

CHILD ADVOCATES OF SILICON VALLEY, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

JUNE 30, 2014

Audited Financial Statements	<u>Page</u>
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.
Palo Alto, CA

We have audited the accompanying statement of financial position of Child Advocates of Silicon Valley, Inc. as of June 30, 2014, 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, 2014 and 2013.

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, 2014 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, 2014 and 2013 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 June 30, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, 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

Palo Alto, CA
September 15, 2014

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2014

(With Summarized Financial Information for the Year Ended June 30, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds June 30</u>	
				<u>2014</u>	<u>2013</u>
ASSETS					
Current Assets					
Cash & Equivalents	\$ 277,012	\$ 6,768	\$	\$ 283,780	\$ 177,247
Grants Receivable	77,357			77,357	51,373
Prepaid Expenses	<u>69,901</u>			<u>69,901</u>	<u>28,849</u>
Total Current Assets	<u>424,270</u>	<u>6,768</u>		<u>431,038</u>	<u>257,469</u>
Fixed Assets					
Net Property & Equipment	<u>13,821</u>			<u>13,821</u>	<u>11,221</u>
Book Value of Fixed Assets	<u>13,821</u>			<u>13,821</u>	<u>11,221</u>
Long Term Assets					
Investments	<u>1,078,126</u>		<u>500,000</u>	<u>1,578,126</u>	<u>1,424,580</u>
Total Long Term Assets	<u>1,078,126</u>		<u>500,000</u>	<u>1,578,126</u>	<u>1,424,580</u>
Total Assets	<u>\$ 1,516,217</u>	<u>\$ 6,768</u>	<u>\$ 500,000</u>	<u>\$ 2,022,985</u>	<u>\$ 1,693,270</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 37,683	\$	\$	\$ 37,683	\$ 9,282
Payroll & Related Liabilities	<u>86,119</u>			<u>86,119</u>	<u>92,019</u>
Total Current Liabilities	<u>123,802</u>			<u>123,802</u>	<u>101,301</u>
NET ASSETS					
Operating Fund	300,468			300,468	124,520
Property & Equipment Fund	13,821			13,821	11,221
Restricted Net Assets		6,768		6,768	31,648
Endowment Fund	<u>1,078,126</u>		<u>500,000</u>	<u>1,578,126</u>	<u>1,424,580</u>
Total Net Assets	<u>1,392,415</u>	<u>6,768</u>	<u>500,000</u>	<u>1,899,183</u>	<u>1,591,969</u>
Total Liabilities & Net Assets	<u>\$ 1,516,217</u>	<u>\$ 6,768</u>	<u>\$ 500,000</u>	<u>\$ 2,022,985</u>	<u>\$ 1,693,270</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, 2014

(With Summarized Financial Information for the Year Ended June 30, 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds June 30</u>	
				<u>2014</u>	<u>2013</u>
SUPPORT					
Contributions	\$ 240,545	\$	\$	\$ 240,545	\$ 247,519
Community Groups	60,053			60,053	42,398
Corporate Contributions	253,460			253,460	126,986
Foundation Contributions	260,571			260,571	96,000
Contributions In-Kind	371,954			371,954	260,002
Government Grants	<u>231,190</u>			<u>231,190</u>	<u>184,187</u>
Total Support	<u>1,417,773</u>			<u>1,417,773</u>	<u>957,092</u>
REVENUE					
Special Events	350,783			350,783	393,578
Interest & Dividends	27,548			27,548	20,917
Other Income	11,961			11,961	15,721
Realized Gain or (Loss)	(2,608)			(2,608)	37,361
Unrealized Gain or (Loss)	<u>134,961</u>			<u>134,961</u>	<u>45,977</u>
Total Revenue	<u>522,645</u>			<u>522,645</u>	<u>513,554</u>
Total Increases in Net Assets	<u>\$ 1,940,418</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,940,418</u>	<u>\$ 1,470,646</u>
EXPENSES					
Program Services					
Program	<u>\$ 1,350,296</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,350,296</u>	<u>\$ 1,195,200</u>
Total Program Services	<u>1,350,296</u>			<u>1,350,296</u>	<u>1,195,200</u>
Support Services					
Management & General	103,440			103,440	58,494
Fund Raising	<u>179,468</u>			<u>179,468</u>	<u>184,223</u>
Total Support Services	<u>282,908</u>			<u>282,908</u>	<u>242,717</u>
Total Expenses	<u>1,633,204</u>			<u>1,633,204</u>	<u>1,437,917</u>
Net Increase (Decrease) In Assets	307,214			307,214	32,729
Assets Released From Restriction	24,880	(24,880)			
Net Assets Beginning	<u>1,060,321</u>	<u>31,648</u>	<u>500,000</u>	<u>1,591,969</u>	<u>1,559,240</u>
Net Assets Ending	<u>\$ 1,392,415</u>	<u>\$ 6,768</u>	<u>\$ 500,000</u>	<u>\$ 1,899,183</u>	<u>\$ 1,591,969</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, 2014
(With Summarized Financial Information for the Year Ended June 30, 2013)

	Program	Support Services			Total Support Services	Total 2014	Total 2013
		Management & General	Fund Raising				
EXPENSES							
Salaries	\$ 715,511	\$ 53,861	\$ 98,969	\$ 152,830	\$ 868,341	\$ 850,521	
Employee Benefits	69,088	5,201	9,556	14,757	83,845	68,363	
Payroll Taxes	60,075	4,522	8,310	12,832	72,907	64,815	
Total Salaries & Benefits	844,674	63,584	116,835	180,419	1,025,093	983,699	
Professional Fees	25,146	16,739	18,146	34,885	60,031	42,736	
Contributed Services	66,488		13,150	13,150	79,638	21,213	
Office	4,094	308	566	874	4,968	5,483	
Janitorial	6,427	484	889	1,373	7,800	7,800	
Contributed Supplies	138,082				138,082	84,975	
Telephone	6,946	523	961	1,484	8,430	8,610	
Utilities	8,469	638	1,171	1,809	10,278	10,314	
Postage & Shipping	3,272	246	453	699	3,971	4,490	
Occupancy	19,733	1,486	2,730	4,216	23,949	18,722	
Contributed Space	127,089	9,567	17,579	27,146	154,235	153,815	
Repairs & Maintenance	10,289	775	1,423	2,198	12,487	4,503	
Printing & Publications	16,558	1,246	2,290	3,536	20,094	7,341	
Dues & Publications	2,515	189	348	537	3,052	3,230	
Marketing	1,604				1,604	5,250	
Travel & Transportation	4,797				4,797	5,357	
Conferences & Meetings	1,661				1,661	2,818	
Training	16,447				16,447	19,214	
Insurance	6,738	507	932	1,439	8,177	7,778	
Investment & Bank Fees	8,516	6,703	1,178	7,881	16,397	16,616	
Children's Services	24,834				24,834	17,580	
Staff Training	10				10	180	
Bad Debts						500	
Total Expense before Depreciation	1,344,389	102,995	178,651	281,646	1,626,035	1,432,224	
Depreciation	5,907	445	817	1,262	7,169	5,693	
Total Expenses	\$ 1,350,296	\$ 103,440	\$ 179,468	\$ 282,908	\$ 1,633,204	\$ 1,437,917	
Percentage of Total	82.68	6.33	10.99	17.32	100		

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, 2014 AND 2013

	JUNE 30, 2014			JUNE 30, 2013		
	BOARD DESIGNATED	PERMANENTLY RESTRICTED	TOTAL	BOARD DESIGNATED	PERMANENTLY RESTRICTED	TOTAL
REVENUE	\$	\$	\$	\$	\$	\$
Contributions						
Interest & Dividends	27,255		27,255	20,531		20,531
Realized Gains/(Losses)	(2,608)		(2,608)	37,361		37,361
Unrealized Gains/(Losses)	134,961		134,961	45,977		45,977
TOTAL REVENUE	<u>159,608</u>	<u>-</u>	<u>159,608</u>	<u>103,869</u>	<u>-</u>	<u>103,869</u>
EXPENSES						
Maintenance Expenses	6,062		6,062	5,317		5,317
Account Fees			-	2,066		2,066
TOTAL EXPENSES	<u>6,062</u>	<u>-</u>	<u>6,062</u>	<u>7,383</u>	<u>-</u>	<u>7,383</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	<u>153,546</u>	<u>-</u>	<u>153,546</u>	<u>96,486</u>	<u>-</u>	<u>96,486</u>
OPENING BALANCE	924,580	500,000	1,424,580	828,094	500,000	1,328,094
CLOSING BALANCE	<u>\$ 1,078,126</u>	<u>\$ 500,000</u>	<u>\$ 1,578,126</u>	<u>\$ 924,580</u>	<u>\$ 500,000</u>	<u>\$ 1,424,580</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, 2014 AND 2013

	<u>TOTAL CURRENT YEAR</u>	<u>TOTAL PRIOR YEAR</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Increase (Decrease) in Net Assets	\$ 307,214	\$ 32,729
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	7,169	5,693
Net Realized/Unrealized Loss on Investments	(132,353)	(83,338)
Net Investment Earnings	(21,193)	(13,148)
 (Increase) Decrease in Assets:		
Accounts Receivable	(25,984)	7,710
Prepaid Expenses	(41,051)	7,554
 Increase (Decrease) in Liabilities:		
Accounts Payable	28,400	6,627
Payroll & Related Liabilities	(5,900)	(11,131)
Deferred Support & Revenue	<u> </u>	<u>(11,600)</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	 116,302	 (58,904)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Property & Equipment	<u>(9,769)</u>	<u>(5,000)</u>
 NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	 (9,769)	 (5,000)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 <u>106,533</u>	 <u>(63,904)</u>
 CASH & CASH EQUIVALENTS, BEGINNING	 <u>177,247</u>	 <u>241,151</u>
 CASH & CASH EQUIVALENTS, ENDING	 <u>\$ 283,780</u>	 <u>\$ 177,247</u>
 NON CASH TRANSACTIONS		
Contributed Goods & Services	<u>\$ 371,954</u>	<u>\$ 260,002</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, 2014

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, 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, 2014, Child Advocates of Silicon Valley, Inc. supported 481 Advocates in their work with 629 children. The Organization partnered in the development of the Dependency Wellness Court and continued its active participation in Middle School Education Court and Teen 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 1,000 programs nationwide and receives support from individuals, foundations, corporations 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, 2014

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, 2014

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 managed. 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, 2013, 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 are currently suspended.

CHILD ADVOCATES OF SILICON VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

NOTE 4: PROPERTY AND EQUIPMENT

As of June 30, 2014 the cost of fixed assets and the related accumulated depreciation consisted of the following:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Furniture & Fixtures	\$ 75,716	\$ 75,716
Machinery & Equipment	19,613	19,613
Computer Equipment	47,433	73,763
Leasehold Improvements	<u>166,502</u>	<u>166,502</u>
Total Fixed Assets	309,264	335,594
Less: Accumulated Depreciation	<u>(295,443)</u>	<u>(324,373)</u>
Net Fixed Assets	<u>\$ 13,821</u>	<u>\$ 11,221</u>

Depreciation expense for the year ended June 30, 2014 was \$7,169 and for the year ended June 30, 2013 was \$5,693.

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, 2014</u>	<u>June 30, 2013</u>
Contributed Services	\$ 79,638	\$ 21,212
Contributed Supplies	138,081	84,975
Contributed Office Space	<u>154,235</u>	<u>153,815</u>
Total	<u>\$ 371,954</u>	<u>\$ 260,002</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, 2014 and 2013, 481 and 462 unpaid advocates donated an estimated 140 hours each to the 629 and 595 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 \$26.34 for 2014 and of \$24.18 for 2013. For these fiscal years, the respective values of contributed services are \$1,377,187 and \$1,239,723 based on the number of active Advocates.

Donations of tickets to sports and entertainment events or venues estimated at \$6,119 for 2014 and \$7,134 for 2013 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, 2014

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, 2014	<u>Income</u>	<u>Expenses</u>	<u>Net Income</u>
Annual Gala	\$ 303,239	\$ 62,243	\$ 240,996
Golf Tournament	<u>147,145</u>	<u>37,358</u>	<u>109,787</u>
Total Special Events	<u>\$ 450,384</u>	<u>\$ 99,601</u>	<u>\$ 350,783</u>

June 30, 2013	<u>Income</u>	<u>Expenses</u>	<u>Net Income</u>
Annual Gala	\$ 349,120	\$ 51,870	\$ 297,250
Golf Tournament	<u>136,300</u>	<u>39,972</u>	<u>96,328</u>
Total Special Events	<u>\$ 485,420</u>	<u>\$ 91,842</u>	<u>\$ 393,578</u>

The above schedule includes in-kind income and expenses of \$37,977 and \$24,750 for the years ended June 30, 2014 and 2013, 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, 2014 amounted to \$23,949, and to \$18,722 for the year ended June 30, 2013. 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 years ended June 30, 2014 and 2013, the Organization leased 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 coverage limit of \$250,000. At June 30, 2014, the Organization had no uninsured cash balances.

CHILD ADVOCATES OF SILICON VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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: DATE OF MANAGERMENTS REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through September 15, 2014, the date that the financial statements were available to be issued.