

Hispanic Foundation of Silicon Valley
(a California not-for-profit public benefit
corporation)

Financial Statements
and
Independent Auditors'
Report

For the Years Ended June 30, 2025 and 2024



**HISPANIC
FOUNDATION**
OF SILICON VALLEY

Hispanic Foundation of Silicon Valley

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For the Years Ended June 30, 2025 and 2024

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of Hispanic Foundation of Silicon Valley, which comprise the statements of financial position as of June 30, 2025 and 2024, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hispanic Foundation of Silicon Valley 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hispanic Foundation of Silicon Valley 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 Hispanic Foundation of Silicon Valley's ability to continue as a going concern for one year after the date that the financial statements are issued.



Auditors' 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 the Organization'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 Hispanic Foundation of Silicon Valley'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.

A stylized, handwritten-style signature of "BryMar" in black ink.

Watsonville, CA
November 25, 2025

Hispanic Foundation of Silicon Valley

Statements of Financial Position

For the Years Ended June 30, 2025 and 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 723,438	\$ 937,170
Current portion of grants receivable	350,250	334,650
Investments	3,486,836	2,876,927
Inventory, non-financial asset contribution of gift vouchers	4,000	-
Prepaid expenses	74,731	76,932
Total current assets	4,639,255	4,225,679
Deposit	7,207	7,207
Grants receivable, net of current portion	-	40,000
Right-of-use asset	141,920	229,900
Furniture and equipment, net	11,100	18,676
Total assets	<u>\$ 4,799,482</u>	<u>\$ 4,521,462</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 14,579	\$ 29,586
Accrued payroll and employee benefits	49,851	55,097
Current portion of lease liability	94,641	90,539
Total current liabilities	159,071	175,222
Lease liability, net of current portion	56,934	151,575
Total liabilities	216,005	326,797
Net assets		
Without donor restrictions	3,974,667	2,694,356
With donor restrictions	608,810	1,500,309
Total net assets	4,583,477	4,194,665
Total liabilities and net assets	<u>\$ 4,799,482</u>	<u>\$ 4,521,462</u>

See independent auditors' report and accompanying notes to the financial statements.

Hispanic Foundation of Silicon Valley

Statement Activities and Changes in Net Assets

For the Year Ended June 30, 2025

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Contributions and grants	\$ 1,732,974	\$ 682,522	\$ 2,415,496
Government grants	50,000	75,000	125,000
Other revenue	12,330	-	12,330
Non-financial asset inventory contributions	4,000	-	4,000
Special events, income	218,068	506,217	724,285
Special events, direct expenses	(451,335)	-	(451,335)
Total revenue and support	1,566,037	1,263,739	2,829,776
Net assets released from restriction	2,155,238	(2,155,238)	-
Total revenue and support with net assets released from restriction	3,721,275	(891,499)	2,829,776
EXPENSES			
Program services	1,981,338	-	1,981,338
Fundraising	294,081	-	294,081
General and administrative	356,799	-	356,799
Total expenses	2,632,218	-	2,632,218
OTHER INCOME			
Interest and dividend income	39,856	-	39,856
Investment gain	151,398	-	151,398
Total other income	191,254	-	191,254
Total change in net assets	1,280,311	(891,499)	388,812
Net assets, beginning of year	2,694,356	1,500,309	4,194,665
Net assets, end of year	\$ 3,974,667	\$ 608,810	\$ 4,583,477

See independent auditors' report and accompanying notes to the financial statements.

Hispanic Foundation of Silicon Valley

Statement Activities and Changes in Net Assets

For the Year Ended June 30, 2024

	Without donor restrictions	With donor restrictions	Total
REVENUE AND SUPPORT			
Contributions and grants	\$ 862,538	\$ 541,019	\$ 1,403,557
Government grants	175,000	125,000	300,000
Other revenue	26,468	-	26,468
Special events income	175,351	583,488	758,839
Special events, direct expenses	(410,134)	-	(410,134)
Total revenue and support	829,223	1,249,507	2,078,730
Net assets released from restriction	2,489,501	(2,489,501)	-
Total revenue and support with net assets released from restriction	3,318,724	(1,239,994)	2,078,730
EXPENSES			
Program services	2,125,727	-	2,125,727
Fundraising	316,909	-	316,909
General and administrative	359,801	-	359,801
Total expenses	2,802,437	-	2,802,437
OTHER INCOME			
Interest and dividend income	64,516	-	64,516
Investment gain	88,420	-	88,420
Total other income	152,936	-	152,936
Total change in net assets	669,223	(1,239,994)	(570,771)
Net assets, beginning of year	2,025,133	2,740,303	4,765,436
Net assets, end of year	\$ 2,694,356	\$ 1,500,309	\$ 4,194,665

See independent auditors' report and accompanying notes to the financial statements.

Hispanic Foundation of Silicon Valley Statement of Functional Expenses

For the Year Ended June 30, 2025

	Community Convening	HFCSP	LITS	LBLA	EEI	Total Program Services	Fundraising	General and Administrative	Total
Wages and stipends	\$ 3,221	\$ 261,507	\$ 121,196	\$ 22,992	\$ 24,093	\$ 433,009	\$ 367,030	\$ 146,614	\$ 946,653
Payroll taxes	246	19,418	8,930	1,716	1,931	32,241	26,288	9,276	67,805
Employee benefits	426	34,571	11,763	2,507	3,704	52,971	30,226	11,419	94,616
Grants and scholarships	-	-	617,820	-	-	617,820	3,500	12,167	633,487
Marketing and publicity	-	800	-	-	-	800	4,900	250	5,950
Program service fees	-	456,700	4,196	-	59,450	520,346	250	-	520,596
Professional service fees	-	413	338	2,906	2,569	6,226	70,572	97,726	174,524
Website development	36	2,078	900	7,872	200	11,086	2,630	680	14,396
Food	-	4,387	3,615	1,920	1,289	11,211	64,577	11,518	87,306
Equipment rentals and maintenance	-	-	-	-	-	-	-	3,747	3,747
Office supplies, printing, and postage	50	16,667	1,965	1,892	111	20,685	8,702	3,132	32,519
Telephone and internet	107	5,389	2,325	395	508	8,724	5,342	5,515	19,581
Occupancy	396	28,576	11,633	2,274	2,754	45,633	29,467	8,837	83,937
Travel, development, and conferences	4	6,992	1,965	8,868	2,661	20,490	90,311	9,584	120,385
Miscellaneous expenses	-	1,737	870	704	684	3,995	31,420	7,755	43,170
Payroll processing fees	-	-	-	-	-	-	-	22,656	22,656
Membership dues and subscriptions	60	3,582	1,904	252	260	6,058	-	2,068	8,126
Insurance	50	2,827	1,119	226	280	4,502	3,161	913	8,576
Janitorial services	32	1,907	749	142	170	3,000	1,037	1,014	5,051
Utilities	30	2,351	1,026	769	247	4,423	3,559	1,162	9,144
Depreciation	39	2,917	957	204	249	4,366	2,444	766	7,576
Strategic plan	453	81,645	76,527	5,368	9,759	173,752	-	-	173,752
Total gross expenses	5,150	934,464	869,798	61,007	110,919	1,981,338	745,416	356,799	3,083,553
Less: special event expenses	-	-	-	-	-	-	(451,335)	-	(451,335)
Total expenses	<u>\$ 5,150</u>	<u>\$ 934,464</u>	<u>\$ 869,798</u>	<u>\$ 61,007</u>	<u>\$ 110,919</u>	<u>\$ 1,981,338</u>	<u>\$ 294,081</u>	<u>\$ 356,799</u>	<u>\$ 2,632,218</u>

HFCSP - Hispanic Foundation College Success Program

LITS - Latinos in Technology Scholars

LBLA - Latino Board Leadership Academy

EEI - Eastside Education Initiative

See independent auditors' report and accompanying notes to the financial statements.

Hispanic Foundation of Silicon Valley

Statement of Functional Expenses

For the Year Ended June 30, 2024

	Community Convening	HFCSP	LITS	LBLA	EEI	Total Program Services	Fundraising	General and Administrative	Total
Wages and stipends	\$ 9,536	\$ 234,226	\$ 108,963	\$ 65,115	\$ 75,585	\$ 493,425	\$ 387,964	\$ 132,321	\$ 1,013,710
Payroll taxes	286	17,095	7,753	4,856	5,480	35,470	27,080	7,689	70,239
Employee benefits	645	27,485	8,830	5,685	8,538	51,183	42,789	10,152	104,124
Grants and scholarships	-	110	792,494	-	85	792,689	8,493	4,190	805,372
Marketing and publicity	-	-	-	-	-	-	14,739	4,885	19,624
Program service fees	-	432,076	1,400	15,400	130,368	579,244	-	-	579,244
Professional service fees	600	4,300	650	1,800	-	7,350	14,896	137,377	159,623
Website development	593	3,364	1,128	958	1,114	7,157	3,980	1,074	12,211
Food	16,139	3,958	3,091	18,898	8,830	50,916	84,497	7,750	143,163
Equipment rentals and maintenance	-	-	-	-	-	-	35,600	2,208	37,808
Office supplies, printing, and postage	882	1,528	4,135	1,448	1,963	9,956	7,673	1,313	18,942
Telephone and internet	114	4,619	1,758	1,111	1,428	9,030	5,523	3,757	18,310
Occupancy	803	26,179	9,627	6,213	8,222	51,044	36,703	8,386	96,133
Travel, development, and conferences	327	7,631	508	333	2,038	10,837	1,194	7,451	19,482
Miscellaneous expenses	148	563	-	1,415	904	3,030	27,403	2,755	33,188
Payroll processing fees	-	-	-	-	-	-	-	22,471	22,471
Membership dues and subscriptions	101	3,956	1,466	897	1,244	7,664	12,268	1,240	21,172
Insurance	67	2,280	870	548	740	4,505	2,342	1,807	8,654
Janitorial services	42	1,654	608	391	519	3,214	1,990	515	5,719
Utilities	-	2,400	774	619	697	4,490	2,555	1,878	8,923
Depreciation	76	2,318	863	538	728	4,523	2,854	582	7,959
Non-financial assets expenses	-	-	-	-	-	-	6,500	-	6,500
Total gross expenses	30,359	775,742	944,918	126,225	248,483	2,125,727	727,043	359,801	3,212,571
Less: special event expenses	-	-	-	-	-	-	(410,134)	-	(410,134)
Total expenses	<u>\$ 30,359</u>	<u>\$ 775,742</u>	<u>\$ 944,918</u>	<u>\$ 126,225</u>	<u>\$ 248,483</u>	<u>\$ 2,125,727</u>	<u>\$ 316,909</u>	<u>\$ 359,801</u>	<u>\$ 2,802,437</u>

HFCSP - Hispanic Foundation College Success Program

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See independent auditors' report and accompanying notes to the financial statements.

Hispanic Foundation of Silicon Valley

Statements of Cash Flows

For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 388,812	\$ (570,771)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	7,576	7,959
Non-financial asset contributions	(4,000)	-
Net realized and unrealized gain on investments	(151,398)	(88,420)
(Increase) decrease in operating assets:		
Grants receivable	24,400	165,767
Inventory, non-financial asset contribution of gift vouchers	-	6,500
Prepaid expenses	2,201	(37,432)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(15,007)	26,048
Accrued payroll and employee benefits	(5,246)	(4,115)
Net right of use asset and lease liability	(2,559)	125
Net cash provided by (used in) operating activities	244,779	(494,339)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	-	(10,525)
Proceeds from investments	541,926	-
Purchase of investments	(1,000,437)	(1,964,884)
Net cash used in investing activities	(458,511)	(1,975,409)
Decrease in cash and cash equivalents	(213,732)	(2,469,748)
Cash and cash equivalents, beginning of year	937,170	3,406,918
Cash and cash equivalents, end of year	<u>\$ 723,438</u>	<u>\$ 937,170</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Operating cash flows for operating leases	<u>\$ 93,188</u>	<u>\$ 86,641</u>
Non-financial asset distributions	<u>\$ -</u>	<u>\$ 6,500</u>

See independent auditors' report and accompanying notes to the financial statements.

Hispanic Foundation of Silicon Valley

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

NOTE 1 - NATURE OF OPERATIONS

The Hispanic Foundation of Silicon Valley (HFSV or the Organization) is dedicated to empowering the lives and futures of Latinos in Silicon Valley through community philanthropy, investment in educational excellence, leadership development, and the convening and engaging of the region's dynamic Hispanic community.

Programs

HFSV desires to disrupt some of the racial inequities and workforce development barriers that have kept the Hispanic community at the employment margins of STEM industries. Since 2016, HFSV has addressed some of these barriers via the Latinos in Technology Initiative and its two programs: (1) the Hispanic Foundation College Success Program (HFCSP), and (2) the Latinos in Technology Scholars (LITS) initiative.

The HFCSP's primary objectives are to contribute to higher high school graduation rates, improve college readiness, increase student and parent knowledge about the college journey, increase the number of students attending college; increase college graduation rates, and increase the number of Latinos employed in the STEM industry. Through the HFCSP, HFSV provides a myriad of college-readiness resources, including STEM-related classes, academic enrichment, college prep courses, leadership training, parent workshops, coding, and more to approximately 3,000 K-12 Latinx students and parents annually. These services are provided in partnership with 45 public schools and 10 nonprofit organizations.

In 2022, as part of the K-12 programs, a partnership was formed with the Eastside Education Initiative (EEI). EEI's mission is twofold: (1) to advocate for equal funding for East San Jose schools and (2) to provide supplemental educational services in order to promote a college and career readiness culture. The Silicon Valley Education Foundation, the Santa Clara County Office of Education, the Latino Education Advancement Foundation and HFSV form this partnership. HFSV provides the Parent Education Academies as part of this partnership.

The LITS initiative supports juniors and seniors pursuing a STEM degree and enrolled in four-year universities in 3 ways:

- Financial. Scholarships of up to \$10,000 are awarded for up to three years.
- Professional Development. Scholars have the opportunity to participate in progressional development and mentorship programs to develop themselves as young professionals.
- Internships. The program actively works to pipeline scholars into summer internship programs with our investors.

In addition to these two educational initiatives, HFSV coordinates the Latino Board Leadership Academy (LBLA). HFSV developed the 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. This academy trains Latinos over 10 weeks on how to be successful board members of regional nonprofit organizations. To date, 595 fellows have graduated from this program.

Hispanic Foundation of Silicon Valley

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

In terms of Community Convening, HFSV serves as a hub for Silicon Valley Leaders to convene and engage. The Latino Report Card provides a baseline for Latino quality of life in the region. The Latinx Speaker Series provides a platform for Latinx leaders to convene and address issues. The annual Hispanic Foundation Ball is HFSV's most important convening event of the year.

In fiscal year ending June 30, 2025, HFSV underwent a strategic plan and theory of change process for the purpose of addressing the rapidly evolving demands of the STEM workforce to ensure students are gaining relevant skills and are well-prepared for emerging career paths. This has clarified long-term goals, defined measurable outcomes, and strengthened the alignment between programs and the mission. As a result, management is more intentional in how initiatives are designed and evaluated, ensuring that each program contributes directly to increasing the number of Latino professionals pursuing successful STEM careers. Starting in fiscal year ending June 30, 2026, management aims to do this through a revamped three-phase strategic investment model: Seed, Cultivate, Harvest:

SEED (K-12): Serves 4,000+ K-12 students and their families annually across Santa Clara and San Mateo Counties with STEM and college-preparedness programs that engage both students and parents.

CULTIVATE (College): Offers renewable scholarships, mentorship, and career development opportunities to college students majoring in STEM through our Latinos in Technology Scholars Initiative (LITS). To date, 595 students have benefited.

HARVEST (Early Career): Supports LITS graduates with career development, financial literacy, and networking to advance their STEM careers into Silicon Valley leadership. Over 450 graduates have graduated from the Cultivate phase and will benefit from this program.

These initiatives provide vital educational support, mentorship, and resources to Latino students from K-12 through higher education and into the workforce, preparing them for success in STEM careers.

NOTE 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.

Basis of accounting

The financial statements have been prepared on the accrual method of accounting in accordance with GAAP. Under the accrual basis of accounting, revenue and support are recorded when earned and expenses when incurred and accordingly reflect all significant receivables, payables and other liabilities.

Basis of presentation

The Organization presents information regarding its financial position and activities according to two classes of net assets:

Hispanic Foundation of Silicon Valley

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

Net assets without donor restrictions consist of net assets that are for use in general operations and are not subject to donor (or certain grantor) restrictions. The governing board has not designated amounts from net assets without donor restrictions.

Net assets with donor restrictions represent contributions whose use has imposed restrictions. The 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. 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 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 certain reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash and money market funds. For purposes of reporting cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of 90 days or less at the date of purchase to be cash equivalents. The carrying amount in the statement of financial position approximates fair value.

Grants receivable

Grants receivable consists of private foundation grants and government agency grants and contracts. The Organization initially records grants receivable that are expected to be collected within one year at net realizable value. Grants receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in grant revenue in the statement of activities and changes in net assets. Grants receivable are written off when deemed uncollectable. At June 30, 2025 and 2024, no allowance for uncollectible grants receivable has been recorded.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return (loss) is reported in the statement of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, net of investment expenses.

Hispanic Foundation of Silicon Valley

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

Furniture and equipment

Furniture and equipment exceeding \$2,500 is recorded at cost if purchased or at estimated fair market value at date of gift, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	5 years
Furniture and fixtures	5 years

Prepaid expenses

Prepaid expenses and prepaid insurance that are paid in advance of when due and are expected to be realized within one year.

Deposit

The deposit is a security deposit on the building and is expected to be received at the end of the lease.

Accounts payable and accrued expenses

Accounts payable and accrued expenses consist of amounts due for expenses incurred but not paid until the subsequent year.

Accrued payroll and employee benefits

Accrued payroll and employee benefits consist of amounts for wages and compensated absences incurred but not paid until the subsequent year.

Leases

At the commencement date of the lease, the Organization recognizes a right-of-use asset, which is amortized over the life of the lease. The Organization elects not to recognize a lease liability or right-of-use asset for leases with a remaining lease term of 12 months or less.

Right-of-use assets

A contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are amortized on a straight-line basis over its lease term. Right-of-use assets are subject to evaluation of potential impairment.

Lease liabilities

At the commencement date of the lease, the Organization recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

Hispanic Foundation of Silicon Valley

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

In calculating the present value of lease payments, the Organization uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the in-substance fixed lease payments.

Revenue recognition

Contributions and grants revenue - The Organization records contributions and grants, including unconditional promises to give as revenue at their fair value in the period the contribution or grant is received. Conditional promises to give, that is, those with a measurable performance barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met. On June 30, 2025 and 2024, the Organization had no conditional grants or contributions. The Organization reports gifts of cash and other assets as restricted support if such gifts are received with donor stipulations that limit the use of the donated assets. When such restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

The Organization receives a portion of its operating funds from government grants and contracts. The grants are reimbursed either on a cost reimbursable basis or on a fee for service basis. These funds are considered earned and reported as revenue when expenses are incurred for cost reimbursement grants and when services are provided for fee for service grants.

Special events – The Organization holds special events where participants' payments cover two parts:

- Exchange Component: The direct cost of benefits (like meals and entertainment) provided to participants, valued at the Organization's cost unless proven otherwise.
- Contribution Component: The amount paid above the fair value of the benefits, which is considered a donation.

The event fee is set by the Organization. Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2019-09 requires allocation of the transaction price to the performance obligation(s). Accordingly, the Organization separately presents in its notes to financial statements, the exchange and contribution components of the gross proceeds from special events.

For special event fees (ticket sales) received before an event scheduled for after year-end, the Organization follows the American Institute of Certified Public Accountants (AICPA) guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component. Special event fees collected by the Organization in advance of its delivery are initially recognized as deferred revenue and recognized as special event revenue after delivery of the event.

Special event contributions (sponsorships) received by the Organization in advance of an event are initially recognized as temporarily restricted revenue and released from restriction after delivery of the event, as sponsorship of the special event is a non-reciprocal transaction.

Hispanic Foundation of Silicon Valley

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

Fair value measurements

Financial instruments included in the Organization's statements of financial position as of June 30, 2025 and 2024 include cash and cash equivalents, investments, grants receivable, accounts payable and accrued expenses, and accrued payroll and employee benefits for which the carrying amounts represent a reasonable estimate of the corresponding fair values.

Functional expense allocations

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses applicable to more than one program are allocated based on usage and management's estimates.

Marketing and publicity

Marketing expenses to promote various program offerings are expensed as incurred. Marketing expenses for the years ended June 30, 2025 and 2024 were \$5,950 and \$19,624, respectively.

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 June 30, 2025 and 2024. 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 June 30, 2025 and 2024, there were no tax related interest or penalties recorded or included in the financial statements.

Non-financial contributions

The Organization records non-financial support including contributed assets and professional services. Contributed professional services are recognized if the services received (a) create or enhance a non-financial asset or (b) require specialized skills, provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized as non-financial asset donations at their fair market value.

During fiscal year 2023, the Organization received gift vouchers valued at \$6,500. These non-financial assets were reported as inventory in 2023. For the year ended, June 30, 2024, the Organization used all of the gift vouchers decreasing inventory to zero. The expense was reported as non-financial asset expenses in the Organization's statement of functional expenses. During fiscal year 2025, the Organization received gift vouchers valued at \$4,000. These non-financial assets were reported as inventory in 2025.

Hispanic Foundation of Silicon Valley

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover six to eight months of general expenditures.

The Organization considers investment income and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include program expenses, fundraising expenses and general and administrative 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.

The following table reflects the Organization's financial assets for years ended June 30:

	2025	2024
Cash and cash equivalents	\$ 723,438	\$ 937,170
Current portion of grants receivable	350,250	334,650
Investments	3,486,836	2,876,927
	<u>\$ 4,560,524</u>	<u>\$ 4,148,747</u>

NOTE 4 - INVESTMENTS

The Organization reports investments at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

The basis for the carrying value of investments is from information provided by broker managed accounts. Fair value measurements of investment instruments are based on open actively traded securities markets as reported by investment account broker statements.

Hispanic Foundation of Silicon Valley

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

The three levels of inputs that may be used to measure fair value:

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 value of the assets and liabilities.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. In certain cases, where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The Organization invests in fixed income, equity securities, exchange traded funds (ETFs), and held-away assets with financial institutions. The investments recognized at fair value as of June 30, 2025 are as follows:

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Fixed income	\$ 3,076,186	\$ 3,076,186	\$ -	\$ -
Equity securities	179,301	179,301	-	-
Mutual funds/ETFs	231,349	231,349	-	-
Total	<u>\$ 3,486,836</u>	<u>\$ 3,486,836</u>	<u>\$ -</u>	<u>\$ -</u>

Hispanic Foundation of Silicon Valley

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

The investments recognized at fair value as of June 30, 2024 are as follows:

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)
Fixed income	\$ 1,990,914	\$ 1,990,914	\$ -	\$ -
Equity securities	158,539	158,539	-	-
Mutual funds/ETFs	207,206	207,206	-	-
Held-away assets	520,268	-	-	520,268
Total	\$ 2,876,927	\$ 2,356,659	\$ -	\$ 520,268

The Organization holds level 3 investments with the Symetra Life Insurance Company, which is a fixed annuity; valued and transferred to the brokerage account periodically. The balance should be reported at fair value.

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 all financial assets classified as Level 3 for the years ended June 30:

	2025	2024
Beginning balance	\$ 520,268	\$ 511,368
Interest income	6,836	8,900
Liquidation of investment	(527,104)	-
Ending balance	\$ -	\$ 520,268

NOTE 5 - GRANTS RECEIVABLE

Grants receivable are estimated to be collected as follows at June 30:

	2025	2024
Receivable in one year	\$ 350,250	\$ 334,650
Receivable in two to five years	-	40,000
Total grants receivable	\$ 350,250	\$ 374,650

Uncollectible grants receivable over the history of the Organization have been considered immaterial; therefore, no amount has been included for an allowance for uncollectible grants receivable.

Hispanic Foundation of Silicon Valley

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

NOTE 6 - FURNITURE AND EQUIPMENT, NET

The value of the furniture and computer equipment and related accumulated depreciation at June 30 is as follows:

	<u>2025</u>	<u>2024</u>
Computer equipment	\$ 31,829	\$ 31,829
Furniture	11,535	11,535
Less: accumulated depreciation	(32,264)	(24,688)
	<u>\$ 11,100</u>	<u>\$ 18,676</u>

Depreciation expense for the years ended June 30, 2025 and 2024 were \$7,576 and \$7,959, respectively.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted by donors for specific programs and operations. Net assets with donor restrictions consisted of the following purposes during the year ended June 30, 2025:

<u>Purpose</u>	<u>June 30, 2024</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2025</u>
LBLA	\$ 132,683	\$ 10,000	\$ 93,600	\$ 49,083
Family College Success Center	325,533	386,689	575,017	137,205
East Side Initiative	89,350	8,333	97,683	-
LITSI	534,954	72,500	602,454	5,000
Strategic Planning	-	100,000	100,000	-
Annual Ball	267,789	506,217	536,484	237,522
Time Restricted	150,000	180,000	150,000	180,000
	<u>\$ 1,500,309</u>	<u>\$ 1,263,739</u>	<u>\$ 2,155,238</u>	<u>\$ 608,810</u>

Net assets with donor restrictions are restricted by donors for specific programs and operations. Net assets with donor restrictions consisted of the following purposes during the year ended June 30, 2024:

<u>Purpose</u>	<u>June 30, 2023</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2024</u>
Latinx Speaker Series	\$ -	\$ 5,000	\$ 5,000	\$ -
LBLA	211,686	40,000	119,003	132,683
Family College Success Center	365,379	530,000	569,846	325,533
East Side Initiative	253,396	75,000	239,046	89,350
LITSI	1,448,843	20,019	933,908	534,954
Annual Ball	160,999	579,488	472,698	267,789
Time Restricted	300,000	-	150,000	150,000
	<u>\$ 2,740,303</u>	<u>\$ 1,249,507</u>	<u>\$ 2,489,501</u>	<u>\$ 1,500,309</u>

Hispanic Foundation of Silicon Valley

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

NOTE 8 - 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 Organization allocates all expenses, except grant expense, based on a time allocation of the employees per month. Grant expense is directly allocated to fundraising.

NOTE 9 - CONCENTRATION OF RISK

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash, and receivables. The Organization maintains cash with a commercial bank and other major financial institutions. Cash equivalents include overnight investments, and money market funds. These accounts are insured up to \$250,000 per depositor by an agency of the federal government. At times, cash balances may be in excess of the Federal Deposit Insurance (FDIC) limits. The credit risk associated with receivables is mitigated by the fact that the receivables are due from local donors and governments. At June 30, 2025 and 2024, the amount held at institutions in excess of insured limits is \$256,064 and \$679,627, respectively.

For the years ended June 30, 2025 and 2024, approximately 37% and 32%, respectively, of the Organization's revenue was provided by two grantors.

NOTE 10 - LEASES

In September 2021, the Organization signed a lease agreement for an office in San Jose for 5 years. The lease effective date is January 2022 and ends in January 2027. The operating lease has a monthly base rent of \$7,206.50 with a 3% annual increase. The discount rate was calculated at 1.37% using the risk-free rate for a similar term. The remaining lease term is approximately one and half years.

Below is the carrying amount of the right-of-use asset recognized and the movements during the years ended June 30, 2025 and 2024:

	Office Lease
June 30, 2023	\$ 316,665
Amortization	(86,765)
June 30, 2024	229,900
Amortization	(87,980)
June 30, 2025	\$ 141,920

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Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

Below is the carrying amount of the lease liability and the movements during the years ended June 30, 2025 and 2024:

	Office Lease
June 30, 2023	\$ 328,755
Payments	<u>(86,641)</u>
June 30, 2024	242,114
Payments	<u>(90,539)</u>
June 30, 2025	151,575
Less: current portion of lease liability	<u>(94,641)</u>
Non-current portion of lease liability	<u><u>\$ 56,934</u></u>

The Organization paid additional operating lease expense for short-term leases of \$3,521 and \$6,871 for the years ended June 30, 2025 and 2024, respectively.

The table below reconciles the fixed components of the undiscounted cash flows for each of the remaining years to the lease liabilities recorded on the statement of financial position as of June 30, 2025. Amounts due for the 12 months ended June 30 are as follows:

2026	\$ 96,020
2027	<u>57,130</u>
Total lease payments	153,150
Less: interest	<u>(1,575)</u>
Present value of lease liability	<u><u>\$ 151,575</u></u>

NOTE 11 - NON-FINANCIAL ASSET CONTRIBUTION

Contributions of non-financial assets consist of contributed gift vouchers. For the years ended June 30, 2025 and 2024, contributed non-financial assets recognized within the statements of activities and changes in net assets include:

	2025	2024
Gift vouchers	<u>\$ 4,000</u>	<u>\$ -</u>
	<u><u>\$ 4,000</u></u>	<u><u>\$ -</u></u>

Gift vouchers

Contributed gift vouchers are flight ticket vouchers recognized at fair market value. The gift vouchers are donated for use in fundraising activities.

Hispanic Foundation of Silicon Valley

Notes to Financial Statements

For the Years Ended June 30, 2025 and 2024

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the date the financial statements were available to be 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 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 June 30, 2025 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 approved by the Organization and available to be issued.

No subsequent events require disclosure or recognition.