



CHILD ADVOCATES OF SILICON VALLEY, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Child Advocates of Silicon Valley, Inc. (a nonprofit Organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Child Advocates of Silicon Valley, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 2 to the financial statements, on July 1, 2023, Child Advocates of Silicon Valley, Inc. adopted new accounting guidance ASC 326, *Financial Instruments - Credit Losses*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Child Advocates of Silicon Valley, Inc.'s ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Child Advocates of Silicon Valley, Inc.'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 Child Advocates of Silicon Valley, Inc.'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.



October 8, 2024

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENTS OF FINANCIAL POSITION

Assets

	June 30,	
	2024	2023
Current assets:		
Cash	\$ 1,019,563	\$ 1,958,658
Accounts receivable	146,991	196,514
Contributions receivable	83,950	52,051
Bequest receivable	696,379	-
Investments	833,800	530,312
Prepaid expenses and deposits	94,937	50,233
Total current assets	2,875,620	2,787,768
Property and equipment, net	25,084	38,251
Investments - Board designated endowment	4,516,829	3,537,106
	<u>\$ 7,417,533</u>	<u>\$ 6,363,125</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 53,520	\$ 57,130
Accrued liabilities	309,661	342,436
Total current liabilities	363,181	399,566
Net assets:		
Without donor restrictions:		
Undesignated	706,967	1,380,306
Board designated operating reserves	656,000	530,312
Board designated endowment	4,516,829	3,537,106
Property and equipment fund	25,084	38,251
Total net assets without donor restrictions	5,904,880	5,485,975
With donor restrictions:		
Purpose restricted	369,143	425,533
Time restricted	83,950	52,051
Permanently restricted endowment	696,379	-
Total net assets with donor restrictions	1,149,472	477,584
Total net assets	<u>7,054,352</u>	<u>5,963,559</u>
	<u>\$ 7,417,533</u>	<u>\$ 6,363,125</u>

See accompanying independent auditor's report and notes to financial statements.

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENTS OF ACTIVITIES

Year Ended June 30,

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Grants from government agencies	\$ 1,206,045	\$ -	\$ 1,206,045	\$ 1,190,667	\$ -	\$ 1,190,667
Contributions from foundations, corporations and individuals	1,339,415	1,178,111	2,517,526	1,888,129	460,084	2,348,213
In-kind contributions	298,094	-	298,094	325,317	-	325,317
Forgiveness of Paycheck Protection Program loan	-	-	-	503,000	-	503,000
Employee Retention Credit	-	-	-	211,688	-	211,688
Net investment income	494,470	-	494,470	290,035	-	290,035
Contributions and revenue from special events, net of direct benefit to donor costs of \$49,150 and \$63,110, respectively	512,602	-	512,602	509,453	-	509,453
Net assets released from restriction	506,223	(506,223)	-	183,603	(183,603)	-
Total revenue and support	4,356,849	671,888	5,028,737	5,101,892	276,481	5,378,373
Functional expenses:						
Program services	2,849,756	-	2,849,756	2,793,025	-	2,793,025
General and administrative	479,403	-	479,403	518,934	-	518,934
Fundraising	608,785	-	608,785	561,957	-	561,957
Total functional expenses	3,937,944	-	3,937,944	3,873,916	-	3,873,916
Change in net assets	418,905	671,888	1,090,793	1,227,976	276,481	1,504,457
Net assets, beginning of year	5,485,975	477,584	5,963,559	4,257,999	201,103	4,459,102
Net assets, end of year	\$ 5,904,880	\$ 1,149,472	\$ 7,054,352	\$ 5,485,975	\$ 477,584	\$ 5,963,559

See accompanying independent auditor's report and notes to financial statements.

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 1,905,646	\$ 252,951	\$ 198,182	\$ 2,356,779
Payroll taxes	159,656	21,192	16,604	197,452
Benefits	227,970	30,261	23,709	281,940
Total personnel expenses	2,293,272	304,404	238,495	2,836,171
Professional services	90,295	90,350	51,674	232,319
Special events	-	-	192,758	192,758
Contributed supplies	95,779	-	8,343	104,122
Contributed office space	78,844	10,467	8,199	97,510
Contributed services	-	4,970	91,492	96,462
Occupancy	76,652	10,175	7,972	94,799
Dues and subscriptions	51,494	19,689	21,200	92,383
Program materials and supplies	57,713	-	-	57,713
Marketing	42,267	1,263	-	43,530
Office supplies	14,971	5,860	9,934	30,765
Employee development	21,121	4,011	1,034	26,166
Bank and processing fees	-	219	23,867	24,086
Insurance	-	21,245	-	21,245
Depreciation	12,392	1,596	1,250	15,238
Travel and transportation	2,811	3,298	791	6,900
Miscellaneous	12,145	1,856	926	14,927
Total expenses	2,849,756	479,403	657,935	3,987,094
Less direct benefit to donor costs	-	-	(49,150)	(49,150)
Total functional expenses	<u>\$ 2,849,756</u>	<u>\$ 479,403</u>	<u>\$ 608,785</u>	<u>\$ 3,937,944</u>

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 1,885,216	\$ 250,593	\$ 178,253	\$ 2,314,062
Payroll taxes	143,669	19,097	13,585	176,351
Benefits	164,212	21,828	15,527	201,567
Total personnel expenses	2,193,097	291,518	207,365	2,691,980
Professional services	65,513	99,340	32,636	197,489
Special events	-	-	187,584	187,584
Contributed supplies	102,117	-	2,602	104,719
Contributed office space	93,884	12,480	8,877	115,241
Contributed services	-	2,528	102,829	105,357
Occupancy	75,126	9,986	7,104	92,216
Dues and subscriptions	33,597	42,417	22,737	98,751
Program materials and supplies	72,269	-	-	72,269
Marketing	56,878	806	-	57,684
Office supplies	31,257	9,566	17,798	58,621
Employee development	24,177	10,194	3,179	37,550
Bank and processing fees	-	4,592	26,455	31,047
Insurance	-	14,545	-	14,545
Depreciation	15,631	2,078	1,478	19,187
Travel and transportation	5,909	4,862	1,682	12,453
Bad debt	-	13,774	-	13,774
Miscellaneous	23,570	248	2,741	26,559
Total expenses	2,793,025	518,934	625,067	3,937,026
Less direct benefit to donor costs	-	-	(63,110)	(63,110)
Total functional expenses	\$ 2,793,025	\$ 518,934	\$ 561,957	\$ 3,873,916

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 1,090,793	\$ 1,504,457
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	15,238	19,187
Net realized/unrealized gain on investments	(373,300)	(190,639)
Forgiveness of Paycheck Protection Program loan	-	(503,000)
Changes in assets and liabilities:		
Accounts receivable	49,523	118,901
Contributions receivable	(31,899)	76,552
Employee Retention Credit receivable	-	86,700
Bequest receivable	(696,379)	
Prepaid expenses and deposits	(44,704)	(15,866)
Accounts payable	(3,610)	(1,424)
Accrued liabilities	(32,775)	26,725
	(27,113)	1,121,593
Net cash (used in) provided by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(2,071)	(13,728)
Purchases of investments	(2,519,759)	(1,271,868)
Proceeds from the sales of investments	1,609,848	1,178,710
	(911,982)	(106,886)
Net cash used in investing activities		
Net (decrease) increase in cash	(939,095)	1,014,707
Cash, beginning of year	1,958,658	943,951
Cash, end of year	\$ 1,019,563	\$ 1,958,658
Non-cash investing and financing activities:		
Forgiveness of Paycheck Protection Program loan	\$ -	\$ 503,000

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

Note 1 - Nature of operations

Child Advocates of Silicon Valley, Inc. (the "Organization") is an independent nonprofit 501(c)(3) organization founded in 1986. The Organization serves children aged birth to 21 years old who are placed in the Santa Clara County Dependency Court System (commonly referred to as foster care) for having experienced trauma in the form of abuse, neglect, and/or abandonment. The Organization serves children in foster care by:

- ensuring every child, who needs one, has a Court Appointed Special Advocate (CASA) Volunteer;
- building enduring community partnerships to broaden and strengthen our impact;
- influencing local policies and decisions that affect the children we serve.

The Organization is responsible for operating the Court Appointed Special Advocates (CASA) Program in Santa Clara County, which entails recruiting, training, and supporting CASA Volunteers according to the National CASA Association standards.

Note 2 - Summary of significant accounting policies

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial statement presentation

Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

Without donor restrictions - net assets that are not subject to donor-imposed restrictions. These funds record the net assets over which the Board of Directors has discretionary control, and which are used to carry out operations of the Organization in accordance with its bylaws.

With donor restrictions - net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Includes resources currently available for use, but expendable only for those operating purposes specified by the donor or funding source. Resources of this fund originate from gifts, grants, and bequests.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include the allowance for credit losses, useful lives of property and equipment, value of donated facilities, materials and services and functional expense allocations. Actual results could differ from these estimates.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies (continued)

Investments and endowment assets

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are reflected as increases or decreases in net assets without donor restrictions unless their use has been restricted by donors. Investment earnings from the Board designated endowment assets are classified within the net assets without donor restrictions category.

Accounts receivable

Accounts receivable arise principally from charges to funding sources, generally in proportion to current expenses incurred. The Organization extends unsecured credit in the ordinary course of operations and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance that reflects management's best estimate of the amounts that, ultimately, will not be collected. The Organization recognizes an allowance for credit losses on financial assets, which includes accounts receivable in an amount equal to the current expected credit losses.

The allowance estimate is derived from a review of the Organization's historical losses based on the Organization's unique customer base within the industry. This estimate is adjusted for management assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's customer base has remained consistent in the past years. Management has determined the allowance for credit losses was immaterial at June 30, 2024. No allowance was recorded at June 30, 2023.

Allowance for credit losses - recently adopted accounting guidance

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance, Accounting Standards Codification (ASC) Topic 326, *Financial Instruments-Credit Losses* which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were accounts receivable.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures.

Bequest receivable

Bequest receivable represents an unconditional contribution from an irrevocable charitable remainder trust.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies (continued)

Employee Retention Credit

In March 2020, the U.S. Congress enacted the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), which among other things contains provisions for an Employee Retention Credit ("ERC"). The ERC allows for a refundable tax credit against certain employment taxes calculated based on qualified wages in each qualified quarter. The Organization filed for the 2020 ERC in August 2021 and recognized \$86,700 of income during the year ended June 30, 2021. During the year ended June 30, 2023, the Organization completed a calculation for additional 2020 ERC in the amount of \$50,375 and \$161,313 for 2021 ERC and recognized \$211,688 of related revenue. All outstanding ERC claims were collected during the year ended June 30, 2023.

Contributed support

Contributions are recognized as receivables when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give that are expected to be collected in future years are recognized at fair value based on discounted cash flows. The discount on these amounts is computed using the rate applicable in the year the promises were received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the original contribution. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. The contributions receivable at June 30, 2024 are expected to be collected within twelve months.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. As of June 30, 2024, the Organization had three conditional grants in the total amount of \$296,882. These grants require satisfactory progress towards key metrics and subsequent evaluation by the grantor. As of June 30, 2023, the Organization had one conditional contribution in the amount of \$214,730 which required satisfactory completion of measurable outcomes and subsequent evaluation by the grantor. This conditional contribution was recognized during the year ended June 30, 2024.

Recognition of donor restrictions

Revenue and support that is restricted by the donor is reported as an increase in net assets without donor restrictions, if the restriction expires or is fulfilled by actions of the Organization in the reporting period in which the revenue and support is recognized. All other donor-restricted revenue and support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires or is fulfilled by actions of the Organization, net assets with donor restrictions are released to net assets without donor restrictions.

In-kind support

The Organization records various types of in-kind support for professional services. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets or the use thereof is recognized when promised or received, whichever is earlier. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in operating expenses, or in the case of long-term assets, over the period benefited.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies (continued)

In-kind support

The Organization reports the fair value of donated goods and services meeting recognition criteria under U.S. GAAP as public support and as expense, based on estimated fair value. During the year ended June 30, 2024 and 2023, the Organization monetized \$77,736 and \$105,426, respectively, of contributed nonfinancial assets for auction sales. All other contributed nonfinancial assets were utilized in programs and activities as described in Note 9. Contributed nonfinancial assets did not have donor restrictions.

Revenue recognition - contract with customers

Grant revenue

The Organization reports grant revenue at the amounts that reflect the consideration to which the Organization expects to be entitled in exchange for services provided. These amounts are due from third-party payers, with the majority of the grant revenue coming from local nonprofit organizations and local, state and federal governmental agencies. The grant revenue is recognized when invoices are issued for reimbursement of costs incurred during the period the services are performed. The transaction prices for the services provided are dependent upon the terms provided by or negotiated with the third-party payers.

The Organization determines performance obligations based on the nature of the services the Organization provides. Revenue generated from contracts with nonprofit organizations and governmental agencies is recognized over time as actual services are provided, because control is transferred continuously to the customers. The Organization is using a cost-based input method to recognize revenue as the Organization believes that this method provides a faithful depiction of the transfer of services based on the inputs needed to satisfy the obligations.

All program services are delivered to the children primarily in Santa Clara County. All of these revenue streams are short-term in nature and do not have any significant financing components as payments are generally received shortly after the services are provided.

Contract liabilities

Contract liabilities represent amounts received in advance from grants for which the services have not yet been performed. The Organization does not have any contract liabilities as of June 30, 2024 and 2023.

The following represents the Organization's opening and ending balances of accounts receivable:

	July 1, 2022	June 30, 2023	June 30, 2024
Accounts receivable	\$ 315,415	\$ 196,514	\$ 146,991

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies (continued)

Property, equipment, and depreciation

The Organization capitalizes property and equipment acquisitions over \$1,000. Purchased property and equipment are stated at cost less accumulated depreciation. Donated property and equipment are recorded at their estimated fair value at the time of the donation. Leasehold improvements are amortized over the shorter of the remaining useful life of the assets or the term of the lease. Currently, the Organization expenses all leasehold improvements due to the short term nature of the lease. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Computers and equipment	5 years
Furniture and fixtures	5 years

Fair value measurements

The Organization measures and discloses fair value measurements as required by the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification.

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, the FASB establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value. The three-tiers are defined as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. The Organization’s valuation methodology for Level 1 is based upon quoted market prices. Inputs are obtained from various sources including market participants, dealers, brokers, and financial institutions.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Functional allocation of expenses

The costs of providing various program services and general and administrative expenses have been summarized on a functional basis in the statement of functional expenses. Directly identifiable expenses are charged to the related program or supporting services benefited. Accordingly, certain costs have been allocated among program services and supporting services based on management’s estimates. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies (continued)

Tax-exempt status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. Accordingly, no provision for income taxes or related credits is included in these financial statements. The Organization is not a private foundation under Section 509(a)(i) and 170(b)(a)(vi) of the Internal Revenue Code.

The Organization has adopted the accounting standard related to uncertainties in income taxes. The Organization evaluates uncertain tax positions through its review of the source of revenue to identify unrelated business income and certain other matters, including those which may affect its tax exempt status. Management believes their estimates related to income tax uncertainties are appropriate based on the current facts and circumstances.

The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for years ended June 30, 2021 and after are subject to examination by the IRS, generally for three years after they are filed. The Organization's state returns (Form 199) for the years ended June 30, 2020 and after could be subject to examination by state taxing authorities, generally for four years after they are filed.

Subsequent events

In preparing its financial statements, the Organization has evaluated subsequent events through October 8, 2024, which is the date the financial statements were available to be issued.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

Note 3 - Liquidity and availability of resources

The following table reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general expenditure within one year from this date. Financial assets are considered to be unavailable when illiquid or not readily convertible to cash within one year.

Financial assets available to meet cash needs for general expenditures within one year of June 30, 2024 and 2023 are as follows:

	June 30,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 1,019,563	\$ 1,958,658
Accounts receivable	146,991	196,514
Contributions receivable	83,950	52,051
Bequest receivable	696,379	-
Investments	5,350,629	4,067,418
Financial assets, at June 30	7,297,512	6,274,641
Less:		
Accounts payable and accrued liabilities	(363,181)	(399,566)
Amounts permanently restricted	(696,379)	-
Amounts unavailable to management without Board approval	(5,172,829)	(4,067,418)
	(6,232,389)	(4,466,984)
Total financial assets and liquidity resources available within one year	\$ 1,065,123	\$ 1,807,657

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

Note 4 - Investments and fair value measurements

The Organization holds separate investment accounts at brokerage firms. The investments are recorded at fair value and are invested in money market funds, mutual funds, and exchange traded funds.

Following are the major categories of assets measured at fair value on a recurring basis. This table also represents the Organization's entire Board designated investment portfolio.

	Assets at Fair Value as of June 30, 2024			
	Total	Level 1	Level 2	Level 3
Assets at fair value:				
Money market funds	\$ 57,306	\$ 57,306	\$ -	\$ -
Mutual funds:				
Equity funds	541,488	541,488	-	-
Bond funds	1,725,405	1,725,405	-	-
Exchange traded funds	3,026,430	3,026,430	-	-
Total assets at fair value	<u>\$ 5,350,629</u>	<u>\$ 5,350,629</u>	<u>\$ -</u>	<u>\$ -</u>

	Assets at Fair Value as of June 30, 2023			
	Total	Level 1	Level 2	Level 3
Assets at fair value:				
Money market funds	\$ 66,817	\$ 66,817	\$ -	\$ -
Certificate of deposit	499,975	499,975	-	-
Mutual funds:				
Equity funds	375,213	375,213	-	-
Bond funds	656,703	656,703	-	-
Exchange traded funds	2,468,710	2,468,710	-	-
Total assets at fair value	<u>\$ 4,067,418</u>	<u>\$ 4,067,418</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5 - Board designated reserve and endowment funds

The Organization has developed both a Board designated reserve and a Board designated endowment fund. The funds are held in separate investment accounts and are managed by investment advisors in accordance with the Organization's investment policy, which is approved by majority vote of the Board of Directors.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

Note 5 - Board designated reserve and endowment funds (continued)

Board designated operating reserves

The Board has established a policy to hold an operating reserve equal to two months of operating expenses. The Organization's current cash flows do not create an immediate need to use these funds for current operations but could make them available upon Board approval. These funds are presented as short term investments on the accompanying statements of financial position. During the year ended June 30, 2024, the Organization increased the operating reserve by approximately \$126,000 to reach the targeted goal of two months of operating expenses. At June 30, 2024, the reserve funds were invested in short term corporate bonds and at June 30, 2023, the reserve funds were invested in FDIC insured certificates of deposit. No funds have been approved for expenditure in the coming year. At June 30, 2024 and 2023, total reserve was \$656,000 and \$530,312, respectively.

Board designated endowment

The Organization developed a Board designated endowment for the long-term sustainability of the Organization. The funds are invested in a separate investment account and are managed based on the policies established by the Board of Directors. The Organization does not intend to use these funds for current operations but could make them available upon Board approval.

Investment policy

The primary investment objectives are the preservation of capital and purchasing power, and long-term growth of assets. The Organization manages its assets from the perspective of the total portfolio return targeting a time-weighted rate of return of 3%, after fees and costs. The Organization seeks to achieve growth of the portfolio at a moderate rate in excess of inflation with asset allocation diversified across multiple markets and asset classes. In managing the asset allocation policy, the Organization establishes long-term targets and ranges to provide a structure for implementation, ongoing decision making and evaluation and approving any deviation from any targeted strategy taken by the investment managers. These targets are reviewed annually and revised to accommodate changes in the goals and objectives of the funds.

Spending policy

The Organization's policy for appropriating annual distributions limits the spending policy amount to the amount as approved by the Board of Directors, with consideration of prudent spending guidelines. During the years ended June 30, 2024 and 2023, there were no earnings appropriated from the Board designated endowment funds.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

Note 5 - Board designated reserve and endowment funds (continued)

Board designated endowment (continued)

Spending policy (continued)

The table below represents a summary of the board designated endowment activities during the years ended June 30, 2024 and 2023:

	<u>Board Designated Endowment</u>
Balance, July 1, 2022	\$ 3,269,448
Contributions	-
Appropriation for expenditures	-
Net investment gain	284,241
Management fees	<u>(16,583)</u>
Balance, June 30, 2023	3,537,106
Contributions	509,807
Appropriation for expenditures	-
Net investment gain	490,477
Management fees	<u>(20,561)</u>
Balance, June 30, 2024	<u>\$ 4,516,829</u>

Permanently restricted donor endowment - bequest

During the year ended June 30, 2024, the Organization recognized contribution revenue for the value of the beneficial interest in charitable remainder trust. The trust funds are invested with the financial institution and are held in an interest and dividend bearing account. The funds were designated by the donor to be held in a permanently restricted endowment. Subsequent to year end, in August 2024, the Organization received a full distribution from the trust in the amount of \$687,357.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

Note 6 - Property and equipment

Property and equipment consisted of the following at June 30, 2024 and 2023:

	June 30,	
	2024	2023
Machinery and equipment	\$ 260,718	\$ 258,647
Furniture and fixtures	138,124	138,124
Leasehold improvements	187,227	187,227
	586,069	583,998
Less accumulated depreciation	(560,985)	(545,747)
	<u>\$ 25,084</u>	<u>\$ 38,251</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was \$15,238 and \$19,187, respectively.

Note 7 - Accrued liabilities

Accrued liabilities consisted of the following at June 30, 2024 and 2023:

	June 30,	
	2024	2023
Accrued payroll and related benefits	\$ 173,138	\$ 144,240
Accrued vacation	133,226	185,294
Other expenses	3,297	12,902
	<u>\$ 309,661</u>	<u>\$ 342,436</u>

Note 8 - Paycheck Protection Program

In May 2021, the Organization received loan proceeds in the amount of \$503,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), provided for loans to qualifying businesses for amounts of up to 2.5 times the average monthly payroll expenses of the qualifying business for the qualifying time period. The loan and accrued interest are forgivable after the applicable time period as defined in the CARES Act as long as the borrower uses the loan proceeds for eligible purposes, including payroll, defined benefits, rent and utilities, and maintains its payroll levels. In July 2022, the Organization received confirmation that the principal loan balance of \$503,000 and all accrued interest have been forgiven in full.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

Note 9 - In-kind contributions

The Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* using a retrospective method. The guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received.

The following table summarizes the categories of contributed nonfinancial assets and other required qualitative disclosures:

	Utilization in Programs/Activities	Valuation Techniques and Inputs	Revenue Recognized Year ended June 30,	
			2024	2023
Rent	Program and general and management support	Valuation is provided annually by the donor and is based on comparable rental price in the San Francisco Bay Area real estate market.	\$ 97,510	\$ 115,241
Sporting events, travel, and entertainment	Program and fundraising support	Valuation is provided to the Organization by the donor and approximates the value that would be received for selling similar product on the market. *Valuation of items sold at auctions is based on the cash proceeds received.	91,492	102,769
Clothing and hygiene items, toys	Program support	Valuation is provided to the Organization by the donor and approximates the value that would be received for selling similar product on the market.	95,779	102,062
Food and Beverages	Program and fundraising support	Valuation is provided to the Organization by the donor and approximates the value that would be received for selling similar product on the market.	8,343	2,657
Professional Services	General and management support	Valuation is provided by the donor and is based on the price the Organization would pay for similar services on the market.	4,970	2,588
			<u>\$ 298,094</u>	<u>\$ 325,317</u>

The in-kind facilities is received from the Sobrato Foundation on a month-to-month agreement for the Organization's office space.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

Note 10 - Employee benefit plan

The Organization provides a 403(b) Plan 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. The Organization may also 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 Organization during each 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 the Organization are fully vested. The contributions for the years ended June 30, 2024 and 2023 amounted to \$109,921 and \$30,000, respectively.

Note 11 - Concentrations, risks, and uncertainties

Risks associated with cash are mitigated by maintaining balances in multiple credit-worthy financial institutions. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed amounts insured by the Federal Deposit Insurance Corporation. As of June 30, 2024 and 2023, the Organization has not experienced any losses on such accounts. Management believes that the Organization is not exposed to any significant credit risk related to concentrations.

During the year ended June 30, 2024, the Organization generated approximately 24% of its total revenue and support from two local government agencies. Receivables related to these agencies amounted to approximately 19% of total accounts receivable at June 30, 2024.

The Organization holds investments in various investment vehicles outlined above. These securities are exposed to various risks such as interest rate and market risks. Due to the level of risk associated with these securities and the level of uncertainty related to changes in value, it is at least reasonably possible that changes in the risk factors will occur in the near term that could materially affect the value of the investments reported in the accompanying financial statements.

Various uncertainties exist in the current global, economic, and political environment. Domestic and international economies continue to face uncertainty related to geopolitical tensions and economic instability. The extent of the impact of these uncertainties on the Organization's operational and financial performance and on its employees, funders, and vendors, will depend on future developments that cannot be predicted. At this point, the extent to which such uncertainties may impact the Organization's financial condition, or results of operations is uncertain.