Santa Barbara Bowl Foundation

Financial Statements

December 31, 2025
(With Comparative Totals for 2024)

armanino

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Santa Barbara Bowl Foundation

Opinion

We have audited the accompanying financial statements of Santa Barbara Bowl Foundation (the "Foundation"), 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 Santa Barbara Bowl 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Santa Barbara Bowl 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.

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 Santa Barbara Bowl Foundation's ability to continue as a going concern within one year after the date that the financial statements are 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 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 Santa Barbara Bowl 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 Santa Barbara Bowl 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.

Report on Summarized Comparative Information

We have previously audited Santa Barbara Bowl Foundation's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 21, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Amainio LLP

Woodland Hills, California

July 20, 2026

Santa Barbara Bowl Foundation
Statement of Financial Position
December 31, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 3,073,367	$ 4,163,310
Investments	22,867,014	18,184,056
Contributions receivable	3,782,975	1,963,248
Contract revenue receivable	522,314	328,000
Prepaid expenses	17,126	97,166
Property and equipment, net	28,851,911	29,459,395
Intangible assets	6,252	6,252
Total assets	$ 59,120,959	$ 54,201,427
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 232,874	$ 574,030
Deferred revenue	1,022,467	693,350
Total liabilities	1,255,341	1,267,380
Commitments and contingencies (Note 9)		
Net assets		
Without donor restrictions	53,488,957	50,437,779
With donor restrictions	4,376,661	2,496,268
Total net assets	57,865,618	52,934,047
Total liabilities and net assets	$ 59,120,959	$ 54,201,427

The accompanying notes are an integral part of these financial statements.

Santa Barbara Bowl Foundation
Statement of Activities
For the Year Ended December 31, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenue, support and other gains				
Revenue				
Show revenue	$ 1,997,109	$ -	$ 1,997,109	$ 1,978,939
Concert club membership	1,381,100	-	1,381,100	1,156,100
Sponsorships	546,000	-	546,000	489,500
Concession revenue	2,600,632	-	2,600,632	2,722,896
Contract revenue	789,000	-	789,000	1,110,427
Show fees	803,283	-	803,283	813,607
Parking fees	255,780	-	255,780	261,025
Total revenue	8,372,904	-	8,372,904	8,532,494
Support and other gains				
Contributions	68,272	3,139,003	3,207,275	1,631,857
Investment income, net	2,859,609	60,666	2,920,275	1,339,429
Interest income	93,452	-	93,452	274,242
Other income	-	-	-	489,397
Net assets released from restriction	1,319,276	(1,319,276)	-	-
Total support and other gains	4,340,609	1,880,393	6,221,002	3,734,925
Total revenue, support and other gains	12,713,513	1,880,393	14,593,906	12,267,419
Functional expenses				
Program services	8,813,112	-	8,813,112	8,650,952
Support services				
Management and general	493,582	-	493,582	465,243
Fundraising	355,641	-	355,641	371,224
Total support services	849,223	-	849,223	836,467
Total functional expenses	9,662,335	-	9,662,335	9,487,419
Change in net assets	3,051,178	1,880,393	4,931,571	2,780,000
Net assets, beginning of year	50,437,779	2,496,268	52,934,047	50,154,047
Net assets, end of year	$ 53,488,957	$ 4,376,661	$ 57,865,618	$ 52,934,047

The accompanying notes are an integral part of these financial statements.

Santa Barbara Bowl Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2025
(With Comparative Totals for 2024)

	Program Services	Management and General	Fundraising	2025 Total	2024 Total
Personnel expenses					
Salaries and wages	$ 1,423,504	$ 214,949	$ 216,728	$ 1,855,181	$ 1,646,672
Payroll taxes and employee benefits	356,322	53,805	54,250	464,377	405,642
Total personnel expenses	1,779,826	268,754	270,978	2,319,558	2,052,314
Other expenses					
Advertising	50,910	-	-	50,910	77,657
Bank charges	2,434	368	371	3,173	2,263
Concession expenditures	1,994,726	-	-	1,994,726	2,008,950
Contract labor for shows	1,612,040	-	-	1,612,040	1,464,956
County arts subsidy	69,916	-	-	69,916	56,750
Depreciation and amortization	1,296,261	-	-	1,296,261	1,222,461
Donor cultivation	2,639	398	402	3,439	26,252
Dues and subscriptions	60,437	9,126	9,201	78,764	69,365
Fundraising expenses	-	-	7,178	7,178	21,007
Education outreach	757,052	-	-	757,052	616,876
Equipment leases	1,934	292	294	2,520	2,453
Event rentals	117,200	-	-	117,200	129,704
Insurance	236,287	35,679	35,974	307,940	304,620
Legal and professional fees	-	147,789	-	147,789	138,628
Miscellaneous	1,085	164	165	1,414	28,906
Office expenses	31,712	4,788	4,828	41,328	100,649
Other show expenses	431,297	-	-	431,297	401,213
Payroll processing	4,751	717	723	6,191	5,868
Postage and printing	7,368	1,113	1,122	9,603	10,953
Repairs and maintenance	144,419	-	-	144,419	448,827
Taxes and licenses	8,261	1,247	1,258	10,766	14,800
Transportation and auto	17,379	-	-	17,379	16,494
Utilities	185,178	23,147	23,147	231,472	265,453
Total other expenses	7,033,286	224,828	84,663	7,342,777	7,435,105
	$ 8,813,112	$ 493,582	$ 355,641	$ 9,662,335	$ 9,487,419

The accompanying notes are an integral part of these financial statements.

Santa Barbara Bowl Foundation
Statement of Cash Flows
For the Year Ended December 31, 2025
(With Comparative Totals for 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 4,931,571	$ 2,780,000
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,296,261	1,222,461
Unrealized gains on investments	(2,271,516)	(850,009)
Realized gains on sales of investments	(6,699)	(43,003)
Interest and dividends, net of fees	(734,940)	(446,417)
Changes in operating assets and liabilities		
Contributions receivable	(1,819,727)	(76,570)
Contract revenue receivable	(194,314)	(139,000)
Prepaid expenses	80,040	(97,166)
Accounts payable and accrued expenses	(341,156)	94,306
Deferred revenue	329,117	(218,027)
Net cash provided by operating activities	1,268,637	2,226,575
Cash flows from investing activities		
Purchases of property and equipment	(688,777)	(973,530)
Purchases of investments	(1,669,803)	(7,222,450)
Proceeds from sales of investments	-	49,253
Net cash used in investing activities	(2,358,580)	(8,146,727)
Net decrease in cash and cash equivalents	(1,089,943)	(5,920,152)
Cash and cash equivalents, beginning of year	4,163,310	10,083,462
Cash and cash equivalents, end of year	$ 3,073,367	$ 4,163,310

The accompanying notes are an integral part of these financial statements.

Santa Barbara Bowl Foundation
Notes to Financial Statements
December 31, 2025

1. NATURE OF OPERATIONS

The Santa Barbara Bowl Foundation (the "Foundation") is a non-profit organization founded to manage, maintain and renovate the Santa Barbara Bowl, a community based outdoor performing arts venue, and to develop an annual plan which includes facility improvements and community arts events. Following a successful $40 million renovation and restoration effort, the Foundation continues to raise funds to protect the community's investment and to stay at the forefront of technology, audience safety and amenities. The facility is located in the city of Santa Barbara and draws most of its attendance from a 100-mile radius.

The Renovations and Restoration Master Plan ("Master Plan") was created by the Foundation in 1993 as the framework of plans to complete major renovations and restorations to the property and facilities at the Santa Barbara Bowl over the course of twenty years. Implementation and completion of the Master Plan by the Foundation was stipulated in the initial 45-year lease agreement entered into with the County of Santa Barbara in 1994 (which has since been renewed as discussed in Note 9).

Significant infrastructure improvements that have been completed through the Master Plan include: a production roof, upgraded power, new sewer lines, a larger marquee, a new storm drain and more efficient drainage systems. In addition, the stage and backstage facilities were reconstructed increasing the overall useable square footage by nearly 300%. The Foundation completed the final major projects of the Master Plan in 2014.

The County of Santa Barbara acknowledges and agrees that the Foundation has fully performed its obligations under the 1994 lease, including the construction of substantial renovations, additions, alterations and improvements to the premises in accordance with the Master Plan.

The Foundation is also committed to raising funds for its Outreach programming and endowments, which are dedicated to providing support and funding for performing arts and music education in the greater Santa Barbara area. As part of the core of the Foundation's mission statement, Outreach reaches approximately 20,000 local school children annually. The program provides need-based support to music education programs, supports community access to the performing arts, and serves as an advocate for the performing arts in the community. From its revenues, the Foundation itself commits an amount equivalent to $1.00 per paid ticket to the Outreach program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

- *Net assets without donor restrictions*
  - Include contributions, fundraising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fundraising efforts of the Foundation.
  - Board-designated net assets - Include funds designated by the Board for continuing facility improvements and its Outreach program. These funds are subject to an annual review by the Board.
- *Net assets with donor restrictions*
  - Subject to expenditure for specified purpose - Include gifts and grants received that are temporarily restricted with respect to use by the donor or grantor. When the restrictions expire, the net assets of this fund are reclassified to net assets without donor restrictions. Restricted gifts and grants received are reported as unrestricted revenue if the restriction is met in the same reporting period.
  - Time-restricted - Include contributions receivable which are recorded as restricted revenue when the pledge is received. When the contributions receivable are collected, the net assets of this class are reclassified to net assets without restrictions.
  - Donor-restricted endowment - Include assets that have been restricted by the donor in perpetuity while permitting the Foundation to use or expend part or all of the income derived from the assets.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Cash and cash equivalents

The Foundation considers all financial instruments purchased with an original maturity of three months or less to be cash equivalents. The carrying value reported in the statement of financial position approximates fair value.

Contract revenue receivable

Contract revenue receivable represents amounts due from a promoter for services fulfilled under the promotional services agreements (see Note 9). The receivables are recognized when the Foundation has an unconditional right to payment. The transaction price for the services fulfilled is determined based on the contract terms and conditions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract revenue receivable (continued)

The Foundation recognizes an allowance for losses on contract revenue receivable in an amount equal to the current expected credit losses. The estimation of the allowance is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, as well as an assessment of specific identifiable customer accounts considered at risk or uncollectible. The Foundation assesses collectibility by pooling receivables where similar characteristics exist and valuates receivables individually when specific customer balances no longer share those characteristics and are considered at risk or uncollectible. Any balances that are considered at risk and after management has used reasonable collection efforts are recognized as allowance for credit losses. At December 31, 2025, management believes all contract revenue receivable balances are collectible, and therefore no allowance for credit losses for contract revenue receivable was necessary.

Contributions receivable

Contributions receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management believes all contributions are fully collectible, and therefore no allowance for doubtful accounts was deemed necessary at December 31, 2025.

Contributions receivable expected to be collected in future years are recorded as a donation and a receivable at the present value of the expected future cash flows. The noncurrent portion of contributions receivable has been discounted at a rate of 1% which will be amortized into contributions revenue over the term of the receivable.

Investments

Investments with readily determinable fair values are stated at fair value. Investments without readily determinable fair values are stated at the lower of cost or estimated net realizable value. Marketable securities acquired by donation are stated at the fair market value at the date of donation.

The Foundation reports investment income net of related fees, such as custodial and investment advisory fees, on the statement of activities.

Fair value measurements

The Foundation follows Accounting Standards Codification ("ASC") No. 820-10, *Fair Value Measurements and Disclosure* ("ASC 820-10") which 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

The three levels of inputs that may be used to measure fair value under ASC 820-10 are described below:

- Level 1 - Quoted prices in active markets for identical assets or liabilities,
- Level 2 - Observable inputs based on quoted prices in non-active markets or in active markets for similar assets and liabilities. Inputs other than quoted prices that are observable or inputs that are not directly observable, but are corroborated by observable market data,
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the measurements of the assets or liabilities.

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 measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of fixed income and equity securities are based on quoted market prices, and their fair values are included in the Level 1 fair value hierarchy.

The fair value of private equity investments is based on values reported by the respective investment manager using observable inputs, such as their internal valuation or other valuation methods.

Property and equipment, net

Property and equipment are recorded at cost if purchased or at the fair value at the date of the gift if donated. Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Master Plan improvements	10 - 40 years
Building	39 years
Other improvements	5 - 15 years
Furniture and equipment	3 - 10 years
Vehicles	7 - 10 years
Website	3 - 7 years
Leasehold improvements	Lesser of the useful life or life of the lease

Normal repairs and maintenance are expensed as incurred, whereas significant charges which materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provision was recorded by the Foundation during the year ended December 31, 2025.

Intangible assets

During 2011, the Foundation acquired a license for sale of liquor in the amount of $6,252. The license has an indefinite life and is not subject to amortization. Assets that are not subject to amortization are tested for impairment at least annually. During the year ended December 31, 2025, the Foundation determined no impairment is necessary.

Deferred revenue

The Foundation records advance payments toward annual memberships as deferred revenue. These memberships entitle members to reserve and purchase concert tickets for specified seats during the season as well as other benefits. Such amounts are recorded as revenue during the concert season.

The Foundation also records advanced contract payments as deferred revenue which are recognized over the contract period (see Note 9).

Revenue recognition

Contract revenue is primarily derived from promotional services agreements (see Note 9). The Foundation recognizes contract revenue in accordance with the Financial Accounting Standards Board ("FASB") ASC Topic 606, *Revenue from Contracts with Customers*. Revenue from the agreements is recognized over time as services are fulfilled, measured by the straight-line method. Management believes this to be the best available measure of transfer of control of the promotional services provided.

Grants and contributions consist of donations from foundations, corporations, businesses, individuals, and the general public. Grants and contributions are generally recognized when pledged or paid to the Foundation by the donors. Contributions are not recognized as revenue until all donor imposed conditions have been substantially met, or the possibility that such a condition would not be met is remote. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Foundation records donor-restricted contributions whose restrictions are met in the same reporting period as net assets without donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Contributions to be received more than one year after the pledge date are discounted at an appropriate rate commensurate with the risk involved and the time value of money. Amortization of the discount is recorded as additional contribution revenue.

The Foundation's Board of Directors designates an annual percentage of unrestricted contributions, show revenue, and investment income to be used for the Outreach program funding, facilities upkeep, and funding board-designated commitments.

Donated services

A substantial number of volunteers have donated their time performing services for the Foundation. These estimated benefits are not recorded in the financial statements of the Foundation as the contributions do not meet the criteria for recognition under U.S. GAAP.

Allocation of functional expenses

The Foundation allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated using bases determined by management to be reasonable.

Advertising costs

Advertising costs are expensed as incurred. During the year ended December 31, 2025, advertising costs totaled $50,910.

Concentrations

Occasionally the Foundation's bank balances exceed the Federal Deposit Insurance Corporation insured limits. The Foundation has not experienced and does not anticipate any losses related to these balances.

In accordance with the terms of the lease agreement between the Foundation and the County of Santa Barbara, the Foundation contracts with one promoter to secure a majority of its shows (see Note 9).

Three contributors accounted for 52% of contributions receivable in 2025. Four donors accounted for 76% of total contributions in 2025.

One promoter accounted for 100% of contract revenue and contract revenue receivable in 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status

The Foundation is a nonprofit public benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under the Internal Revenue Code ("IRC") and the Franchise Tax Board under code Sections 501(c)(3) and 23071(d), respectively. The Foundation is not considered a private foundation. The Foundation is subject to unrelated business income tax on revenues derived from advertising. The Foundation is not aware of any uncertain tax positions at December 31, 2025, or for any year which the statute remains open.

Endowment

Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

Subsequent events

The Foundation has evaluated events subsequent to December 31, 2025 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through July 20, 2026, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the financial statements.

3. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2025:

	Level 1	Level 2	Level 3	Fair Value
Equities	$ 13,412,770	$ -	$ -	$ 13,412,770
Fixed income - bonds	4,939,668	-	-	4,939,668
Fixed income - mutual funds	4,211,136	-	-	4,211,136
Exchange traded funds	303,440	-	-	303,440
	$ 22,867,014	$ -	$ -	$ 22,867,014

3. INVESTMENTS (continued)

Activity in the investments during the year was as follows:

Balance, beginning of period	$ 18,184,056
Purchases of investments	1,669,803
Realized gains on sales of investments	6,699
Unrealized gains on investments	2,271,516
Interest and dividend income, net of fees	734,940
Balance, end of period	$ 22,867,014

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following pledges:

Due in less than one year	$ 971,600
Due in two to five years	2,477,926
Thereafter	450,000
	3,899,526
Discount to net present value	(116,551)
	$ 3,782,975

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

Master Plan improvements	$ 33,148,203
Leasehold improvements	6,120,666
Other improvements	3,969,210
Land	2,288,102
Furniture and equipment	2,371,527
Building	400,000
Vehicles	43,247
Website	24,031
	48,364,986
Less: accumulated depreciation and amortization	(19,513,075)
	$ 28,851,911

Depreciation and amortization expense was $1,296,261 for the year ended December 31, 2025.

6. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following:

Board-designated - Facilities and equipment	$ 33,743,498
Board-designated - Quasi-endowment funds for outreach	8,630,185
Board-designated - Quasi-endowment funds for capital improvements	4,978,012
Board-designated - Outreach	1,546,409
Board-designated - Continuing facilities improvements and maintenance	612,013
Undesignated	3,978,840
	$ 53,488,957

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:	
Outreach	$ 1,275,421
Capital improvements and maintenance	1,090,500
Total subject to expenditure for specified purpose	2,365,921
Time restricted	1,417,054
Endowment - donor corpus restricted in perpetuity	593,686
	$ 4,376,661

Included within the purpose-restricted net assets with donor restrictions are $2,365,921 of net assets with donor restrictions that are also time-restricted net assets.

8. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS

A portion of net assets with donor restrictions consists of endowments that are restricted by the donor for investment in perpetuity. A portion of net assets without donor restrictions consist of endowments that are board designated quasi-endowments for outreach and capital improvements. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

8. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (continued)

Interpretation of relevant law

The Foundation's Board of Directors has interpreted California's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets 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 at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the organization and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Foundation

(7) The investment policies of the Foundation

Return objectives and risk parameters

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. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the Foundation diversifies its investments, subject to practicality constraints, among a variety of asset classes so as to provide a balance that will enhance total real return while avoiding undue risk concentration in any single asset class or investment category. Actual returns in any given year may vary from their respective benchmarks.

8. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (continued)

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 constraints.

Spending policy

The Foundation has a spending policy of appropriating for distribution each year what is needed in the current year to achieve its goals. In establishing this policy, the Foundation considered the short-term expected return on its endowment. Accordingly, over the short-term, the Foundation expects the current spending policy to allow its endowment to be spent as intended. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Funds with deficiencies

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. Deficiencies of this nature are reported in net assets without donor restrictions unless the income from such endowment funds is restricted as to use in which case such amounts are reflected in net assets with donor restrictions. There were no such deficiencies as of December 31, 2025.

Endowment composition

Activity in the endowment net assets for the year ended December 31, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year	$ 11,584,223	$ 533,020	$ 12,117,243
Contributions	705,500	-	705,500
Investment income, net of fees	331,800	15,267	347,067
Net unrealized gains	986,674	45,399	1,032,073
Balance, end of year	$ 13,608,197	$ 593,686	$ 14,201,883

9. COMMITMENTS AND CONTINGENCIES

Promotional services agreements

In March 2023, the Foundation entered into a Promotional Services Agreement (the "Agreement") with the promoter, effective with the 2023 concert season. The Agreement expires in 2032 with an option to extend the agreement an additional two years. The Foundation will be paid a certain amount throughout the life of the Agreement. The annual cash payments are due January 15 for each successive year with the final payment due January 15, 2032, provided all conditions are met on January 15 of each year.

In addition to the above, the Agreement also provides for revenue sharing related to ticket and alcohol sales and calls for the receipt of agreed-upon amounts per ticket sale for facility and for box office fees on tickets purchased at the Foundation box office.

County lease agreement

On May 17, 2011, the Foundation renewed its lease agreement with the County of Santa Barbara for a period of 45 years beginning June 1, 2011. The Foundation has an option to extend the lease for another 25 years. In the event the premises cease to be used as a nonprofit art events facility, the County of Santa Barbara has the right to terminate the lease. At the expiration or earlier termination of the lease term, title to all real property owned by the Foundation shall be transferred to County of Santa Barbara.

The lease allows the Foundation to hold up to 37 commercial performances per year.

In accordance with the lease, the Foundation will pay annual fees to the Santa Barbara Arts Commission (the "Commission") for the duration of the lease. The fee amount due each year is based on the number of tickets sold during the concert season of that year. The per-ticket fee is $0.50 per ticket sold through the duration of the lease. Beginning with the 2015 concert season, the subsidy will be capped at $50,000 annually for the period 2015 to 2019. For the 2020 concert season and for every five years thereafter until expiration of the lease, the annual maximum shall be subject to a Cost of Living ("CPI") adjustment. The annual cost of the subsidy is recorded in the financial statements in the period the revenue is earned and is listed on the statement of functional expenses as "County arts subsidy."

In addition to any other amounts payable by the Foundation pursuant to the lease, as consideration for granting of the lease agreement, the Foundation assumes all responsibility of all costs for maintenance, repairs, improvements, and operations relating to the property. Additionally, the Foundation shall fully implement the Master Plan and will assume responsibility for all costs associated with the improvements set forth in the Master Plan and any additions or amendments thereto.

9. COMMITMENTS AND CONTINGENCIES (continued)

According to the lease agreement between the Foundation and the County of Santa Barbara, title to the premises and all improvements are vested with the County of Santa Barbara. Title to all personal property is vested with the Foundation until termination of the lease agreement between the Foundation and the County at which time title to the personal property will transfer to the County for use on the premises.

10. RETIREMENT PLAN

The Foundation has an IRC Section 403(b) plan (the "Plan") which covers all full-time employees. Employees may contribute up to $23,500 (up to $31,000 for individuals 50 or more years old) per year to the Plan and are fully vested in the employee contributions. The Foundation offers discretionary employer contributions to participating employees after one year of service. During the year ended December 31, 2025, the Foundation contributed $120,904 to the Plan. The Foundation's contributions vest over a five-year period of service.

11. LIQUIDITY AND AVAILABILITY

The Foundation is significantly supported by contributions with donor restrictions. The Foundation maintains sufficient resources to meet its responsibilities to its donors. The Foundation structures its remaining financial assets to be available for operations as its general expenditures, liabilities, and other obligations come due.

The Foundation's financial assets available within one year as of December 31, 2025 were as follows:

Cash and cash equivalents	$ 3,073,367
Investments	22,867,014
Contributions receivable	3,782,975
Contract revenue receivable	522,314
	30,245,670
Less: contributions receivable due past one year	(2,811,375)
Less: net assets with donor restrictions - endowment	(593,686)
Less: quasi-endowments without donor restrictions	(13,608,197)
	(17,013,258)
Net liquid assets available for operations	$ 13,232,412

The Board of Directors can at any time vote to remove any quasi-endowment status for certain net assets without donor restrictions that has previously been designated as such. As of December 31, 2025, there was $13,608,197 of quasi-endowments without donor restrictions that is available for the Board of Directors to utilize for general operations if needed.