

CHILD ADVOCATES OF SILICON VALLEY, INC.  
AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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JUNE 30, 2020

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## INDEPENDENT AUDITORS' REPORT

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, 2020, 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, 2020 and 2019, 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, 2020 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, 2020 and 2019 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Morton & Associates Inc.  
Certified Public Accountants

September 15, 2020

## CHILD ADVOCATES OF SILICON VALLEY, INC.

## STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	Unrestricted	Donor Imposed Restrictions	Total All Funds June 30	
			2020	2019
<b>ASSETS</b>				
Current Assets				
Cash & Equivalents	\$ 1,034,760	\$ 251,029	\$ 1,285,789	\$ 550,062
Grants Receivable	456,846		456,846	166,814
Prepaid Expenses	<u>29,380</u>		<u>29,380</u>	<u>59,946</u>
Total Current Assets	<u>1,520,986</u>	<u>251,029</u>	<u>1,772,015</u>	<u>776,822</u>
Fixed Assets				
Net Property & Equipment	<u>93,591</u>		<u>93,591</u>	<u>118,792</u>
Book Value of Fixed Assets	<u>93,591</u>		<u>93,591</u>	<u>118,792</u>
Long Term Assets				
Investments	<u>2,056,787</u>	<u>500,000</u>	<u>2,556,787</u>	<u>2,472,373</u>
Total Long Term Assets	<u>2,056,787</u>	<u>500,000</u>	<u>2,556,787</u>	<u>2,472,373</u>
Total Assets	<u>\$ 3,671,364</u>	<u>\$ 751,029</u>	<u>\$ 4,422,393</u>	<u>\$ 3,367,987</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	\$ 70,231	\$	\$ 70,231	\$ 47,668
Payroll & Related Liabilities	119,589		119,589	95,483
PPP Loan	<u>547,600</u>		<u>547,600</u>	
Total Current Liabilities	<u>737,420</u>		<u>737,420</u>	<u>143,151</u>
<b>NET ASSETS</b>				
Operating Fund	783,566		783,566	571,047
Property & Equipment Fund	93,591		93,591	118,792
Restricted Net Assets		251,029	251,029	62,624
Endowment Fund	<u>2,056,787</u>	<u>500,000</u>	<u>2,556,787</u>	<u>2,472,373</u>
Total Net Assets	<u>2,933,944</u>	<u>751,029</u>	<u>3,684,973</u>	<u>3,224,836</u>
Total Liabilities & Net Assets	<u>\$ 3,671,364</u>	<u>\$ 751,029</u>	<u>\$ 4,422,393</u>	<u>\$ 3,367,987</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, 2020

(With Summarized Financial Information for the Year Ended June 30, 2019)

	Unrestricted	Donor Imposed Restrictions	Total All Funds June 30	
			2020	2019
<b>SUPPORT</b>				
Contributions	\$ 592,427	\$	\$ 592,427	\$ 514,630
Community Groups	96,490		96,490	152,682
Corporate Contributions	183,993	129,841	313,834	230,298
Foundation Contributions		537,651	537,651	279,039
Contributions In-Kind	305,877		305,877	328,616
Government Contracts	1,354,885		1,354,885	790,591
Total Support	<u>2,533,672</u>	<u>667,492</u>	<u>3,201,164</u>	<u>2,295,856</u>
<b>REVENUE</b>				
Special Events	380,724		380,724	549,467
Interest & Dividends	55,883		55,883	59,287
Other Income	10,902		10,902	9,635
Realized Gain or (Loss)	(17,072)		(17,072)	11,785
Unrealized Gain or (Loss)	58,918		58,918	32,320
Total Revenue	<u>489,355</u>		<u>489,355</u>	<u>662,494</u>
Total Increases in Net Assets	\$ <u>3,023,027</u>	\$ <u>667,492</u>	\$ <u>3,690,519</u>	\$ <u>2,958,350</u>
<b>EXPENSES</b>				
Program Services				
Program	\$ <u>2,685,577</u>	\$	\$ <u>2,685,577</u>	\$ <u>2,154,419</u>
Total Program Services	<u>2,685,577</u>		<u>2,685,577</u>	<u>2,154,419</u>
Support Services				
Management & General	250,396		250,396	177,516
Fund Raising	294,409		294,409	373,235
Total Support Services	<u>544,805</u>		<u>544,805</u>	<u>550,751</u>
Total Expenses	<u>3,230,382</u>		<u>3,230,382</u>	<u>2,705,170</u>
Net Increase (Decrease) In Assets	(207,355)	667,492	460,137	253,180
Assets Released From Restriction	479,087	(479,087)		
Net Assets Beginning	<u>2,662,212</u>	<u>562,624</u>	<u>3,224,836</u>	<u>2,971,656</u>
Net Assets Ending	\$ <u>2,933,944</u>	\$ <u>751,029</u>	\$ <u>3,684,973</u>	\$ <u>3,224,836</u>

The Accompanying Independent Auditors' Report and the Attached Notes  
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CHILD ADVOCATES OF SILICON VALLEY, INC.  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2020  
(With Summarized Financial Information for the Year Ended June 30, 2019)

Program	Support Services			Total 2020	Total 2019
	Management & General	Fund Raising	Total Support Services		
EXPENSES					
Salaries	\$ 1,630,636	\$ 165,047	\$ 139,538	\$ 304,585	\$ 1,935,221
Employee Benefits	148,426	13,414	11,923	25,337	173,763
Payroll Taxes	147,014	13,287	11,810	25,097	172,111
<b>Total Salaries &amp; Benefits</b>	<b>1,926,076</b>	<b>191,748</b>	<b>163,271</b>	<b>355,019</b>	<b>2,281,095</b>
Professional Fees	155,164	13,899	42,175	56,074	211,238
Contributed Services			6,450	6,450	6,450
Office	91,832	8,299	7,377	15,676	107,508
Janitorial	9,591	867	770	1,637	11,228
Contributed Supplies	112,693		53,535	53,535	166,228
Telephone	20,633	1,865	1,658	3,523	24,156
Utilities	10,872	983	873	1,856	12,728
Postage & Shipping	1,529	138	123	261	1,790
Occupancy	15,342	1,387	1,233	2,620	17,962
Contributed Space	113,776	10,283	9,140	19,423	133,199
Repairs & Maintenance	8,025	725	645	1,370	9,395
Printing & Publications	13,650	1,234	1,097	2,331	15,981
Dues & Publications	31,742	2,869	2,550	5,419	37,161
Travel & Transportation	8,144				8,144
Conferences & Meetings	14,227				14,227
Training	75,665				75,665
Insurance	7,555	683	607	1,290	8,845
Investment & Bank Fees		12,148		12,148	12,148
Children's Services	32,898				32,898
<b>Total Expense before Depreciation</b>	<b>2,649,414</b>	<b>247,128</b>	<b>291,504</b>	<b>538,632</b>	<b>3,188,046</b>
Depreciation	36,163	3,268	2,905	6,173	42,336
<b>Total Expenses</b>	<b>\$ 2,685,577</b>	<b>\$ 250,396</b>	<b>\$ 294,409</b>	<b>\$ 544,805</b>	<b>\$ 3,230,382</b>
Percentage of Total	<u>83.13</u>	<u>7.75</u>	<u>9.11</u>	<u>16.86</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 CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>TOTAL CURRENT YEAR</u>	<u>TOTAL PRIOR YEAR</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Increase (Decrease) in Net Assets	\$ 460,137	\$ 253,180
Adjustments to Reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	42,336	38,807
Net Realized/Unrealized Gain on Investments	(41,845)	(44,105)
Net Investment Earnings	(42,569)	(47,963)
 (Increase) Decrease in Assets:		
Accounts Receivable	(290,032)	(61,082)
Prepaid Expenses	30,566	70
 Increase (Decrease) in Liabilities:		
Accounts Payable	22,563	21,432
Payroll & Related Liabilities	<u>24,106</u>	<u>(1,621)</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	 205,262	 158,718
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments		(236,052)
Purchase of Property & Equipment	<u>(17,135)</u>	<u>(33,057)</u>
 NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:	 (17,135)	 (269,109)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP Loan	<u>547,600</u>	<u>                    </u>
 NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES:	 <u>547,600</u>	 <u>                    </u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 <u>735,727</u>	 <u>(110,391)</u>
 CASH & CASH EQUIVALENTS, BEGINNING	 <u>550,062</u>	 <u>660,453</u>
 CASH & CASH EQUIVALENTS, ENDING	 <u>\$ 1,285,789</u>	 <u>\$ 550,062</u>
 <b>NON CASH TRANSACTIONS</b>		
Contributed Goods & Services	<u>\$ 305,877</u>	<u>\$ 318,983</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, 2020

NOTE 1: NATURE OF ACTIVITIES:

Founded in 1986, Child Advocates of Silicon Valley, Inc. (CASV, the Organization) 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 a CASA 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, medical professionals, 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, 2020, Child Advocates of Silicon Valley, Inc. supported 650 CASAs in their work with 940 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, 2020

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 two classes of net assets: unrestricted net assets, and donor imposed 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 Organization 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.
- Donor Imposed Restrictions 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. They also 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.

Property 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, 2020

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 Organization 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 July 1, 2019, from which the summarized information has been derived.

NOTE 3: PROPERTY AND EQUIPMENT

As of June 30, 2020 and 2019, the cost of fixed assets and the related accumulated depreciation consisted of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Furniture & Fixtures	\$ 120,307	\$ 120,307
Machinery & Equipment	40,485	40,485
Computer Equipment	195,212	180,092
Leasehold Improvements	<u>183,727</u>	<u>181,712</u>
Total Fixed Assets	539,731	522,596
Less: Accumulated Depreciation	<u>(446,140)</u>	<u>(403,804)</u>
Net Fixed Assets	<u>\$ 93,591</u>	<u>\$ 118,792</u>

Depreciation expense for the year ended June 30, 2020 was \$42,336 and for the year ended June 30, 2019 was \$38,807.

CHILD ADVOCATES OF SILICON VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4: PAYCHECK PROTECTION PROGRAM:

On May 4, 2020, the Organization received loan proceeds in the amount of approximately \$547,600 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty four week period.

The unforgiven portion of the PPP loan is payable at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, assurance can not be given that actions might cause the Organization to be ineligible for forgiveness of the loan, in whole or in part. The PPP proceeds have been recorded as a current liability and will be recognized as income when the PPP loan is forgiven.

NOTE 5: EMPLOYEE BENEFIT PLAN:

Child Advocates provides 403b Plans for employees who work 750 or more hours per year. Under this plan, eligible employees may elect to contribute a portion of their salary, on a pre-tax basis. Under this plan, Child Advocates may make contributions on behalf of each eligible employee who works a minimum of 750 hours per year, and credit such contributions to the participant's account. Contributions will be determined at the sole discretion of the Executive Director, Human Resources Committee and Board of Directors, depending on the financial and operational performance of the agency during the fiscal year. Contributions to the employee accounts will occur in July, following the assessment of the agency's prior year performance. An employee must be in active status as of the last day of the fiscal year and in good standing to receive the contribution. Contributions made to a participating employee's account by Child Advocates are fully vested. Child Advocates did not make any contributions to the plan for the year ended June 30, 2020.

CHILD ADVOCATES OF SILICON VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 6: 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, 2020</u>	<u>June 30, 2019</u>
Contributed Services	\$ 6,450	\$ 58,183
Contributed Supplies	166,228	150,748
Contributed Office Space	<u>133,199</u>	<u>119,686</u>
Total	<u>\$ 305,877</u>	<u>\$ 328,617</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, 2020 and 2019, 650 and 673 unpaid advocates donated an estimated 140 hours each to the 940 and 964 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 \$31.51 for 2020 and of \$29.95 for 2019. For these fiscal years, the respective values of contributed services are \$2,219,627 and \$2,081,944 based on the number of active Advocates.

Donations of tickets to sports and entertainment events or venues estimated at \$1,200 for 2020 and \$4,829 for 2019 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.

NOTE 7: INVESTMENTS

	<u>June 30, 2020</u>		<u>June 30, 2019</u>	
	<u>Cost</u>	<u>FMV</u>	<u>Cost</u>	<u>FMV</u>
Cash	\$ 30,868	\$ 30,868	\$ 65,960	\$ 65,960
Stock Funds	288,336	306,627	353,050	380,579
Mutual Funds	673,820	704,251	914,802	933,159
ETPs	<u>1,244,914</u>	<u>1,515,041</u>	<u>857,649</u>	<u>1,092,675</u>
Total Investments	<u>\$ 2,237,938</u>	<u>\$ 2,556,787</u>	<u>\$ 2,191,461</u>	<u>\$ 2,472,373</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.

## CHILD ADVOCATES OF SILICON VALLEY, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 8: 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, 2020	<u>Income</u>	<u>Expenses</u>	<u>Net Income</u>
Annual Gala	\$ 182,629	\$ 32,093	\$ 150,536
Golf Tournament	175,862	64,973	110,889
Wine, Women & Shoes	<u>224,052</u>	<u>104,753</u>	<u>119,299</u>
Total Special Events	<u>\$ 582,543</u>	<u>\$ 201,819</u>	<u>\$ 380,724</u>

  

June 30, 2019	<u>Income</u>	<u>Expenses</u>	<u>Net Income</u>
Annual Gala	\$ 475,387	\$ 175,473	\$ 299,914
Golf Tournament	171,837	55,258	116,579
Wine, Women & Shoes	205,508	74,911	130,597
Other	<u>2,377</u>		<u>2,377</u>
Total Special Events	<u>\$ 855,109</u>	<u>\$ 305,642</u>	<u>\$ 549,467</u>

The above schedule includes in-kind income and expenses of \$60,134 and \$92,247 for the years ended June 30, 2020 and 2019, respectively.

NOTE 9: 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. In April 2020, the Sobrato Foundation suspended the CAM expenses of \$1,994.76 per month. Paid rent for the year ended June 30, 2020 amounted to \$17,962, and to \$23,949 for the year ended June 30, 2019. 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, 2020, the Organization leased one photocopier on a month-to-month basis. For the year ended June 30, 2019, the Organization had two photocopiers on a month-to-month basis.

CHILD ADVOCATES OF SILICON VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 10: LIQUIDITY

Child Advocates has \$1,772,015 of financial assets available within one year of June 30, 2020 to meet cash needs for general expenditure consisting of cash of \$1,285,789, grants receivable of \$456,846 and prepaid expenses of \$29,380. Cash in the amount of \$251,029 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of June 30, 2020. The items in the investment account are readily liquidable and available for operations if necessary.

Child Advocates has a goal to maintain cash on hand to meet three months normal monthly operating expenses, which on average approximate \$265,000.

NOTE 11: 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 12: 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, 2020, the Organization's uninsured cash balance totaled approximately \$959,954. In addition, \$2,525,919 was held in bond funds, equity funds and other assets, which are uninsured and subject to market risk.

NOTE 13: COVID-19

The World Health Organization has classified the global occurrence of COVID-19 as a pandemic. To contain the spread of the virus, the state of California passed shelter-in-place regulations, mandating social distancing frequently resulted in reduced operations. The full impact of COVID-19 continues to evolve.

The Organization believes it has sufficient liquidity that along with its PPP Loan will enable it to meet operational costs in the short term. However, the situation's uncertainty means that an estimate of the full financial impact cannot be made at this time.



CHILD ADVOCATES OF SILICON VALLEY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE 14: DATE OF MANagements REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure through September 15, 2020, the date that the financial statements were available to be issued.