued using a “like-kind” methodology based on the fair value of similar-sized facilities in the Palo Alto area. No in-kind contributions were donor-restricted.

There were no in-kind donations for the year ended December 31, 2025.

Note 12 – Retirement Plan

The Foundation sponsors a defined contribution plan (the "Plan") under IRS Section 403(b) for its employees. Eligible employees age 21 and older can begin participating in the Plan at the start of their employment. The Foundation may make discretionary matching contributions each plan year. The Foundation made no matching contributions to the Plan during the years ended December 31, 2025 and 2024.

Note 13 – Collective Bargaining Agreement and Subsequent Event

Subsequent to the year ended December 31, 2025, the Foundation finalized a collective bargaining agreement with Pacific Media Workers Guild. The Foundation has not yet determined the effect of the agreement on its future financial position, results of operations, or cash flows, and an estimate of that effect cannot be made at this time.

Note 14 – Liquidity and Availability of Resources

The Foundation receives significant contributions and promises to give that are restricted by donors and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Foundation works to structure its financial assets to be available as general expenditures and other obligations become due.

Note 14 – Liquidity and Availability of Resources (continued)

The Foundation's financial assets available for general expenditures within one year are as follows at December 31:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	**$ 549,678**	$ 2,622,159
Investments	**2,067,212**	192,149
Accounts receivable, net of allowance for credit losses	**222,038**	252,707
Other receivables	**28,245**	19,744
Promises to give	**100,000**	288,101
	2,967,173	3,374,860
Less amounts not available to be used within one year:		
Grants and contributions receivables - due after one year	**(50,000)**	(100,000)
Financial assets available for general expenditures within one year	**$ 2,917,173**	$ 3,274,860

All of the Foundation's net asset restrictions are generally released within the next fiscal year, with the exception of donor pledges for long-term purposes. The Foundation anticipates that all net asset restrictions as of December 31, 2025, other than donor pledges for long-term purposes, will be fully released during the next fiscal year.

Note 15 – Concentrations

Bank Deposits. At certain times during the years ended December 31, 2025 and 2024, the Foundation maintained cash balances in excess of federally insured limits. Management believes the risk of loss on these amounts is minimal.

Receivable Concentration. Approximately 42% of all receivables consisted of amounts due from one payor and one donor for the year ended December 31, 2025. Approximately 36% of receivables consisted of amounts due from two donors for the year ended December 31, 2024.

Geographical. The Foundation receives a substantial amount of its operating revenue and support from within the San Francisco Bay Area. The effects of this concentration on the financial statements have not been determined.