

THE SOBRATO FAMILY FOUNDATION

DECEMBER 31, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

The Sobrato Family Foundation

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A Century Strong

Independent Auditors' Report

THE BOARD OF DIRECTORS
THE SOBRATO FAMILY FOUNDATION
Mountain View, California

Opinion

We have audited the financial statements of **THE SOBRATO FAMILY FOUNDATION (the Foundation)** which comprise the statement of financial position as of December 31, 2021 and 2020, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to 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, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 for one year from the date of this report.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Hood & Strong LLP

San Jose, California
May 3, 2022

The Sobrato Family Foundation

Statement of Financial Position

<i>December 31,</i>	2021	2020
Assets		
Cash and cash equivalents	\$ 22,472,453	\$ 42,340,824
Investments	687,010,761	538,871,605
Property held for sale	64,975,000	4,935,801
Program and mission related investments, net	37,283,832	24,772,132
Other assets	214,407	1,708,747
Total assets	\$ 811,956,453	\$ 612,629,109
Liabilities and Net Assets		
Liabilities:		
Grants payable, unconditional	\$ 13,930,863	\$ 8,953,260
Other liabilities	4,394,178	2,557,027
Total liabilities	18,325,041	11,510,287
Net Assets Without Donor Restrictions	793,631,412	601,118,822
Total net assets	793,631,412	601,118,822
Total liabilities and net assets	\$ 811,956,453	\$ 612,629,109

See accompanying notes to financial statements.

The Sobrato Family Foundation

Statement of Activities and Changes in Net Assets

<i>Years Ended December 31,</i>	2021	2020
Investment activity, contributions and other revenues:		
Investment income, net	\$ 97,829,543	\$ 116,255,270
Contributions	97,500,000	
Contributions of property held for sale	59,800,000	
Gain on sale of property held for sale	239,199	38,123,571
Contributed services	1,682,071	1,719,743
Program related fees		541,084
Investment income, program and mission related investments, net	4,720,110	716,757
Other income (loss)	35,696	(2,241,299)
Total investment activity, contributions and other revenues	261,806,619	155,115,126
Program expenses:		
Silicon Valley essential human services	10,232,573	13,758,434
Silicon Valley economic opportunity	10,712,841	7,273,765
English learner program	8,409,675	13,900,519
Nonprofit and program support	4,734,823	64,259,954
Family initiatives and new opportunities	29,942,881	33,979,653
Total program expenses	64,032,793	133,172,325
Management and general	5,261,236	5,903,866
Total expenses	69,294,029	139,076,191
Change in net assets	192,512,590	16,038,935
Net Assets Without Donor Restrictions, beginning of year	601,118,822	585,079,887
Net Assets Without Donor Restrictions, ending of year	\$ 793,631,412	\$ 601,118,822

See accompanying notes to financial statements.

The Sobrato Family Foundation

Statement of Functional Expenses

Year Ended December 31, 2021

	Programs						Management and General	Total
	Silicon Valley Essential Human Services	Silicon Valley Economic Opportunity	English Learner Program	Nonprofit and Program Support	Family Initiatives and New Opportunities	Total Program		
Grants	\$ 9,829,350	\$ 10,139,500	\$ 7,490,000	\$ 4,044,208	\$ 29,561,333	\$ 61,064,391		\$ 61,064,391
Salary, benefits and payroll taxes	323,210	401,130	603,550		236,028	1,563,918	\$ 1,510,532	3,074,450
Outside services	76,013	170,841	285,931	132,566	139,657	805,008	1,125,195	1,930,203
Facilities		665	5,477	8,946	945	16,033	99,507	115,540
In-kind services							2,296,727	2,296,727
Other expenses	4,000	705	24,717	549,103	4,918	583,443	229,275	812,718
	\$ 10,232,573	\$ 10,712,841	\$ 8,409,675	\$ 4,734,823	\$ 29,942,881	\$ 64,032,793	\$ 5,261,236	\$ 69,294,029

See accompanying notes to financial statements.

The Sobrato Family Foundation

Statement of Functional Expenses

Year Ended December 31, 2020

	Programs						Management and General	Total
	Silicon Valley Essential Human Services	Silicon Valley Economic Opportunity	English Learner Program	Nonprofit and Program Support	Family Initiatives and New Opportunities	Total Program		
Grants	\$ 13,496,750	\$ 6,957,500	\$ 12,600,000	\$ 63,647,592	\$ 33,504,400	\$ 130,206,242		\$ 130,206,242
Salary, benefits and payroll taxes	259,999	204,757	445,398	114,899	90,689	1,115,742	\$ 1,581,121	2,696,863
Outside services		110,880	834,590	443,752	89,601	1,478,823	1,036,390	2,515,213
Facilities	475		2,146	950	8,475	12,046	845,714	857,760
Depreciation			47,459			47,459		47,459
In-kind services							2,242,259	2,242,259
Other expenses	1,210	628	18,385	5,302	286,488	312,013	198,382	510,395
	\$ 13,758,434	\$ 7,273,765	\$ 13,947,978	\$ 64,212,495	\$ 33,979,653	\$ 133,172,325	\$ 5,903,866	\$ 139,076,191

See accompanying notes to financial statements.

The Sobrato Family Foundation

Statement of Cash Flows

<i>Years Ended December 31,</i>	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	\$ 192,512,590	\$ 16,038,935
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense		47,459
Net realized and unrealized gains on investments	(93,265,339)	(111,957,157)
Gain on sale of property held for sale	(239,199)	(38,123,571)
Net realized and unrealized loss in connection with property held for sale		7,079,179
Donation of property and equipment		19,876,429
Changes in operating assets and liabilities:		
Property held for sale	(59,800,000)	302,242,341
Program and mission related investments, net	(12,511,700)	1,109,703
Other assets	1,494,340	(1,263,290)
Grants payable, unconditional	4,977,603	2,185,542
Future in-kind rent obligations		(5,931,520)
Other liabilities	1,837,151	697,758
Net cash provided by operating activities	35,005,446	192,001,808
Cash Flows from Investing Activities:		
Proceeds from sales of investments	189,800,494	71,284,954
Acquisition of investments	(244,674,311)	(233,174,495)
Net cash used by investing activities	(54,873,817)	(161,889,541)
Net Change in Cash and Cash Equivalents	(19,868,371)	30,112,267
Cash and Cash Equivalents, beginning of the year	42,340,824	12,228,557
Cash and Cash Equivalents, end of year	\$ 22,472,453	\$ 42,340,824
Supplementary Disclosure of Cash Flows Information:		
Cash paid during the year for excise taxes	\$ 620,162	\$ 2,970,073

See accompanying notes to financial statements.

The Sobrato Family Foundation

Notes to Financial Statements

Note 1 - Organization:

The Sobrato Family Foundation (the “Foundation”) is a private foundation established by the Sobrato family and incorporated in California on January 27, 1993, as a nonprofit public benefit corporation. The mission is to partner with communities to meet immediate needs, address systemic barriers, and pursue social justice to build a more equitable and sustainable world. Guided by the business philosophy and personal values of the Sobrato family, three generations engage in grantmaking, impact investing, and collaborative efforts to create impact locally and around the world.

The Foundation provides strategic and responsive grants, program related investments, multi-year general operating support grants, and pursues special initiatives that align with its mission.

The Foundation’s five active programs are:

1. Silicon Valley Essential Human Services – Focused on providing flexible support for Silicon Valley-based nonprofits that address basic needs, promote self-reliance and economic independence, and positively contribute to the quality of life for those in our region facing deep challenges, including responsive funding to support those affected by regional disasters such as wildfires.
2. Silicon Valley Economic Opportunity – Focused on expanding access to small business and entrepreneurship opportunities, middle-skill jobs, college completion, and career potential to increase economic mobility for low-income individuals, first generation college students, and families so they can actively participate in and contribute to a vibrant Silicon Valley across multiple generations.
3. English Learner Program – Focused on improving educational outcomes for low-income and English Learner students currently in persistently underperforming schools, enabling students of all backgrounds to pursue higher academic achievement as a means to economic self-sufficiency.
4. Nonprofit and Program Support – Focused on increasing the effectiveness, scalability, and systemic impact of our nonprofit partners, and supporting the development of high-quality nonprofit leaders; includes activities that support all of the program areas.
5. Family Initiatives and New Opportunities – Focused on individual and collaborative investments in areas of interest to family members as well as new areas of collective grantmaking that have not been established as formal programs.

The Sobrato Family Foundation

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Accounting

The financial statements of the Foundation 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).

b. Description of Net Assets

The Foundation reports its financial position and operating activities in two classes of net assets:

- *Net Assets Without Donor Restrictions* - the portion of net assets that is not restricted by donor-imposed stipulations. These net assets are intended for the use of the Foundation by its management and Board of Directors.
- *Net Assets With Donor Restrictions* - the portion of net assets for which use is limited by donor-imposed stipulations. The Foundation's net assets with donor restrictions are temporary in nature that either expire by passage of time or can be fulfilled and removed by actions of the Foundation. As of December 31, 2021 and 2020, the Foundation did not have any net assets with donor restrictions.

c. Cash and Cash Equivalents

Cash and cash equivalents consist of cash and money market funds. The Foundation considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

d. Investments and Related Income

Investments consist primarily of marketable public equity securities, absolute return investments and private equity funds. The Foundation maintains an investment policy that is approved by the Board of Directors. The investment policy establishes procedures for the selection, approval and monitoring of investments as well as concentration limits and asset allocation targets for portfolio holdings. Foundation investments are diversified across multiple asset classes and investment approaches to generate returns and mitigate risks, using liquid and illiquid investment vehicles. Marketable securities include domestic and international equities and are invested in all major regions and industry sectors. Absolute return investments seek positive risk adjusted returns that are not correlated to the public equity markets. Private equity fund investments are invested in a range of private equity asset classes, primarily in U.S.-based funds.

The Sobrato Family Foundation

Notes to Financial Statements

Investments are stated at their fair value based on quoted market prices, except for alternative investments. For those investments that are not publicly traded, their value is recorded at the Foundation's ownership percentage of the net asset value (NAV) determined by individual investment managers and as reported by the Foundation's investment advisors. The year-end investment advisor's reporting is typically one quarter in arrears; however, the Foundation makes adjustments for known material transactions which have occurred subsequent to the investment advisor's report. Due to the inherent uncertainty of valuation of non-marketable and restricted investments, those estimated values may differ significantly from the values that would have been recorded had an active market existed for those investments.

Realized and unrealized gains or losses are included in the statement of activities and changes in net assets in the period the gains or losses occur. Dividend and interest income is accrued when earned.

e. Fair Value Measurements

The Foundation classifies its financial assets and liabilities measured at fair value on a recurring basis based on a fair value hierarchy with three levels of inputs (as described below). Fair value is defined as 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.

Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Foundation's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

The Foundation reports certain investments using the NAV per share method under a practical expedient which allows NAV per share to represent fair value for reporting purposes when the criteria for using this method are met.

f. Property Held for Sale

Property held for sale represents land and buildings donated to the Foundation, which the Foundation intends to sell in the short term. Property is carried at the lower of cost or the estimated fair value, less expected sales cost.

g. Program and Mission Related Investments

Program and mission related investments are recorded at fair value. Additionally, the Foundation records a contribution expense for the difference between the stated interest rate on the notes and the Current U.S. Federal Prime Rate. This difference is amortized over the term of the notes.

The Sobrato Family Foundation

Notes to Financial Statements

h. Grants Payable

Unconditional grants are recorded when approved. Conditional grants are not recorded until the performance barriers are substantially met. Unconditional multi-year grants are recorded at their net present value. A discount rate appropriate for the year the grant was approved is used if material to the financial statements. Grant amendments, including cancellations, are recorded as increases or decreases of grant expense in the year of the amendment.

i. Revenue Recognition

Contributions are recognized at their fair value when the donor makes an unconditional promise to give. Contributions that are restricted by the donor are reported as increases to net assets without donor restrictions if the restrictions are met in the year the contribution is recognized. Contributions that are restricted by the donor and the restrictions have not been met during the year in which the contribution is recognized, are recorded as increases in net assets with donor restrictions and, when the restriction is met, then reclassified to net assets without donor restrictions and reported on the statement of activities and changes in net assets as net assets released from restrictions.

Donated property held for sale is recorded at fair value, less the expected sales cost.

Contributed services, which require a specialized skill and which the Foundation would have paid for if not contributed, are recorded at their estimated fair market value. All such in-kind contributions received during 2021 and 2020 are from related parties.

Program fees are recognized in the period the services are provided.

j. Functional Expense Allocations

The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Payroll related expenses are allocated based on the estimated time spent by each employee. All other expenses are charged directly to the program or supporting service.

k. Income Taxes

The Foundation is exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and under Section 23701(d) of the California Revenue and Taxation Code, respectively. The Foundation is classified as a private foundation and is subject to excise tax on its net investment income and may be subject to tax on unrelated business income, if any, generated by its investments. Deferred taxes on unrealized gains are recorded when material.

The Sobrato Family Foundation

Notes to Financial Statements

Management has evaluated the Foundation's tax positions and concluded that the Foundation has maintained its tax-exempt status and had not taken any uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

l. Use of Estimates

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

m. Subsequent Events

The Foundation evaluated subsequent events from December 31, 2021 through May 3, 2022, the date these financial statements were available to be issued. Except as mentioned in Note 5, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

Note 3 - Liquid Assets:

The Foundation's financial assets that are available to meet general expenditures over the next twelve months are as follows as of December 31:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 22,472,453	\$ 42,340,824
Investments	687,010,761	538,871,605
Program and mission related investments, net	37,283,832	24,772,132
Expected proceeds from property held for sale	55,300,000	
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Total financial assets	802,067,046	605,984,561
Less amounts not available to be used within one year:		
Noncurrent portion of program and mission related investments, net	(33,277,300)	(24,572,132)
Private equity funds, included in investments	(41,959,655)	(37,185,438)
Hedge fund subject to lock-up period	(97,205,759)	
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Financial assets available to meet general expenditures over the next twelve months	\$ 629,624,332	\$ 544,226,991

The Sobrato Family Foundation

Notes to Financial Statements

The Foundation's goal is to maintain financial assets to meet all grant and operating needs. As financial obligations become due, investments are liquidated.

Note 4 - Investments:

Investments consisted of the following as of December 31:

	2021	2020
Marketable securities - Level 1 input	\$ 532,188,524	\$ 489,421,207
Private equity - net asset value (a)	41,959,655	37,185,438
Hedge fund - net asset value (b)	112,862,582	12,264,960
Total alternative investments	154,822,237	49,450,398
Total investments	\$ 687,010,761	\$ 538,871,605

- a) This category includes private equity funds that focus on buyout, growth equity and/or distressed debt. There were thirty-five and thirty-three individual funds in 2021 and 2020, respectively. These investments are not redeemable. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the fund. These investments have estimated remaining lives of between two and twelve years.
- b) This is an investment in a hedge fund that invests in both long and short positions primarily in public and private equity, commodities, and credit instruments. Management of the hedge fund has the ability to shift investments across geographies and asset types, but maintains a mix of long and short positions while doing so. As of December 31, 2021, \$97,205,759 of the fund was subject to a 2 year lock-up period expiring at various points in 2023.

The Sobrato Family Foundation

Notes to Financial Statements

Investment income net of investment expenses consisted of the following for the years ended December 31:

	2021	2020
Realized gains, net	\$ 30,144,446	\$ 1,874,051
Unrealized gain, net	63,120,893	110,957,491
Dividend income	10,274,672	7,830,686
Management fees	(1,926,031)	(520,407)
Excise and other tax expense	(3,784,437)	(3,886,551)
Total investment income, net	\$ 97,829,543	\$ 116,255,270

The following table provides additional information related to investments valued using NAV as of December 31:

2021	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity	\$ 41,959,655	\$ 6,017,700	N/A	N/A
Hedge fund	112,862,582		Quarterly	60 Days
	\$ 154,822,237	\$ 6,017,700		

2020	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity	\$ 37,185,438	\$ 8,179,767	N/A	N/A
Hedge fund	12,264,960		Quarterly	60 Days
	\$ 49,450,398	\$ 8,179,767		

The Sobrato Family Foundation

Notes to Financial Statements

Note 5 - Property Held for Sale:

Property held for sale consists of properties that were donated to the Foundation by related parties and for which the intent is to sell the property in the short term. In January 2020 and February 2020, two properties were sold for a total of \$292,975,000. Total costs associated with the sale of the two properties were \$24,179,179, inclusive of rent credits offered to the buyer in the amount of roughly \$22,000,000. As of December 31, 2020 one property remained available for sale and was carried at \$4,900,000. Two additional properties were donated to the Foundation by related parties in 2021. The donated properties had a value of \$59,800,000. As of December 31, 2021 three properties remained held for sale and were on the market for approximately \$64,975,000. In April 2022, the Foundation entered into a sales agreement for one of the properties at an estimated net sales price of \$55,300,000.

Note 6 - Program and Mission Related Investments:

The Foundation makes program related investments (PRIs) and mission related investments (MRIs) to organizations and projects that further its mission and impact in the community. The Foundation's PRIs expand the Foundation's ability to use investment structures to advance its charitable purposes. Currently, the Foundation's PRI and MRI programs are focused on a variety of impact areas including enabling access to healthy food, supporting pathways for economic mobility, raising awareness around gender equity and climate change, and pursuing other investment opportunities aligned with its mission through the execution of debt, equity, and fund investments.

Program and mission related investments consisted of the following at December 31:

	2021	2020
Loans, net	\$ 27,040,970	\$ 21,547,366
Equity	10,242,862	3,224,766
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	\$ 37,283,832	\$ 24,772,132

The Sobrato Family Foundation

Notes to Financial Statements

There were twelve and eight loans outstanding at December 31, 2021 and 2020, respectively.

Repayment of the loans outstanding at December 31, 2021, is expected to be as follows:

2022	\$ 4,006,532
2023	6,959,863
2024	5,835,508
2025	3,763,977
2026	4,826,019
Thereafter	3,642,466
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Subtotal	29,031,365
Less allowance for doubtful debts	(532,717)
Less unamortized discount for below market rates	(1,457,678)
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Total	\$ 27,040,970

There were eight and two equity investments at December 31, 2021 and 2020, respectively.

As of December 31, 2021, the Foundation had an unfunded capital commitment with seven equity investments of \$14,168,000.

Note 7 - Grants Payable:

Unconditional Grants Payable at December 31, 2021 are expected to be paid as follows:

2022	\$ 13,830,863
2023	100,000
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Total	\$ 13,930,863

Note 8 - Federal Excise Taxes and Distribution Requirements:

The Foundation is classified as a private foundation and is subject to federal excise tax of 1.39% of its net investment income for tax purposes. A provision has been made with an excise tax rate of 1.39% in 2021 and 2020.

The Sobrato Family Foundation

Notes to Financial Statements

The Foundation is subject to distribution requirements of the Internal Revenue Code. Accordingly, it must distribute within one year after the end of each fiscal year 5% of the fair value of its investment assets, as defined in the Internal Revenue Code. The investments includable for the 5% distribution requirement are based on their average monthly balances and are exclusive of those investments deemed to be held for charitable activities. In determining qualifying distributions, grant payments are considered on a cash basis as well as certain other expenses. The Foundation believes that it has complied in all material respects with the distribution requirements through December 31, 2021.

Note 9 - Retirement Plan:

The Foundation has a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code (the Plan). The Plan is funded by the Foundation and maintained by an independent trustee. Employees are considered eligible for contributions on the first of the month after hire date. The vesting period is two years and the Foundation matches up to 10% of the employee's eligible compensation, up to a cap of \$12,000.

The Foundation contributes to the Plan for all eligible employees, as defined, on a monthly basis. Employer contributions related to the Plan were \$170,496 and \$163,178, for the years ended December 31, 2021 and 2020, respectively.

Note 10 - Related Party Transactions:

During 2021 and 2020, the Foundation made unconditional grants to related organizations, where members of the Foundation's Board of Directors are also Board members of the grantee organizations. Grants paid to these related organizations for the years ended December 31, 2021 and 2020 were \$1,547,500 and \$1,632,400, respectively. For the years ended December 31, 2021 and 2020, 49% and 73%, respectively, of total grant expense was granted to Silicon Valley Community Foundation, the parent entity of The Sobrato Foundation, a related party. Related Board members recused themselves from the Foundation's Board discussion and vote on such grants.

Foundation program personnel contribute services to The Sobrato Foundation, a related party, where a Foundation Director also serves as a member of The Sobrato Foundation Board. The value of these granted services was approximately \$615,000 and \$532,000 for the years ended December 31, 2021 and 2020, respectively. In conjunction with the contributed services, the Foundation employees perform these services from the Foundation's office. The value of the contributed facilities was not material to the financial statements for the years ended December 31, 2021 and 2020.

For the years ending December 31, 2021 and 2020, the Foundation received contributed in-kind administrative services and rent from a related party in the amount of \$1,682,071 and \$1,719,743, respectively.

The Sobrato Family Foundation

Notes to Financial Statements

Note 11 - Concentrations of Credit Risk:

Financial instruments, which potentially subject the Foundation to credit risk, consist primarily of cash and cash equivalents, investments, and program related investments. The Foundation maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments and money market funds. At times, such amounts might exceed Federal Deposit Insurance Corporation limits. The Foundation's investments have been placed with high quality financial institutions. The Foundation monitors these investments in accordance with its investment policy.

The credit risk in program and mission related investments is mitigated by the fact that the loans are made to local organizations and are evaluated by the Foundation based on its knowledge of the organizations. The Foundation does not believe that it is exposed to any significant credit risks with respect to these investments.