

CHILD ADVOCATES OF SILICON VALLEY, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

JUNE 30, 2017

	<u>Page</u>
Audited Financial Statements	
Independent Auditors' Report.....	1 - 2
Statement of Financial Position.....	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Revenue and Expense.....	5
Summary of Endowment Funds.....	6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 - 13

INDEPENDENT AUDITORS' REPORT



2479 E. Bayshore Rd., Suite 285
Palo Alto, CA 94303

To the Board of Directors of
Child Advocates of Silicon Valley, Inc.
Milpitas, CA

We have audited the accompanying statement of financial position of Child Advocates of Silicon Valley, Inc. as of June 30, 2017, and the related statements of activities and changes in net assets, functional revenue and expense for the year then ended and cash flows for the years ended June 30, 2017 and 2016, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevance to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Advocates of Silicon Valley, Inc. as of June 30, 2017 and the changes in its net assets, functional revenue and expense for the year then ended and its cash flows for the years ended June 30, 2017 and 2016 in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Child Advocates of Silicon Valley, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Morton & Associates, Inc.

Morton & Associates Inc.
Certified Public Accountants

August 15, 2017

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2017

(With Summarized Financial Information for the Year Ended June 30, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds June 30</u>	
				<u>2017</u>	<u>2016</u>
ASSETS					
Current Assets					
Cash & Equivalents	\$ 235,817	\$ 40,782	\$	\$ 276,599	\$ 392,073
Grants Receivable	209,256			209,256	126,217
Prepaid Expenses	<u>97,177</u>			<u>97,177</u>	<u>23,119</u>
Total Current Assets	<u>542,250</u>	<u>40,782</u>		<u>583,032</u>	<u>541,409</u>
Fixed Assets					
Net Property & Equipment	<u>92,128</u>			<u>92,128</u>	<u>44,485</u>
Book Value of Fixed Assets	<u>92,128</u>			<u>92,128</u>	<u>44,485</u>
Long Term Assets					
Investments	<u>1,502,163</u>		<u>500,000</u>	<u>2,002,163</u>	<u>1,873,331</u>
Total Long Term Assets	<u>1,502,163</u>		<u>500,000</u>	<u>2,002,163</u>	<u>1,873,331</u>
Total Assets	<u>\$ 2,136,541</u>	<u>\$ 40,782</u>	<u>\$ 500,000</u>	<u>\$ 2,677,323</u>	<u>\$ 2,459,225</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 27,807	\$	\$	\$ 27,807	\$ 8,107
Payroll & Related Liabilities	<u>90,045</u>			<u>90,045</u>	<u>101,127</u>
Total Current Liabilities	<u>117,852</u>			<u>117,852</u>	<u>109,234</u>
NET ASSETS					
Operating Fund	424,398			424,398	361,965
Property & Equipment Fund	92,128			92,128	44,485
Restricted Net Assets		40,782		40,782	70,210
Endowment Fund	<u>1,502,163</u>		<u>500,000</u>	<u>2,002,163</u>	<u>1,873,331</u>
Total Net Assets	<u>2,018,689</u>	<u>40,782</u>	<u>500,000</u>	<u>2,559,471</u>	<u>2,349,991</u>
Total Liabilities & Net Assets	<u>\$ 2,136,541</u>	<u>\$ 40,782</u>	<u>\$ 500,000</u>	<u>\$ 2,677,323</u>	<u>\$ 2,459,225</u>

The Accompanying Independent Auditors' Report and the Attached Notes
are an Integral Part of These Financial Statements.

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2017

(With Summarized Financial Information for the Year Ended June 30, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds June 30</u>	
				<u>2017</u>	<u>2016</u>
SUPPORT					
Contributions	\$ 441,719	\$ 36,000	\$	\$ 477,719	\$ 327,321
Community Groups	73,742	32,250		105,992	117,521
Corporate Contributions	150,491	27,078		177,569	213,130
Foundation Contributions	104,291	165,850		270,141	317,087
Contributions In-Kind	459,663			459,663	476,092
Government Grants	<u>25,115</u>	<u>401,104</u>		<u>426,219</u>	<u>247,105</u>
Total Support	<u>1,255,021</u>	<u>662,282</u>		<u>1,917,303</u>	<u>1,698,256</u>
REVENUE					
Special Events	439,142			439,142	458,274
Interest & Dividends	37,298			37,298	35,613
Other Income	14,179			14,179	10,964
Realized Gain or (Loss)	65,572			65,572	(32,359)
Unrealized Gain or (Loss)	<u>33,232</u>			<u>33,232</u>	<u>(12,392)</u>
Total Revenue	<u>589,423</u>			<u>589,423</u>	<u>460,100</u>
Total Increases in Net Assets	<u>\$ 1,844,444</u>	<u>\$ 662,282</u>	<u>\$</u>	<u>\$ 2,506,726</u>	<u>\$ 2,158,356</u>
EXPENSES					
Program Services					
Program	<u>\$ 1,794,769</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,794,769</u>	<u>\$ 1,713,052</u>
Total Program Services	<u>1,794,769</u>			<u>1,794,769</u>	<u>1,713,052</u>
Support Services					
Management & General	173,861			173,861	175,579
Fund Raising	<u>328,616</u>			<u>328,616</u>	<u>235,103</u>
Total Support Services	<u>502,477</u>			<u>502,477</u>	<u>410,682</u>
Total Expenses	<u>2,297,246</u>			<u>2,297,246</u>	<u>2,123,734</u>
Net Increase (Decrease) In Assets	(452,802)	662,282		209,480	34,622
Assets Released From Restriction	691,710	(691,710)			
Net Assets Beginning	<u>1,779,781</u>	<u>70,210</u>	<u>500,000</u>	<u>2,349,991</u>	<u>2,315,369</u>
Net Assets Ending	<u>\$ 2,018,689</u>	<u>\$ 40,782</u>	<u>\$ 500,000</u>	<u>\$ 2,559,471</u>	<u>\$ 2,349,991</u>

The Accompanying Independent Auditors' Report and the Attached Notes
are an Integral Part of These Financial Statements.

CHILD ADVOCATES OF SILICON VALLEY, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2017

(With Summarized Financial Information for the Year Ended June 30, 2016

	Program	Support Services			Total Support Services	Total 2017	Total 2016
		Management & General	Fund Raising				
EXPENSES							
Salaries	\$ 959,719	\$ 106,871	\$ 162,883	\$ 269,754	\$ 1,229,473	\$ 1,082,956	
Employee Benefits	95,763	542	2,751	3,293	99,056	97,107	
Payroll Taxes	81,145	7,457	11,419	18,876	100,021	91,630	
Total Salaries & Benefits	<u>1,136,627</u>	<u>114,870</u>	<u>177,053</u>	<u>291,923</u>	<u>1,428,550</u>	<u>1,271,693</u>	
Professional Fees	74,055	7,404	10,250	17,654	91,709	104,928	
Contributed Services	74,475		11,847	11,847	86,322	43,822	
Office	43,963	4,040	6,186	10,226	54,189	35,591	
Janitorial	6,258	575	880	1,455	7,713	7,800	
Contributed Supplies	123,905		95,621	95,621	219,526	278,456	
Telephone	7,500	689	1,055	1,744	9,244	7,407	
Utilities	9,740	895	1,371	2,266	12,006	11,394	
Postage & Shipping	2,150	198	303	501	2,651	4,422	
Occupancy	19,429	1,786	2,734	4,520	23,949	22,585	
Contributed Space	124,787	11,468	17,560	29,028	153,815	153,815	
Repairs & Maintenance	3,065	282	431	713	3,778	5,146	
Printing & Publications	610	56	86	142	752	3,098	
Dues & Publications	1,229	113	173	286	1,515	2,103	
Travel & Transportation	6,926				6,926	5,411	
Conferences & Meetings	4,495				4,495	8,334	
Training	25,954				25,954	23,688	
Insurance	8,377	770	1,179	1,949	10,326	10,555	
Miscellaneous		8,577		8,577	8,577		
Investment & Bank Fees		20,906		20,906	20,906	18,549	
Children's Services					107,818	93,249	
Total Expense before Depreciation	<u>1,781,363</u>	<u>172,629</u>	<u>326,729</u>	<u>499,358</u>	<u>2,280,721</u>	<u>2,112,046</u>	
Depreciation	13,406	1,232	1,887	3,119	16,525	11,688	
Total Expenses	\$ <u>1,794,769</u>	\$ <u>173,861</u>	\$ <u>328,616</u>	\$ <u>502,477</u>	\$ <u>2,297,246</u>	\$ <u>2,123,734</u>	
Percentage of Total	<u>78.13</u>	<u>7.57</u>	<u>14.30</u>	<u>21.87</u>	<u>100</u>		

The Accompanying Independent Auditors' Report and the Attached Notes are an Integral Part of These Financial Statements.

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENTS OF REVENUE AND EXPENSES AND CHANGES IN ENDOWMENT FUNDS

FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	JUNE 30, 2017		JUNE 30, 2016	
	BOARD DESIGNATED	PERMANENTLY RESTRICTED	BOARD DESIGNATED	PERMANENTLY RESTRICTED
REVENUE				
Contributions				
Interest & Dividends	32,860		33,631	
Realized Gains/(Losses)	65,572		(32,359)	
Unrealized Gains/(Losses)	33,232		(12,392)	
TOTAL REVENUE	<u>131,664</u>	<u>-</u>	<u>(11,120)</u>	<u>-</u>
Transfers	4,256		301,867	
EXPENSES				
Maintenance Expenses	7,088		6,707	
TOTAL EXPENSES	<u>7,088</u>	<u>-</u>	<u>6,707</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	<u>128,832</u>	<u>-</u>	<u>284,040</u>	<u>-</u>
OPENING BALANCE	1,373,331	500,000	1,089,291	500,000
CLOSING BALANCE	<u>\$ 1,502,163</u>	<u>\$ 500,000</u>	<u>\$ 1,373,331</u>	<u>\$ 500,000</u>

The Accompanying Independent Auditors' Report and the Attached Notes are Integral to These Financial Statements.

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>TOTAL CURRENT YEAR</u>	<u>TOTAL PRIOR YEAR</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Increase (Decrease) in Net Assets	\$ 209,480	\$ 34,622
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	16,525	11,688
Net Realized/Unrealized Loss on Investments	(98,804)	44,751
Net Investment Earnings	(25,772)	(26,924)
(Increase) Decrease in Assets:		
Accounts Receivable	(83,038)	(2,421)
Prepaid Expenses	(74,058)	8,549
Increase (Decrease) in Liabilities:		
Accounts Payable	19,699	3,149
Accrued Liabilities		(1,300)
Payroll & Related Liabilities	<u>(11,082)</u>	<u>(3,175)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	(47,050)	68,939
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	(4,256)	(301,867)
Net Property & Equipment	<u>(64,168)</u>	<u>(3,843)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	(68,424)	(305,710)
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(115,474)</u>	<u>(236,771)</u>
CASH & CASH EQUIVALENTS, BEGINNING	<u>392,073</u>	<u>628,844</u>
CASH & CASH EQUIVALENTS, ENDING	<u>\$ 276,599</u>	<u>\$ 392,073</u>
NON CASH TRANSACTIONS		
Contributed Goods & Services	<u>\$ 447,816</u>	<u>\$ 460,386</u>

The Accompanying Independent Auditors' Report and the Attached Notes are an Integral Part of These Financial Statements.

CHILD ADVOCATES OF SILICON VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1: NATURE OF ACTIVITIES:

Founded in 1986, Child Advocates of Silicon Valley, Inc. (CASV) is a California non-profit corporation that works in partnership with the Santa Clara County Juvenile Dependency Court, a nationally recognized model court. The Court has changed the way the child dependency system has traditionally worked, focusing on healing the family, instead of just taking the child away. Court Appointed Special Advocates (CASA), trained by Child Advocates of Silicon Valley, Inc., receive 30+ hours of training to serve the needs of children in the foster care system, providing a powerful, independent voice for the child, giving voice to their issues and making their concerns "real" to the courts. Judge Katherine Lucero, former Supervising Judge of Santa Clara County's Dependency Court says, "Advocate volunteers are invaluable in helping judges make better decisions for abused children..... with an Advocate volunteer on his or her side, an abused child has a better chance of ending up in a safe, permanent, loving home."

Usually the most consistent adult relationship in the lives of these vulnerable children, Court Appointed Special Advocates meet weekly with their assigned child and spend three to four hours per week working on a child's case, becoming a trusted friend, mentor and regular adult presence. Working with foster parents, teachers, social workers, counselors and others to get a complete picture of the child's life and needs, these dedicated community volunteers make regular reports and attend hearings in the Dependency Court to advise the Judge of what is in the child's best interest. They encourage the academic success of foster children by following a child's progress in school, identifying available academic and enrichment resources, and making sure that school records are transferred in entirety when the child changes schools.

During the fiscal year ended June 30, 2017, Child Advocates of Silicon Valley, Inc. supported 641 CASAs in their work with 810 children. The Organization continued its active participation in Dependency Wellness Court and Non-Minor Dependency Court.

Child Advocates of Silicon Valley, Inc. is a member of the National Court Appointed Special Advocates (CASA) Association. Child Advocates of Silicon Valley is one of the largest of over 950 programs nationwide and receives support from individuals, foundations, corporations, community organization and government agencies.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as prescribed by the American Institute of Certified Public Accountants.

CHILD ADVOCATES OF SILICON VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In accordance with subtopic 958-205-05-6 of the FASB Accounting Standards Codification, the Organization reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted Net Assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Agency maintains an Operating and a Property and Equipment Fund. Any net assets designated by the Board for specific purposes, such as the Board Designated Endowment Fund, are also categorized as unrestricted net assets. CASV has elected to report as an increase in unrestricted net assets any restricted revenue received in the current period for which the restriction has been met in the current period.
- Temporarily Restricted Net Assets include those assets which are subject to a donor restriction and for which the applicable restriction was not met as of the end of the current reporting period.
- Permanently Restricted Net Assets include assets which are subject to a non-expiring donor restriction such as donor contributions to an endowment fund.

Revenue Recognition is in accordance with the accrual basis of accounting. Grant revenue and program fees are recognized as revenue in the period in which the service is provided.

Cash and Cash Equivalents include highly liquid investments and those investments with a maturity of three months or less which are maintained in bank accounts or money market funds. The amounts in these accounts may at times exceed the federally insured limit.

Contributions are recorded when cash is received and are considered to be available for unrestricted use unless specifically restricted by the donor.

Grants Receivable are considered to be fully collectible so no allowance for doubtful accounts has been provided.

Furniture and Equipment with a useful life of three or more years and a cost or value in excess of \$500 is recorded at cost or, if contributed, at the estimated fair market value when donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to twenty years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

CHILD ADVOCATES OF SILICON VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Functional Expenses have been allocated between Program Services and Supporting Services based on an analysis of personnel time and space utilized.

Income Taxes are not provided for in the financial statements since the Corporation is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization has not been classified as a private foundation.

Investments received through donations are recorded at their fair market value and, in accord with Board policy, are generally sold upon receipt. Long Term Investments in the Board Designated Endowment Fund consist of a managed fund that Sand Hill Global Advisors, LLC manages. The funds are adjusted to market monthly and the unrealized investment gain or loss recorded as unrestricted revenue in the period in which the fluctuations occurred. Distributions may be made as determined by the Board.

Estimates: The preparation of financial statements in accordance with generally accepted accounting principles may require Management to make estimates and assumptions affecting recorded amounts or disclosures which could differ from actual results.

Prior Year Financial Information consists of amounts summarized from the prior audit which are presented in total but not by net asset class. Such information does not include sufficient detail to constitute a full comparative presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information has been derived.

NOTE 3: EMPLOYEE BENEFIT PLAN:

Child Advocates of Silicon Valley, Inc. maintains a defined contribution plan covering employees meeting a minimum service requirement of 750 hours. Annual contributions, graduated up to 5% of compensation, are authorized by the Board and allocated based on compensation. Contributions to the plan for the year ended June 30, 2017 were \$6,600.

CHILD ADVOCATES OF SILICON VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4: PROPERTY AND EQUIPMENT

As of June 30, 2017 the cost of fixed assets and the related accumulated depreciation consisted of the following:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Furniture & Fixtures	\$ 116,516	\$ 116,516
Machinery & Equipment	29,569	23,455
Computer Equipment	99,397	50,404
Leasehold Improvements	<u>175,563</u>	<u>166,502</u>
Total Fixed Assets	421,045	356,877
Less: Accumulated Depreciation	<u>(328,917)</u>	<u>(312,392)</u>
Net Fixed Assets	<u>\$ 92,128</u>	<u>\$ 44,485</u>

Depreciation expense for the year ended June 30, 2017 was \$16,525 and for the year ended June 30, 2016 was \$11,688.

NOTE 5: IN-KIND CONTRIBUTIONS

Besides the contributed rent described below in Note 7, program contributions in-kind have also been recorded for the estimated fair market value of contributed services and donated equipment as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contributed Services	\$ 86,322	\$ 43,822
Contributed Supplies	219,526	278,455
Contributed Office Space	<u>153,815</u>	<u>153,815</u>
Total	<u>\$ 459,663</u>	<u>\$ 476,092</u>

The success of the Child Advocate program crucially depends on the time contributed by its dedicated volunteers. During the fiscal years ended June 30, 2017 and 2016, 641 and 625 unpaid advocates donated an estimated 140 hours each to the 810 and 760 children served. While generally accepted accounting principles preclude recording an amount in the financial statements for volunteer hours, a value can be estimated based on the rate provided by the Independent Sector of \$28.46 for 2017 and of \$27.59 for 2016. For these fiscal years, the respective values of contributed services are \$2,014,555 and 1,816,305 based on the number of active Advocates.

Donations of tickets to sports and entertainment events or venues estimated at \$11,847 for 2017 and \$14,265 for 2016 provided children in the program opportunities for outings not otherwise available to them. No amounts have been recorded in the financial statements for the value of these donated tickets as the Organization would not have purchased the tickets had they not been donated.

CHILD ADVOCATES OF SILICON VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6: SPECIAL EVENTS

Child Advocates of Silicon Valley, Inc. conducts special events to provide additional revenue for its programs. During the last two fiscal years, the special events were as follows:

June 30, 2017	<u>Income</u>	<u>Expenses</u>	<u>Net Income</u>
Annual Gala	\$ 364,829	\$ 48,758	\$ 316,071
Golf Tournament	174,581	55,029	119,552
Other	4,194	675	3,519
Total Special Events	<u>\$ 543,604</u>	<u>\$ 104,462</u>	<u>\$ 439,142</u>

June 30, 2016	<u>Income</u>	<u>Expenses</u>	<u>Net Income</u>
Annual Gala	\$ 427,175	\$ 105,444	\$ 321,731
Golf Tournament	165,139	57,969	107,170
Other	45,079	15,706	29,373
Total Special Events	<u>\$ 637,393</u>	<u>\$ 179,119</u>	<u>\$ 458,274</u>

The above schedule includes in-kind income and expenses of \$107,468 and \$81,031 for the years ended June 30, 2017 and 2016, respectively.

NOTE 7: LEASES

In October 2002, Child Advocates effectively entered into a rent-free lease with the Sobrato Foundation for office space at 509 Valley Way, Milpitas, California. The lease sets the base rent at \$1 per month. Since May 1, 2008, the office space is being rented on a month-to-month basis, although in the event that the premises are sold, the Organization has the option to commence paying a negotiated rent for its space. Since January 1, 2010, the previously contributed common area maintenance costs (CAM) are being partially paid at the monthly rate of \$1,994.76 with the balance of the monthly \$3,176.83 in CAM being contributed. Paid rent for the year ended June 30, 2017 amounted to \$23,949, and to \$22,585 for the year ended June 30, 2016. The difference between the reduced rent paid and the fair market value of the occupied space has been recognized in the financial statements as an in-kind contribution.

During the year ended June 30, 2017, the Organization leased one photocopier on a month-to-month basis. For the year ended June 30, 2016, the Organization had two photocopiers on a month-to-month basis.

NOTE 8: CONCENTRATION OF CREDIT RISK:

During the year, the Organization periodically maintains balances in excess of the FDIC/ SIPC coverage limit of \$250,000/ \$500,000. At June 30, 2017, the Organization's uninsured cash balance totaled approximately \$44,930. In addition, \$1,915,142 was held in bond funds, equity funds and other assets, which are uninsured and subject to market risk.

CHILD ADVOCATES OF SILICON VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9: ENDOWMENT FUND:

In accord with the California version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Child Advocates of Silicon Valley, Inc. records as a permanently restricted asset the original value of any contribution restricted by the donor to its endowment fund. The permanently restricted assets have been supplemented by additional assets designated by the Board to provide for the Organization's future financial security. The primary investment objectives of the Endowment Fund are long-term growth of assets while preserving capital.

NOTE 10: INVESTMENTS

	June 30, 2017		June 30, 2016	
	Cost	FMV	Cost	FMV
Cash	\$ 87,021	\$ 87,021	\$ 132,222	\$ 132,222
Stock Funds	201,398	224,393	181,184	183,931
Mutual Funds	686,376	679,110	693,652	695,102
ETPs	<u>823,499</u>	<u>1,011,639</u>	<u>690,505</u>	<u>862,076</u>
Total Investments	<u>\$ 1,798,294</u>	<u>\$ 2,002,163</u>	<u>\$ 1,697,563</u>	<u>\$ 1,873,331</u>

All investments held by the Organization are Level 1 investments. Level 1 investments are quoted market prices in active markets for identical assets or liabilities.

NOTE 11: RELATED PARTY TRANSACTIONS

In compliance with its policy on transactions between a related party such as a Board Member or alternatively a family member of staff or of a Board Member and between the Organization, the Board reviews such transactions to determine that it is paying no more than it believes it would under an arm's length transaction. During the current period, the Board reviewed and approved payments to the Executive Director's brother for services in the amount of \$13,090.

NOTE 12: DATE OF MANagements REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through August 15, 2017, the date that the financial statements were available to be issued.