



**CHILD ADVOCATES OF SILICON VALLEY, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2025 AND 2024**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Child Advocates of Silicon Valley, Inc.  
San Jose, 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, 2025 and 2024, 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, 2025 and 2024, 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.

### 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.



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## **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.



September 29, 2025

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## STATEMENTS OF FINANCIAL POSITION

### Assets

	June 30,	
	2025	2024
Current assets:		
Cash	\$ 1,494,254	\$ 1,019,563
Accounts receivable	124,790	146,991
Contributions receivable	82,027	83,950
Capital campaign receivable	89,410	-
Bequest receivable	-	696,379
Investments	106,073	833,800
Prepaid expenses and deposits	101,592	94,937
Total current assets	1,998,146	2,875,620
Property and equipment, net	4,430,161	25,084
Investments - endowment:		
Board designated endowment	2,818,042	4,516,829
Donor restricted endowment	727,786	-
	\$ 9,974,135	\$ 7,417,533

### Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 95,793	\$ 53,520
Accrued liabilities	312,511	309,661
Note payable, current portion	39,783	-
Total current liabilities	448,087	363,181
Note payable, long-term portion, net of unamortized debt issuance costs	2,289,933	-
Net assets:		
Without donor restrictions	5,865,044	5,904,880
With donor restrictions	1,371,071	1,149,472
Total net assets	7,236,115	7,054,352
	\$ 9,974,135	\$ 7,417,533

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## STATEMENTS OF ACTIVITIES

	Year Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Grants from government agencies	\$ 1,042,376	\$ -	\$ 1,042,376	\$ 1,206,045	\$ -	\$ 1,206,045
Contributions from foundations, corporations and individuals	1,605,356	482,193	2,087,549	1,339,415	1,178,111	2,517,526
In-kind contributions	310,149	-	310,149	298,094	-	298,094
Net investment income	444,051	31,407	475,458	494,470	-	494,470
Contributions and revenue from special events, net of direct benefit to donor costs of \$39,575 and \$49,150, respectively	496,381	-	496,381	512,602	-	512,602
Other income	194,408	-	194,408	-	-	-
Net assets released from restriction	292,001	(292,001)	-	506,223	(506,223)	-
Total revenue and support	4,384,722	221,599	4,606,321	4,356,849	671,888	5,028,737
Functional expenses:						
Program services	3,125,841	-	3,125,841	2,849,756	-	2,849,756
General and administrative	424,128	-	424,128	479,403	-	479,403
Fundraising	874,589	-	874,589	608,785	-	608,785
Total functional expenses	4,424,558	-	4,424,558	3,937,944	-	3,937,944
Change in net assets	(39,836)	221,599	181,763	418,905	671,888	1,090,793
Net assets, beginning of year	5,904,880	1,149,472	7,054,352	5,485,975	477,584	5,963,559
Net assets, end of year	\$ 5,865,044	\$ 1,371,071	\$ 7,236,115	\$ 5,904,880	\$ 1,149,472	\$ 7,054,352

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, 2025

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 1,932,875	\$ 230,062	\$ 269,014	\$ 2,431,951
Payroll taxes	138,654	16,503	19,298	174,455
Benefits	201,470	23,980	28,040	253,490
 Total personnel expenses	 2,272,999	 270,545	 316,352	 2,859,896
Professional services	158,353	99,498	56,805	314,656
Special events	-	-	223,573	223,573
Contributed supplies	137,017	-	16,572	153,589
Program material and supplies	152,665	-	-	152,665
Capital fundraising costs	-	-	124,666	124,666
Occupancy	97,978	11,662	13,636	123,276
Dues and subscriptions	75,684	2,606	37,080	115,370
Contributed office space	70,453	8,386	9,805	88,644
Marketing	79,268	808	69	80,145
Contributed services	-	-	67,916	67,916
Employee development	32,203	916	616	33,735
Office supplies	16,135	2,503	14,496	33,134
Bank and processing fees	904	1,747	22,101	24,752
Miscellaneous	14,832	1,173	7,474	23,479
Insurance	-	17,083	-	17,083
Travel and transportation	8,516	6,149	1,773	16,438
Depreciation	8,834	1,052	1,230	11,116
 Total expenses	 3,125,841	 424,128	 914,164	 4,464,133
Less direct benefit to donor costs	-	-	(39,575)	(39,575)
 Total functional expenses	 <u>\$ 3,125,841</u>	 <u>\$ 424,128</u>	 <u>\$ 874,589</u>	 <u>\$ 4,424,558</u>

# 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
Occupancy	76,652	10,175	7,972	94,799
Special events	-	-	192,758	192,758
Contributed supplies	95,779	-	8,343	104,122
Program materials and supplies	57,713	-	-	57,713
Dues and subscriptions	51,494	19,689	21,200	92,383
Contributed office space	78,844	10,467	8,199	97,510
Marketing	42,267	1,263	-	43,530
Contributed services	-	4,970	91,492	96,462
Employee development	21,121	4,011	1,034	26,166
Office supplies	14,971	5,860	9,934	30,765
Bank and processing fees	-	219	23,867	24,086
Miscellaneous	12,145	1,856	926	14,927
Insurance	-	21,245	-	21,245
Travel and transportation	2,811	3,298	791	6,900
Depreciation	12,392	1,596	1,250	15,238
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>

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

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 181,763	\$ 1,090,793
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	11,116	15,238
Amortization of debt issuance costs	210	-
Net realized/unrealized gain on investments	(439,328)	(373,300)
Changes in assets and liabilities:		
Accounts receivable	22,201	49,523
Contributions receivable	(87,487)	(31,899)
Bequest receivable	696,379	(696,379)
Prepaid expenses and deposits	(6,655)	(44,704)
Accounts payable	42,273	(3,610)
Accrued liabilities	2,850	(32,775)
Net cash provided by (used in) operating activities	423,322	(27,113)
Cash flows from investing activities:		
Purchases of property and equipment	(2,066,193)	(2,071)
Purchases of investments	(3,702,613)	(2,519,759)
Proceeds from the sales of investments	5,840,669	1,609,848
Net cash provided by (used in) investing activities	71,863	(911,982)
Cash flows from financing activities:		
Payments for debt issuance cost	(12,585)	-
Principal payments on note payable	(7,909)	-
Net cash used in financing activities	(20,494)	-
Net increase (decrease) in cash	474,691	(939,095)
Cash, beginning of year	1,019,563	1,958,658
Cash, end of year	\$ 1,494,254	\$ 1,019,563
Non-cash investing and financing activities:		
Purchase of property financed with a note payable	\$ 2,350,000	\$ -

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

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## Notes to Financial Statements

June 30, 2025 and 2024

### 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, 2025 and 2024

### 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 (Note 5) are classified within the net assets without donor restrictions category.

#### Accounts receivable and allowance for credit losses

The Organization measures and records credit losses in accordance with Accounting Standards Codification (ASC) *Topic 326, Financial Instruments - Credit Losses*. The standard was adopted on July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures.

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, 2025 and 2024.

#### 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, 2025 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, 2025, the Organization had one conditional grant in the total amount of \$261,739. The grant requires satisfactory progress towards key metrics and subsequent evaluation by the grantor. As of June 30, 2024, the Organization had three conditional grants in the amount of \$296,882 which required satisfactory completion of measurable outcomes and subsequent evaluation by the grantors.

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 2 - Summary of significant accounting policies (continued)

#### 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.

The Organization reports the fair value of donated goods and services meeting recognition criteria under GAAP as public support and as expense, based on estimated fair value. During the year ended June 30, 2025 and 2024, the Organization monetized \$81,960 and \$77,736, respectively, of contributed nonfinancial assets for auction sales. All other contributed nonfinancial assets were utilized in programs and activities as described in Note 11. 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.

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 2 - Summary of significant accounting policies (continued)

#### Revenue recognition - contract with customers (continued)

##### *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, 2025 and 2024.

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

	July 1, 2023	June 30, 2024	June 30, 2025
Accounts receivable	\$ 196,514	\$ 146,991	\$ 124,790

#### 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:

Building	39 years
Computers and equipment	5 years
Furniture and fixtures	5 years

#### Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of the debt issuance costs is calculated using the straight-line method, which approximates the effective interest method and is included as a component of interest expense. The debt issuance cost is amortized over the term of the note, which spans five years.

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 2 - Summary of significant accounting policies (continued)

#### 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, 2025 and 2024

### 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, 2022 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, 2021 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 September 29, 2025, which is the date the financial statements were available to be issued.

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 3 - Liquidity and availability of resources

The following table reflects the Organization's financial assets as of June 30, 2025 and 2024, 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, 2025 and 2024 are as follows:

	June 30,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 1,494,254	\$ 1,019,563
Accounts receivable	124,790	146,991
Capital campaign receivable	89,410	-
Contributions receivable	82,027	83,950
Bequest receivable	-	696,379
Investments	3,651,901	5,350,629
Financial assets, at June 30	<u>5,442,382</u>	<u>7,297,512</u>
Less:		
Note payable, current portion	(39,783)	-
Accounts payable and accrued liabilities	(408,304)	(363,181)
Amounts permanently restricted	(690,147)	(696,379)
Amounts unavailable to management without Board approval	<u>(3,511,681)</u>	<u>(5,172,829)</u>
	<u>(4,649,915)</u>	<u>(6,232,389)</u>
Total financial assets and liquidity resources available within one year	<u>\$ 792,467</u>	<u>\$ 1,065,123</u>

As part of its long-term financial planning, the Organization has launched a capital campaign with a goal of raising \$10 million. The campaign is intended to support the purchase of a building, fund building improvements, and establish a deferred maintenance reserve. Campaign proceeds are expected to enhance the Organization's liquidity by providing resources for facilities and long-term sustainability.

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## Notes to Financial Statements

June 30, 2025 and 2024

### 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.

	Assets at Fair Value as of June 30, 2025			
	Total	Level 1	Level 2	Level 3
Assets at fair value:				
Money market funds	\$ 7,262	\$ 7,262	\$ -	\$ -
Mutual funds:				
Equity funds	234,781	234,781	-	-
Bond funds	797,221	797,221	-	-
Exchange-traded funds	2,612,637	2,612,637	-	-
Total assets at fair value	\$ 3,651,901	\$ 3,651,901	\$ -	\$ -

	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	\$ 5,350,629	\$ 5,350,629	\$ -	\$ -

The table below summarizes restrictions and designations of investments:

	June 30,	
	2025	2024
Investments - operating reserves	\$ 106,073	\$ 833,800
Investments - donor restricted	727,786	-
Investments - Board designated	2,818,042	4,516,829
	\$ 3,651,901	\$ 5,350,629

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## Notes to Financial Statements

June 30, 2025 and 2024

### 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.

#### *Board designated operating reserves*

The Board has established a policy to hold an operating reserve equal to two months of operating expenses. Management and the Board continue to monitor the needs for the reserve and to evaluate the reserve level in line with the Organization's current financial situation and the liquidity of other available resources. The Organization's current cash flows do not create an immediate need to use these funds for current operations but could be made available upon Board approval. These funds are presented as short-term investments on the accompanying statements of financial position.

#### *Board designated endowment*

The Organization developed a Board designated endowment for the long-term sustainability of the Organization. The funds are invested 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. The Organization manages its investment portfolio in accordance with investment and spending policy described in Note 5. During the year ended June 30, 2024, there were no earnings appropriated from the Board designated endowment funds. During the year ended June 30, 2025, the Board approved the appropriation of \$2,000,000 to be used for the purchase of the building. Additionally, the Board approved the appropriation of \$800,000 for building improvements out of which approximately \$732,000 remained unspent as of June 30, 2025.

The table below represents a summary of the board designated endowment activities during the years ended June 30, 2025 and 2024:

	<u>Board Designated Endowment</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	4,516,829
Contributions	-
Appropriation for expenditures	(2,068,910)
Net investment gain	391,576
Management fees	<u>(21,453)</u>
Balance, June 30, 2025	<u>\$ 2,818,042</u>

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## Notes to Financial Statements

June 30, 2025 and 2024

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

#### *Donor restricted endowment and 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 at a brokerage firm. The funds were designated by the donor to be held in a permanently restricted endowment. During the year ended June 30, 2025, the Organization received the full distribution from the trust, totaling \$690,147.

The table below represents a summary of the permanently restricted donor endowment activities during the year ended June 30, 2025:

	<u>Donor Restricted Endowment</u>
Balance, June 30, 2024	\$ 696,379
Adjustment to bequest receivable collection	(6,232)
Appropriation for expenditures	-
Net investment gain	39,821
Management fees	<u>(2,182)</u>
Balance, June 30, 2025	<u>\$ 727,786</u>

#### *Interpretation of relevant law*

The Board of Directors of the Organization has interpreted the California version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of the gift, (b) the original value of the subsequent gifts to the donor endowment funds, and (c) accumulations to the donor endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The earnings of the donor-restricted endowment fund are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standards of prudence prescribed by the California version of UPMIFA.

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

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## Notes to Financial Statements

June 30, 2025 and 2024

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

#### *Donor restricted endowment and bequest (continued)*

##### *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 approved by the Board of Directors, unless otherwise changed by the Board, and is subject to state statutory limits on prudent spending, which currently do not exceed 7% of the market value of the endowment fund at the beginning of each year. The Board is in the process of formalizing a comprehensive spending policy for the Organization's endowment funds. Once adopted, this policy will guide the determination of amounts appropriated for expenditure while maintaining the long-term objectives of the endowment.

##### *Funds with deficiencies*

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. The Organization had no endowment assets with fund deficiencies at June 30, 2025.

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 6 - Property and equipment

Property and equipment consisted of the following:

	June 30,	
	2025	2024
Building	\$ 2,184,667	\$ -
Land	2,165,333	-
Machinery and equipment	42,227	260,718
Furniture and fixtures	21,608	138,124
Leasehold improvements	6,188	187,227
	<u>4,420,023</u>	<u>586,069</u>
Less accumulated depreciation	<u>(56,055)</u>	<u>(560,985)</u>
Total in-service property and equipment	4,363,968	25,084
Construction in progress	<u>66,193</u>	<u>-</u>
Total property and equipment	<u>\$ 4,430,161</u>	<u>\$ 25,084</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$11,116 and \$15,238, respectively.

Construction in progress is recorded at cost until the project is completed, at which time amounts are reclassified to property and equipment and depreciated over the assets' useful life. Contributions received for the building projects in connection with the Organization's capital campaign are recorded as donor-restricted support. These restrictions are released and reclassified to net assets without donor restrictions when the related project is completed and placed into service.

### Note 7 - Accrued liabilities

Accrued liabilities consisted of the following:

	June 30,	
	2025	2024
Accrued payroll and related benefits	\$ 160,209	\$ 173,138
Accrued vacation	146,272	133,226
Other expenses	6,030	3,297
	<u>\$ 312,511</u>	<u>\$ 309,661</u>

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 8 - Note payable

In May 2025, the Organization purchased a new building for a total purchase price of \$4,350,000. The acquisition was financed with a \$2,350,000 loan from Heritage Bank of Commerce ("the lender") and \$2,000,000 from the Organization's investment funds.

The loan bears interest at 6.35% per annum, and requires monthly payments of \$15,785 through May 2030, with a final balloon payment of approximately \$2,142,000 due at maturity. The loan is secured by a deed of trust on the underlying building and by an assignment of all rents from the property.

The Organization incurred debt issuance costs in connection with the loan, which are being amortized on a straight-line basis over the life of the loan. Amortization expense of the debt issuance costs is included as a component of interest expense in the statements of activities. The outstanding principal balance of the loan as of June 30, 2025, was \$2,342,091. The carrying amount, net of unamortized debt issuance costs of \$12,375 was \$2,329,716. Total interest expense for the year ended June 30, 2025 was immaterial.

The agreement contains financial and non-financial covenants, including submission of timely financial statements and restrictions on additional indebtedness and asset transfers. As of June 30, 2025, the Organization was in compliance with all covenants.

The future scheduled maturities of the note payable as of June 30, 2025 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2026	\$ 39,783
2027	42,421
2028	44,835
2029	48,208
Thereafter	<u>2,166,844</u>
	<u>\$ 2,342,091</u>

### Note 9 - Net asset without donor restrictions

Net assets without donor restrictions consisted of the following:

	<u>Year Ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Undesignated	\$ (1,972,968)	\$ 706,967
Board designated operating reserves	656,000	656,000
Board designated endowment	2,818,042	4,516,829
Property and equipment fund, net of construction in progress	<u>4,363,968</u>	<u>25,084</u>
	<u>\$ 5,865,042</u>	<u>\$ 5,904,880</u>

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 9 - Net asset without donor restrictions (continued)

The Organization's governing board has designated portions of net assets without donor restrictions for specific purposes, including (1) an operating reserve, (2) a board-designated endowment, and (3) a Property and Equipment Fund equal to the net book value of property and equipment, net of constructions in progress. These designations indicate that while these resources are without donor restrictions, they are intended for long-term purposes or specific future needs and are therefore not fully available for general expenditure.

At June 30, 2025, the combined designations for the operating reserve, board-designated endowment, and Property and Equipment Fund exceeded the total net assets without donor restrictions. As a result, the undesignated balance of net assets without donor restrictions is negative. This condition reflects the allocation methodology used to present board designations and does not indicate an overall operating deficit. Management and the Board monitor liquidity and cash flow needs, and the Organization maintains resources sufficient to support ongoing operations.

### Note 10 - Net asset with donor restrictions

Net assets with donor restrictions consisted of the following:

	Year Ended June 30,	
	2025	2024
Fundraising commitments and grants receivable	\$ 105,244	\$ 83,950
Contributions designated for specific programs	471,848	369,143
Capital campaign - construction in progress	66,193	-
Unappropriated earnings on donor restricted endowment funds	37,639	-
Permanently restricted endowment funds	690,147	696,379
	<u>\$ 1,371,071</u>	<u>\$ 1,149,472</u>

### Note 11 - 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.

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 11 - In-kind contributions (continued)

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,	
			2025	2024
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.	\$ 88,644	\$ 97,510
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.	67,916	91,492
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.	152,225	95,779
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.	1,364	8,343
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
			\$ 310,149	\$ 298,094

The Organization receives in-kind office space from the Sobrato Foundation under a month-to-month agreement, which is expected to terminate in October 2025. Subsequent to year-end, in July 2025, the Organization began operating from its newly purchased building, fully reallocating its administrative and program activities to the new facility.

# CHILD ADVOCATES OF SILICON VALLEY, INC.

## Notes to Financial Statements

June 30, 2025 and 2024

### Note 12 - 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, 2025 and 2024 amounted to \$50,172 and \$109,921, respectively.

### Note 13 - 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, 2025 and 2024, 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, 2025, the Organization generated approximately 11% of its total revenue and support from one agency. Receivables related to this agency amounted to approximately 31% of total accounts receivable at June 30, 2025.

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. These conditions may impact donor giving patterns, the availability and timing of governmental or foundation funding, investment market performance, and services provided by vendors. 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.

### Note 14 - Reclassifications

Certain reclassifications have been made to the June 30, 2024 financial statements to conform to the June 30, 2025 financial statement presentation. These reclassifications had no effect on net assets or change in net assets.