

**Hispanic Foundation of
Silicon Valley
(a California non-profit public
benefit corporation)**

Financial Statements
And
Independent Auditors' Audit Report

For the Years Ended
December 31, 2020 and 2019



**HISPANIC
FOUNDATION**
OF SILICON VALLEY

Hispanic Foundation of Silicon Valley

For the Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hispanic Foundation of Silicon Valley
San Jose, CA

We have audited the accompanying financial statements of the Hispanic Foundation of Silicon Valley, (the Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hispanic Foundation of Silicon Valley, as of December 31, 2020 and 2019, 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.

A handwritten signature in blue ink that reads 'Wheeler'.

San Jose, CA
July 13, 2021

Hispanic Foundation of Silicon Valley

Statements of Financial Position

	December 31,	
	2020	2019
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 3,585,933	\$ 3,491,028
Investments	193,540	169,321
Receivables	120,915	150,000
Prepaid expenses	4,927	17,352
Total current assets	3,905,315	3,827,701
Grant receivable- long term grants	-	50,000
Property and equipment, net	20,709	5,993
Total Assets	<u>\$ 3,926,024</u>	<u>\$ 3,883,694</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 50,443	\$ 36,600
Accrued payroll and employee benefits	46,076	58,946
Paycheck Protection Program loan	111,376	-
Total current liabilities	207,895	95,546
Net assets:		
Without donor restrictions	942,717	367,127
With donor restrictions	2,775,412	3,421,021
Total net assets	3,718,129	3,788,148
Total liabilities and net assets	<u>\$ 3,926,024</u>	<u>\$ 3,883,694</u>

See notes to the financial statements.

Hispanic Foundation of Silicon Valley
Statements of Activities and Changes in Net Assets

	PY					
	For the Year Ended December 31					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions and grants	\$ 744,474	\$ 1,137,388	\$ 1,881,862	\$ 27,925	\$ 1,718,274	\$ 1,746,199
Government grants	219,034	25,000	244,034	59,850	100,000	159,850
Other revenue	18,130	-	18,130	14,451	-	14,451
In-kind revenue	6,000	-	6,000	6,000	-	6,000
	<u>987,638</u>	<u>1,162,388</u>	<u>2,150,026</u>	<u>108,226</u>	<u>1,818,274</u>	<u>\$ 1,926,500</u>
Special events:						
Income	368,970	-	368,970	496,608	-	496,608
Direct expenses	(24,701)	-	(24,701)	(229,313)	-	(229,313)
Special events, net	<u>344,269</u>	<u>-</u>	<u>344,269</u>	<u>267,295</u>	<u>-</u>	<u>267,295</u>
Total support and revenue	<u>1,331,907</u>	<u>1,162,388</u>	<u>2,494,295</u>	<u>375,521</u>	<u>1,818,274</u>	<u>2,193,795</u>
Adjustments:						
Release of restricted net assets	<u>1,807,997</u>	<u>(1,807,997)</u>	<u>-</u>	<u>715,969</u>	<u>(715,969)</u>	<u>-</u>
Total adjustments	<u>1,807,997</u>	<u>(1,807,997)</u>	<u>-</u>	<u>715,969</u>	<u>(715,969)</u>	<u>-</u>
Expenses:						
Program services	2,106,920	-	2,106,920	1,138,983	-	1,138,983
Management and general	154,193	-	154,193	153,337	-	153,337
Fundraising	328,875	-	328,875	322,787	-	322,787
Total expenses	<u>2,589,988</u>	<u>-</u>	<u>2,589,988</u>	<u>1,615,107</u>	<u>-</u>	<u>1,615,107</u>
Other income and expenses						
Dividend and interest Income	5,206	-	5,206	752	-	752
Investment gain (loss)	20,468	-	20,468	18,707	-	18,707
Total other income and expenses	<u>25,674</u>	<u>-</u>	<u>25,674</u>	<u>19,459</u>	<u>-</u>	<u>19,459</u>
Change in net assets	575,590	(645,609)	(70,019)	(504,158)	1,102,305	598,147
Net assets:						
Beginning of year	<u>367,127</u>	<u>3,421,021</u>	<u>3,788,148</u>	<u>871,285</u>	<u>2,318,716</u>	<u>3,190,001</u>
End of year	<u>\$ 942,717</u>	<u>\$ 2,775,412</u>	<u>\$ 3,718,129</u>	<u>\$ 367,127</u>	<u>\$ 3,421,021</u>	<u>\$ 3,788,148</u>

See notes to the financial statements.

Hispanic Foundation of Silicon Valley

Statement of Functional Expenses

For the Year Ended December 31, 2020

	<u>Total Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll expenses				
Wages and stipends	\$ 342,251	\$ 65,551	\$ 256,194	\$ 663,996
Payroll Taxes	25,073	3,158	17,638	45,869
Employee Benefits	25,805	3,276	16,835	45,916
Total Labor Expense	<u>393,129</u>	<u>71,985</u>	<u>290,667</u>	<u>755,781</u>
Non-Labor Expenses				
Grants and Scholarships	1,226,200	2,722	-	1,228,922
Program Service Fees	436,846	-	9,500	446,346
Professional Service Fees	-	40,613	-	40,613
Website Development	3,225	2,276	3,638	9,139
Food	1,485	1,234	184	2,903
Equipment Rentals	-	2,412	-	2,412
Office Supplies, Printing, and Postage	2,314	1,342	776	4,432
Telephone and Internet	4,539	534	4,024	9,097
Occupancy	26,392	2,968	14,740	44,100
Travel, Development, and Conferences	183	3,150	-	3,333
Miscellaneous Expenses	2,819	7,622	2,852	13,293
Payroll Processing Fees	-	15,141	-	15,141
Membership Dues and Subscriptions	208	923	-	1,131
Insurance Expense	772	951	566	2,289
Depreciation	2,808	320	1,928	5,056
Total Non-Labor Expense	<u>1,707,791</u>	<u>82,208</u>	<u>38,208</u>	<u>1,828,207</u>
In-Kind Expenses				
In-Kind Services	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Total In-Kind Expenses	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
 Total expenses	 <u>\$ 2,106,920</u>	 <u>\$ 154,193</u>	 <u>\$ 328,875</u>	 <u>\$ 2,589,988</u>

See notes to the financial statements.

Hispanic Foundation of Silicon Valley

Statement of Functional Expenses

For the Year Ended December 31, 2019

	<u>Total Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll expenses				
Wages and stipends	\$ 317,104	\$ 59,963	\$ 244,417	\$ 621,484
Payroll Taxes	22,775	3,574	18,199	44,548
Employee Benefits	23,664	2,425	17,070	43,159
Total Labor Expense	<u>363,543</u>	<u>65,962</u>	<u>279,686</u>	<u>709,191</u>
Non-Labor Expenses				
Grants and Scholarships	456,000	3,000	109	459,109
Program Service Fees	242,185	-	-	242,185
Professional Service Fees	-	36,095	-	36,095
Marketing	-	1,216	15,000	16,216
Website Development	5,088	365	380	5,833
Food	11,049	9,158	-	20,207
Equipment Rentals	383	8,004	-	8,387
Office Supplies, Printing, and Postage	3,193	2,109	1,712	7,014
Telephone and Internet	3,983	464	2,867	7,314
Occupancy	33,893	5,114	14,814	53,821
Travel, Development, and Conferences	3,117	7,692	-	10,809
Miscellaneous Expenses	2,846	5,510	2,978	11,334
Payroll Processing Fees	5,613	1,036	3,683	10,332
Membership Dues and Subscriptions	-	7,393	22	7,415
Insurance Expense	422	53	374	849
Depreciation	1,668	166	1,162	2,996
Total Non-Labor Expense	<u>769,440</u>	<u>87,375</u>	<u>43,101</u>	<u>899,916</u>
In-Kind Expenses				
In-Kind Services	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Total In-Kind Expenses	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
 Total expenses	 <u>\$ 1,138,983</u>	 <u>\$ 153,337</u>	 <u>\$ 322,787</u>	 <u>\$ 1,615,107</u>

See notes to the financial statements.

Hispanic Foundation of Silicon Valley
Statements of Cash Flows

	For the Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (70,019)	\$ 598,147
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	5,056	2,996
In-kind revenue	(6,000)	(6,000)
In-kind expenses	6,000	6,000
(Gain) Loss on Investments, net	(24,219)	(16,558)
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts receivable	29,085	175,000
(Increase) Decrease in Prepaid expenses	12,425	28,067
Increase (Decrease) in Grant receivable- long term grants	50,000	(50,000)
Increase (Decrease) in Accounts payable and accrued liabilities	13,843	36,323
Increase (Decrease) in Accrued payroll and benefits	(12,870)	15,303
Increase (Decrease) in Grants payable	-	(3,300)
	3,301	785,978
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(19,772)	-
	(19,772)	-
Net cash provided by (used in) investing activities	(19,772)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	111,376	-
	111,376	-
Net cash provided by (used in) financing activities	111,376	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	94,905	785,978
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,491,028	2,705,050
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 3,585,933	\$ 3,491,028

See notes to the financial statements.

Hispanic Foundation of Silicon Valley

Notes to the Financial Statements

December 31, 2020 and 2019

1. ORGANIZATION

The Hispanic Foundation of Silicon Valley (HFSV or the Organization) is the recognized leader in Hispanic philanthropy in Silicon Valley, inspiring Hispanic families and children to achieve personal greatness.

Initiatives sponsored by the Organization include:

LATINOS IN TECHNOLOGY INITIATIVE

Latinos in Technology Scholarship (LITS) - This program will provide up to 100 scholarships annually for five (5) years to incoming Latino college juniors and seniors who have chosen a science, technology, engineering, math (STEM) related major. Additionally, the HFSV will work with sponsoring corporate investors to provide summer internships to the scholarship recipients.

Family College Success Center (FCSC) - The FCSC is a resource hub to increase educational opportunities for Latino students and their families. The FCSC is the first of its kind in the region, if not the state. It is a "one-stop-shop" for college aspiring middle and high school students and their parents to obtain college access information, advice, guidance, workshops and on-line resources.

STEM

Elevate [Math]/Elevate [Math] Plus and Math Acceleration Program - Increasing education opportunities for Latino students in STEM is the primary focus of the HFSV education strategy. The HFSV is a Partner with the Silicon Valley Education Foundation's (SVEF) Elevate [Math] and Elevate [Math] Plus programs, and ALearn's Math Acceleration Program which are "out of school" math/Algebra programs designed to elevate the achievement of middle school students.

These programs aim to help 7th and 8th grade students prepare for success in math. Research has shown that successful completion of Algebra 1 by the 8th grade is a key predictor of a student's probability of getting on the college track and achieving college graduation.

PARENT EDUCATION & ENGAGEMENT

Parent Education & Engagement - The HFSV has partnered with the Parent Institute for Quality Education (PIQE) to train Latino parents to support their children to achieve greater educational success. Both the HFSV and PIQE engage parents and family members to be leaders guiding their children towards high school and college graduation. Obtaining both a high school diploma and college degree is the path to a fulfilling and fruitful career in the Silicon Valley job market.

Hispanic Foundation of Silicon Valley

Notes to the Financial Statements

December 31, 2020 and 2019

1. ORGANIZATION (CONTINUED)

LEADERSHIP DEVELOPMENT

Hispanic philanthropy is driven by a sense of connection to la Comunidad - a network of friends, neighbors, and the broader Hispanic community. A study conducted by the HFSV found that Latinos greatly under-report their volunteer activity. For Hispanics who volunteered, the number of hours spent volunteering each month was highest among all ethnic groups studied. However, Latinos do not yet have a leadership role in the region's nonprofit and philanthropic sectors.

To address the leadership gap and to better understand the level of Latino board leadership needs of Silicon Valley nonprofits, we have been working with professional associations and nonprofit leaders. While 85% of organizations who participated in a survey indicated that their organizations want greater Hispanic representation on their boards, 65% reported difficulty in recruiting from this segment of the population.

Working with program partners, HFSV developed the Latino Board Leadership Academy (LBLA), a comprehensive program designed to recruit and train Latinos to serve as potential nonprofit board members, and match them with boards of non-profit organizations whose missions best match their personal interests. The focus is on Latino professionals, combined with the purposeful implementation of comprehensive follow-up, differentiates the LBLA from other community leadership development initiatives. Our Partners include Center for Excellence in Nonprofits.

CONVENING & ENGAGING INITIATIVE

Latinx Speaker Series - A vibrant, energetic, and diverse Latinx community of over 350 attended the first ever Latinx Speaker Series event on Friday, August 2, 2019. The Hispanic Foundation of Silicon Valley held a fireside chat with Francisco Ramos, Vice President of the Spanish Language Originals of Netflix and discussed topics centered around diversity and inclusion, the importance of storytelling, and the economic purchasing power of the Latinx market.

(1) Gather the various sectors of our Silicon Valley Latinx community such as: high-tech, education, government, and much more.

(2) Pull the curtains back and explore how different parts of our community are managed through the words of exciting expert speakers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding their financial statements. The financial statements and notes are representations of their management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Hispanic Foundation of Silicon Valley

Notes to the Financial Statements

December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

The Organization prepares its financial statements using the accrual method of accounting in accordance with GAAP. The Organization's fiscal year is from January 1 to December 31.

Classes of Net Assets

In accordance with GAAP, where applicable, the financial statements report amounts separately by the following classes of net assets:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The Governing board has not designed any amount from net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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, the 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. Actual results may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and all highly liquid investments with an initial maturity of three months or less.

Receivables

Receivable consist of receivables relating to pledges and government agency grants and contracts. The Organization records accounts and contracts receivable at their net realizable value. Management expects to collect all receivables within one year. Management believes all receivables are collectable and therefore no allowance for doubtful accounts has been recorded.

Investments

The investments held by the Organization are recorded at fair value and the account is managed by the Finance committee for the purpose of helping keep the "Latinos in Technology Scholarship Funds" program funded.

Hispanic Foundation of Silicon Valley

Notes to the Financial Statements

December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Expenses

Prepaid expenses consist of expenses that are paid in advance of when they are incurred.

Property and Equipment

Equipment is recorded at cost if purchased or at fair market value at date of gift, if donated. As of December 31, 2020, and 2019, the Organization had a capitalization policy of \$2,500. Depreciation is computed using the straight-line method over the estimated useful lives.

Grants Payable

Grants payable consist of amounts due for grants incurred but not paid until the subsequent year.

Contributed Goods & Services

A number of individuals have contributed services to the Organization. The financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria of GAAP. If these activities could be valued in the accompanying financial statements, their inclusion would increase the percent of expenses attributable to direct program expenditures.

In-kind donations of goods and services that meet the recognition criteria of GAAP are recorded at their fair market value if determinable at the date of gift or service.

Recognition of Contribution and Grant Income

Contributions without donor restrictions are recognized when a donation is pledged, granted, or received, or ownership of donated assets is transferred to the Organization.

Donor restricted contributions are recognized when a donation is pledged, received, or ownership of donated assets is transferred to the Organization. These contributions are subsequently transferred to the net assets without donor restrictions fund to cover expenses, which have been incurred in satisfaction of those restrictions.

Hispanic Foundation of Silicon Valley

Notes to the Financial Statements

December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

The Organization's financial instruments include cash, cash equivalents and investments. The carrying amount of these financial instruments has been estimated by management to approximate fair value. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." When determining the inputs used to measure fair value, the highest priority is given to observable inputs and lowest priority is given to unobservable inputs. GAAP establishes a fair value hierarchy to prioritize the inputs used in measuring fair value. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Quoted prices for identical assets and liabilities in active markets.

Level 2 - Observable inputs other than Level 1, which quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets and liabilities.

The Organization measured the fair value of cash, cash equivalents and investments using Level 1 inputs. (Refer to Note 3)

Fair Value of Investments Held by an Agency Fund

The Organization holds investments in the Silicon Valley Community Foundation (the "Foundation") under the terms of agreement that specify the Organization as the ultimate beneficiary of the funds. The Foundation maintains legal ownership and variance power over the assets of the Organization's funds. The agency fund is a financial asset that is valued on a reoccurring basis and reported at fair value. The Organization has an interest in a portion of one of the Foundation's investment portfolios, but does not have a direct claim to each individual stock, bond, or other investment within the underlying investment portfolio. Therefore, the investment held by the Foundation is reported on Level 3 inputs.

Fund Income Allocations – With and Without Donor Restrictions

All gains and losses arising from the sale, collection or other disposition of investments and fixed assets are accounted for in the fund that owned such assets according to restrictions placed on the original gift. Ordinary income derived from temporarily restricted investments is accounted for in the net assets without donor restrictions fund.

Hispanic Foundation of Silicon Valley

Notes to the Financial Statements

December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

Expenses are classified so that the functional use of resources is shown in the financial statements. Functional classification allocates expenses according to the purpose for which the costs are incurred. Examples of functional classifications are program services (expenses directly related to the purpose for which the organization exists) and supporting activities (those indirectly related to the purposes for which the organization exists but necessary for its operations, i.e., management and general).

Concentration of Investment Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents accounts and investments in financial institutions. At times, cash balances may exceed the Federal Deposit Insurance Corporation limits. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

The Organization operates in Santa Clara County and San Mateo County. The majority of the membership is located in the surrounding area.

Tax Exemption Status

The Organization is exempt from federal and state income taxes under Sections 501(c)(3) of the Internal Revenue Code (IRC) and 23701d of the California Revenue and Taxation Code, respectively. Furthermore, the Organization is not classified as a private foundation. The Organization has no unrelated business income for the years ended December 31, 2020 and 2019. Accordingly, no provision is made for income taxes in these financial statements.

In accordance with GAAP, an organization must recognize the tax benefit associated with any tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The Organization does not believe there are any material uncertain tax positions and accordingly, will not recognize any liability or benefit for unrecognized tax positions. For the years ended December 31, 2020 and 2019, there was no tax related interest or penalties recorded or included in the financial statements.

The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California. The tax years that remain subject to potential examination for the U.S. federal jurisdiction are December 31, 2017 and forward. The State of California tax jurisdiction is subject to potential examination for fiscal tax years December 31, 2016 and forward.

Hispanic Foundation of Silicon Valley

Notes to the Financial Statements

December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changing Standards

Contributions

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 improves existing guidance on revenue recognition of grants and contracts to reduce diversity in accounting practice. The amendments in the ASU provide clarified guidance on evaluating whether a transaction should be accounted for as a contribution or an exchange transaction, based on whether a resource provider is receiving corresponding value in return for the resources transferred. ASU 2018-08 also includes an improved framework to determine whether a contribution is conditional and to better distinguish a donor-imposed condition from a donor-imposed restriction. The ASU also modifies the simultaneous release option currently in GAAP which allows a not-for-profit organization to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. This election may now be made for all restricted contributions that were initially classified as conditional without having to elect it for all other restricted contributions and investment returns. The guidance in ASU 2018-08 is effective as follows: transactions in which the Organization is the resource recipient in years beginning after December 15, 2018, and interim periods within years beginning after December 15, 2019; transactions in which the Organization is the resource provider in years beginning after December 15, 2019, and interim periods within years beginning after December 15, 2020. Early adoption is permitted. The Organization has adopted ASU 2018-08 for year ended December 31, 2019. The adoption of the new guidance did not have a material impact on the Organization's financial statements.

Leases

In February 2016, the FASB issued ASU No. 2016-02 ("ASU 2016-02"), Leases (Topic 842), which supersedes existing guidance on accounting for leases in "Leases (Topic 840)" and generally requires all leases to be recognized in the statement of financial position. The provisions of ASU 2016-02 are effective for reporting periods beginning after December 15, 2018; early adoption is permitted. The provisions of this ASU are to be applied using a modified retrospective approach. In March 2019, FASB issued ASU 2019-01 Leases (Topic 842): Codification Improvements. This ASU amends the effective date of ASU 2016-02 by pushing the effective date out by one year. The Organization is currently evaluating the effect that this ASU will have on its financial statements.

Hispanic Foundation of Silicon Valley

Notes to the Financial Statements

December 31, 2020 and 2019

3. INVESTMENTS

The Organization's financial statements reflect investments in Silicon Valley Community Foundation (the Foundation) pooled funds which amounted to \$193,540 and \$169,321 and at December 31, 2020 and 2019, respectively. The Organization has retained the services of the Foundation to manage, act as agent and invest the Organization's funds held in trust, according to the Foundation's investment policy guidelines for balanced pool funds.

Description	December 31, 2020	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant other unobservable inputs
		(level 1)	(level 2)	(level 3)
Long-term growth pool	\$ 193,540	\$ -	\$ -	\$ 193,540
	<u>\$ 193,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193,540</u>

Description	December 31, 2019	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant other unobservable inputs
		(level 1)	(level 2)	(level 3)
Long-term growth pool	\$ 169,321	\$ -	\$ -	\$ 169,321
	<u>\$ 169,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,321</u>

The Organization holds level 3 investments with the Foundation pooled funds, which is considered beneficial interest of an agency fund; valued on a recurring basis, the balance should be reported at fair value. The Organization has an interest in a portion of one or more of the Foundation's investment portfolios, but does not have a direct claim to a portion of each individual stock, bond or other investments within the underlying investment portfolio. The investment portfolio is comprised of many different investments with varying levels of observable inputs; valuation of the entire portfolio itself cannot directly be corroborated with observable market data.

The table below summarizes changes in investments measured at fair value for which the Organization has used Level 3 inputs to determine fair value. The table reflects gains and losses for the full year for all financial assets classified as Level 3.

	2020	2019
Beginning Balance	\$ 169,321	\$ 152,763
Interest and Dividend Income	571	487
Net Realized Gain	1,132	8,053
Net Unrealized Gain (Loss)	23,060	10,654
Investment Management Fees	(544)	(2,636)
Ending Balance	<u>\$ 193,540</u>	<u>\$ 169,321</u>

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Notes to the Financial Statements

December 31, 2020 and 2019

4. PROPERTY AND EQUIPMENT

The Organization owned the following property and equipment as of December 31, 2020 and 2019:

	Useful Life Years		2020		2019
Office equipment & computers	5	\$	58,031	\$	38,259
Less accumulated depreciation			(37,322)		(32,266)
Total property and equipment		\$	20,709	\$	5,993

Depreciation expense for the years ended December 31, 2020 and 2019 was \$5,056 and \$2,996, respectively.

5. PAYCHECK PROTECTION PROGRAM LOAN

In recent days, the COVID-19 outbreak in the United States has resulted in economic uncertainties. The Organization's income is made up of contributions and grants, as such, other financial impact could occur, though such potential impact is unknown at this time. In May 2020, the Organization received a \$111,376 loan through the Paycheck Protection Program (PPP), provided by the Small Business Administration.

The PPP loan and accrued interest are forgivable after the covered period has ended as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the full time equivalent or salary was reduced without restoring by specified period. The unforgiven portion of the PPP loan have an interest rate of 1% with a maturity of two years. The loan is classified as short-term as forgiveness was received on April 5, 2021. The SBA determined that the Organization used proceeds for purposes consistent with the PPP requirements.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction are restricted by donors for specific programs and operations. Net assets with donor restrictions consisted of the following purposes during the years ended December 31:

	2019		Increases		Releases		2020
Elevate Math Plus	\$ 63,750	\$	-	\$	63,750	\$	-
E[M]+							
Parent Education Grant	31,603		5,000		28,000		8,603
LBLA	10,000		40,000		20,000		30,000
Family College Success Center	368,422		262,000		202,583		427,839
LITSI	2,944,996		855,388		1,493,664		2,306,720
Elevate Math	2,250		-		-		2,250
Total	\$ 3,421,021	\$	1,162,388	\$	1,807,997	\$	2,775,412

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December 31, 2020 and 2019

6. NET ASSETS WITH DONOR RESTRICTIONS (continued)

	2018	Increases	Releases	2019
Elevate Math Plus	\$ 83,750	\$ -	\$ 20,000	\$ 63,750
E[M]+				
Parent Education Grant	68,653	-	37,050	31,603
LBLA	35,000	16,000	41,000	10,000
Family College Success Center	163,659	311,141	106,378	368,422
LITSI	1,965,404	1,486,133	506,541	2,944,996
Elevate Math	2,250	-	-	2,250
Latino Report Card	-	5,000	5,000	-
Total	\$ <u>2,318,716</u>	\$ <u>1,818,274</u>	\$ <u>715,969</u>	\$ <u>3,421,021</u>

7. LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds, exchange traded funds, and mutual funds.

The Organization considers investment income without donor restrictions, appropriated earnings from donor-restricted and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, program expenses, and fundraising expenses to be paid in the subsequent year.

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

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December 31, 2020 and 2019

7. LIQUIDITY AND AVAILABILITY (continued)

The following table reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

	December 31, 2020	December 31, 2019
Financial assets at year end:		
Cash and cash equivalents	\$ 3,585,933	\$ 3,491,028
Investments	193,540	169,321
Receivables	120,915	150,000
Total Financial assets	<u>3,900,388</u>	<u>3,810,349</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,900,388</u>	<u>\$ 3,810,349</u>

8. CONCENTRATIONS

Two grants comprised 40% and 34% of the Organization's income during the years ended December 31, 2020 and 2019, respectively.

9. LEASES

During 2016 the organization entered into a lease agreement for an office in San Jose for 3 years. The lease became active on December 1, 2016 and runs through November 30, 2022. The associated lease expenses are recognized on a straight-line basis in accordance with GAAP. The future minimum lease obligations related to these leases is as follows:

For the year ended December 31,		
2021	\$	43,007
2022		40,502
Total	\$	<u>83,509</u>

Rent expense for the years ended December 31, 2020 and 2019 was \$44,100 and \$53,821, respectively.

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Notes to the Financial Statements

December 31, 2020 and 2019

10.FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include equipment rental, occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, website development, office supplies & expenses, insurance, and other, which are allocated on the basis of estimates of time and effort.

11.SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before financial statements are available to be issued.

Management evaluates events occurring subsequent to December 31, 2020 in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

In April 2021, the Organization's first round PPP loan was fully forgiven.

No other subsequent events have been noted that required recognition or disclosure.