

**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, 2021 and 2020



**HISPANIC
FOUNDATION**
OF SILICON VALLEY

Hispanic Foundation of Silicon Valley

For the Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Hispanic Foundation of Silicon Valley (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 financial statements referred to above present fairly, in all material respects, the financial position of Hispanic Foundation of Silicon Valley as of December 31, 2021, and 2020, and the results of its operations 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. 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 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; 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.

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 within one year after the date that the financial statements are available to be 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 auditors' 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 generally accepted auditing standards will always detect a material

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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, including omissions, 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 generally accepted auditing standards, 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 Hispanic Foundation of Silicon Valley'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.



San Jose, CA
September 27, 2022

Hispanic Foundation of Silicon Valley

Statements of Financial Position

	December 31,	
	2021	2020
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 3,232,659	\$ 3,585,933
Investments	5,582	193,540
Receivables	200,789	120,915
Prepaid expenses	8,791	4,927
	<hr/>	<hr/>
Total current assets	3,447,821	3,905,315
Security Deposit	7,207	-
Property and equipment, net	19,080	20,709
	<hr/>	<hr/>
Total Assets	<u>\$ 3,474,108</u>	<u>\$ 3,926,024</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 35,300	\$ 50,443
Accrued payroll and employee benefits	52,551	46,076
Paycheck Protection Program loan	-	111,376
	<hr/>	<hr/>
Total current liabilities	87,851	207,895
Net assets:		
Without donor restrictions	1,588,625	942,717
With donor restrictions	1,797,632	2,775,412
	<hr/>	<hr/>
Total net assets	3,386,257	3,718,129
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 3,474,108</u>	<u>\$ 3,926,024</u>

See notes to the financial statements.

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

For the Year Ended December 31

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions and grants	\$ 593,590	\$ 1,051,968	\$ 1,645,558	\$ 744,474	\$ 1,137,388	\$ 1,881,862
Government grants	163,398	85,000	248,398	219,034	25,000	244,034
Other revenue	38,414	-	38,414	18,130	-	18,130
In-kind revenue	9,000	-	9,000	6,000	-	6,000
	804,402	1,136,968	1,941,370	987,638	1,162,388	2,150,026
Special events:						
Income	445,196	-	445,196	368,970	-	368,970
Direct expenses	(42,149)	-	(42,149)	(24,701)	-	(24,701)
Special events, net	403,047	-	403,047	344,269	-	344,269
Total support and revenue	1,207,449	1,136,968	2,344,417	1,331,907	1,162,388	2,494,295
Adjustments:						
Release of restricted net assets	2,114,748	(2,114,748)	-	1,807,997	(1,807,997)	-
Total adjustments	2,114,748	(2,114,748)	-	1,807,997	(1,807,997)	-
Expenses:						
Program services	2,305,210	-	2,305,210	2,106,920	-	2,106,920
Management and general	149,662	-	149,662	154,193	-	154,193
Fundraising	354,733	-	354,733	328,875	-	328,875
Total expenses	2,809,605	-	2,809,605	2,589,988	-	2,589,988
Other income and expenses						
Forgiveness of debt	111,376	-	111,376	-	-	-
Dividend and interest income	518	-	518	5,206	-	5,206
Investment gain (loss)	21,422	-	21,422	20,468	-	20,468
Total Other income and expenses	133,316	-	133,316	25,674	-	25,674
Change in net assets	645,908	(977,780)	(331,872)	575,590	(645,609)	(70,019)
Net assets:						
Beginning of year	942,717	2,775,412	3,718,129	367,127	3,421,021	3,788,148
End of year	\$ 1,588,625	\$ 1,797,632	\$ 3,386,257	\$ 942,717	\$ 2,775,412	\$ 3,718,129

See notes to the financial statements.

Hispanic Foundation of Silicon Valley

Statement of Functional Expenses

For the Year Ended December 31, 2021

	<u>Total Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll expenses				
Wages and stipends	\$ 373,273	\$ 56,241	\$ 237,475	\$ 666,989
Payroll Taxes	27,495	2,826	15,963	46,284
Employee Benefits	33,542	3,009	15,578	52,129
Total Labor Expense	<u>434,310</u>	<u>62,076</u>	<u>269,016</u>	<u>765,402</u>
Non-Labor Expenses				
Grants and Scholarships	1,511,178	161	-	1,511,339
Program Service Fees	287,800	-	14,978	302,778
Professional Service Fees	-	60,574	-	60,574
Website Development	18,366	1,442	40,626	60,434
Food	143	883	168	1,194
Equipment Rentals	-	1,810	-	1,810
Office Supplies, Printing, and Postage	5,855	1,112	73	7,040
Telephone and Internet	4,387	1,492	2,924	8,803
Occupancy	24,245	2,592	17,823	44,660
Travel, Development, and Conferences	184	1,303	20	1,507
Miscellaneous Expenses	4,452	2,384	5,314	12,150
Payroll Processing Fees	-	12,063	-	12,063
Membership Dues and Subscriptions	204	1,123	-	1,327
Insurance Expense	1,272	239	973	2,484
Depreciation	3,814	408	2,818	7,040
Total Non-Labor Expense	<u>1,861,900</u>	<u>87,586</u>	<u>85,717</u>	<u>2,035,203</u>
In-Kind Expenses				
In-Kind Services	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
Total In-Kind Expenses	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
Total expenses	<u>\$ 2,305,210</u>	<u>\$ 149,662</u>	<u>\$ 354,733</u>	<u>\$ 2,809,605</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
Statements of Cash Flows

	For the Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (331,872)	\$ (70,019)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	7,040	5,056
In-kind revenue	(9,000)	(6,000)
In-kind expenses	9,000	6,000
(Gain) Loss on Investments, net	(22,350)	(24,219)
Stock donation	(5,027)	-
Forgiveness of debt	(111,376)	-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts receivable	(79,874)	29,085
(Increase) Decrease in Prepaid expenses	(3,864)	12,425
Increase (Decrease) in Security deposits	(7,207)	-
Increase (Decrease) in Grant receivable- long term grants	-	50,000
Increase (Decrease) in Accounts payable and accrued liabilities	(15,143)	13,843
Increase (Decrease) in Accrued payroll and benefits	6,475	(12,870)
	(563,198)	3,301
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment	215,337	-
Purchase of fixed assets	(5,413)	(19,772)
	209,924	(19,772)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	111,376
	-	111,376
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(353,274)	94,905
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,585,933	3,491,028
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 3,232,659	\$ 3,585,933

See notes to the financial statements.

Hispanic Foundation of Silicon Valley

Notes to the Financial Statements

December 31, 2021 and 2020

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 (LITSI) -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.

Hispanic Foundation College Success Programs (HFCSP) - The HFCSP 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-start-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, 2021 and 2020

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.

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, 2021 and 2020

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.

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 money in banks and all highly liquid investments with an initial maturity of three months or less.

Receivables

Receivables 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, 2021 and 2020

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, 2021, and 2020, 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, 2021 and 2020

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, 2021 and 2020

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 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, 2021 and 2020. 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, 2021 and 2020, there was no tax related interest or penalties recorded or included in the financial statements.

Changing Standards

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, 2021 and 2020

3. INVESTMENTS

The Organization's financial statements reflect investments in Silicon Valley Community Foundation (the Foundation) pooled funds which amounted to \$193,540 at December 31, 2020. 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. The Organization's Equity balance was \$5,582 at December 31, 2021. During 2021, the Organization closed their Silicon Valley Community Foundation investment account and received a check in 2022 for the remaining balance in the account at year-end.

Description	December 31, 2021	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant other unobservable inputs
		(level 1)	(level 2)	(level 3)
Equities	\$ 5,582	\$ 5,582	\$ -	\$ -
	<u>\$ 5,582</u>	<u>\$ 5,582</u>	<u>\$ -</u>	<u>\$ -</u>

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>

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.

	2021	2020
Beginning Balance	\$ 193,540	\$ 169,321
Interest and Dividend Income	832	571
Net Realized Gain	21,437	1,132
Net Unrealized Gain (Loss)	-	23,060
Investment Management Fees	(472)	(544)
Sale of investments	(215,337)	-
Ending Balance	<u>\$ -</u>	<u>\$ 193,540</u>

Hispanic Foundation of Silicon Valley

Notes to the Financial Statements

December 31, 2021 and 2020

4. PROPERTY AND EQUIPMENT

The Organization owned the following property and equipment as of December 31, 2021 and 2020:

	Useful Life Years		2021		2020
Office equipment & computers	5	\$	63,443	\$	58,031
Less accumulated depreciation			(44,363)		(37,322)
Total property and equipment		\$	19,080	\$	20,709

Depreciation expense for the years ended December 31, 2021 and 2020 was \$7,041 and \$5,056, respectively.

5. PAYCHECK PROTECTION PROGRAM LOAN

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 has 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:

	2020		Increases		Releases		2021
Parent Education Grant	\$ 8,603	\$	-	\$	8,603	\$	-
Latinx Speaker Series	-		7,500		7,500		-
LBLA	30,000		118,841		128,841		20,000
Family College Success Center	427,839		480,000		342,669		565,170
LITSI	2,306,720		530,627		1,627,136		1,220,211
Elevate Math	2,250		-		-		2,250
Total	\$ 2,775,411	\$	1,136,968	\$	2,114,748	\$	1,797,631

Hispanic Foundation of Silicon Valley

Notes to the Financial Statements

December 31, 2021 and 2020

6. NET ASSETS WITH DONOR RESTRICTIONS (continued)

	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	<u>\$ 3,421,021</u>	<u>\$ 1,162,388</u>	<u>\$ 1,807,998</u>	<u>\$ 2,775,411</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.

The following table reflects the Organization's financial assets as of December 31, 2021 and 2020, 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, 2021	December 31, 2020
Financial assets at year end:		
Cash and cash equivalents	\$ 3,238,241	\$ 3,585,933
Investments	5,582	193,540
Receivables	200,788	120,915
Total Financial assets	<u>3,444,611</u>	<u>3,900,388</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,444,611</u>	<u>\$ 3,900,388</u>

Hispanic Foundation of Silicon Valley

Notes to the Financial Statements

December 31, 2021 and 2020

8. CONCENTRATIONS

Two grants comprised 12% and 40% of the Organization's income during the years ended December 31, 2021 and 2020, 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. In December 2020, there was a transfer in landlord ownership and management of the leased premises. The current lease and payment terms remained in full force and effect, and the security deposit was transferred to the new owner. In December 2021, the new owner agreed to terminate the lease early without assessing any penalty.

In September 2021, the Organization signed a new lease agreement for an office in San Jose for 5 years, which effective date is January 2022. There is no significant lease escalation each year. The future minimum lease obligations related to this lease is as follows:

For the year ended	
December 31,	
2022	\$ 79,272
2023	89,162
2024	91,846
2025	94,529
Thereafter	105,886
Total	<u>\$ 460,695</u>

Rent expense for the years ended December 31, 2021 and 2020 was \$44,660 and \$44,100, respectively.

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.

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Notes to the Financial Statements

December 31, 2021 and 2020

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, 2021 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.

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