

LAW FOUNDATION OF SILICON VALLEY

FINANCIAL STATEMENTS

JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Law Foundation of Silicon Valley

Opinion

We have audited the accompanying financial statements of Law Foundation of Silicon Valley (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year 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 Law Foundation of Silicon Valley of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Law Foundation of Silicon Valley and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 of Law 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 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.

INDEPENDENT AUDITORS' REPORT

continued

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 Law 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 Law 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.

Other Matter

Report on Summarized Comparative Information

We have previously audited Law Foundation of Silicon Valley's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, on our consideration of Law Foundation of Silicon Valley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Law Foundation of Silicon Valley's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Law Foundation of Silicon Valley's internal control over financial reporting and compliance.

Harrington Group

Pasadena, California
December 8, 2022

LAW FOUNDATION OF SILICON VALLEY

STATEMENT OF FINANCIAL POSITION

June 30, 2022

With comparative totals at June 30, 2021

	2022	2021
ASSETS		
Cash and cash equivalents (Note 2)	\$ 8,864,569	\$ 10,286,386
Clients' trust deposits (Note 2)	3,555	2,771
Accounts and grants receivable (Note 2)	2,396,150	2,244,791
Pledges receivable (Note 2)	106,696	436,216
Prepaid expenses	215,098	200,080
Deposits	271,152	287,935
Property and equipment (Note 4)	251,319	314,659
	\$ 12,108,539	\$ 13,772,838
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 128,658	\$ 30,430
Accrued liabilities (Note 5)	1,040,044	1,035,477
Deferred revenue (Note 2)	314,499	253,292
Accrued unemployment liability (Note 6)	92,991	60,330
Deferred rent and rent incentive liability (Note 2)	1,521,083	1,575,126
Paycheck protection program loan (Note 7)	-	1,461,446
	3,097,275	4,416,101
NET ASSETS		
Without donor restrictions (Note 2)	5,856,209	5,858,016
Without donor restrictions - board designated (Note 2)	1,036,565	1,034,762
With donor restrictions (Note 12)	2,118,490	2,463,959
	9,011,264	9,356,737
	\$ 12,108,539	\$ 13,772,838

The accompanying notes are an integral part of these financial statements.

LAW FOUNDATION OF SILICON VALLEY

STATEMENT OF ACTIVITIES

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
REVENUE AND SUPPORT				
Government contracts (Note 11)	\$ 8,472,656	\$ -	\$ 8,472,656	\$ 7,173,853
Contributions in-kind (Note 9)	3,871,721		3,871,721	2,108,529
Special events	2,132,161	35,000	2,167,161	2,289,935
Grants	276,483	1,207,550	1,484,033	2,013,252
Paycheck protection program loan forgiveness (Note 7)	375,021		375,021	-
Contributions	226,601	126,346	352,947	1,010,913
Cy pres award	211,108		211,108	10,798
Fee awards	80,340		80,340	142,271
Interest	9,789		9,789	15,583
LACY Wishbank		8,200	8,200	840
Miscellaneous	6,447		6,447	6,479
Net assets released from restrictions (Note 12)	1,722,565	(1,722,565)	-	-
TOTAL REVENUE AND SUPPORT	17,384,892	(345,469)	17,039,423	14,772,453
EXPENSES				
Program services	14,159,031		14,159,031	11,288,005
General and administrative	2,393,875		2,393,875	1,497,420
Fundraising	831,990		831,990	592,572
TOTAL EXPENSES	17,384,896	-	17,384,896	13,377,997
CHANGE IN NET ASSETS	(4)	(345,469)	(345,473)	1,394,456
NET ASSETS, BEGINNING OF YEAR	6,892,778	2,463,959	9,356,737	7,962,281
NET ASSETS, END OF YEAR	\$ 6,892,774	\$ 2,118,490	\$ 9,011,264	\$ 9,356,737

The accompanying notes are an integral part of these financial statements.

LAW FOUNDATION OF SILICON VALLEY

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	Program Services				Total Program Services	General and Administrative	Fundraising	Total Expenses	
	Children and Youth	Health	Housing	Pro Bono				2022	2021
Salaries and wages	\$ 3,526,187	\$ 1,397,065	\$ 1,928,863	\$ 210,774	\$ 7,062,889	\$ 1,260,215	\$ 391,667	\$ 8,714,771	\$ 7,751,069
Taxes and benefits	686,155	200,184	353,339	32,166	1,271,844	102,031	37,775	1,411,650	1,300,644
Total personnel costs	4,212,342	1,597,249	2,282,202	242,940	8,334,733	1,362,246	429,442	10,126,421	9,051,713
Contributions in-kind (Note 9)	279,674	62,064	72,857	3,447,311	3,861,906	-	9,815	3,871,721	2,108,529
Facilities	422,893	209,691	216,655	20,619	869,858	140,496	57,309	1,067,663	1,030,745
Professional services		1,592			1,592	772,579	258	774,429	255,646
Subcontractors/partners	10,000		556,096		566,096			566,096	393,762
Miscellaneous	81,898	38,114	59,334	2,076	181,422	19,033	47,931	248,386	155,144
Special events					-		213,721	213,721	14,205
Materials and supplies	49,738	23,024	40,766	3,228	116,756	21,418	10,878	149,052	86,322
Purchased services	26,962	13,436	14,818	425	55,641	61,190	468	117,299	76,083
Insurance	26,656	12,734	15,371	1,274	56,035	6,522	3,184	65,741	57,388
Depreciation	25,970	12,668	15,201	1,267	55,106	5,067	3,167	63,340	63,340
Conferences and training	10,158	16,623	24,460	160	51,401	5,324	1,132	57,857	22,446
Marketing	672	314	463		1,449		54,461	55,910	60,723
Travel	5,286	62	1,688		7,036		224	7,260	1,951
TOTAL 2022 FUNCTIONAL EXPENSES	\$ 5,152,249	\$ 1,987,571	\$ 3,299,911	\$ 3,719,300	\$ 14,159,031	\$ 2,393,875	\$ 831,990	\$ 17,384,896	
TOTAL 2021 FUNCTIONAL EXPENSES	\$ 4,786,838	\$ 1,826,858	\$ 2,571,583	\$ 2,102,726	\$ 11,288,005	\$ 1,497,420	\$ 592,572		\$ 13,377,997

The accompanying notes are an integral part of these financial statements.

LAW FOUNDATION OF SILICON VALLEY

STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

With comparative totals for the year ended June 30, 2021

	2022	2021
CASH FLOWS (TO) FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (345,473)	\$ 1,394,456
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	63,340	63,340
Paycheck protection program loan forgiveness	(375,021)	-
(Increase) decrease in operating assets:		
Clients' trust deposits	(784)	94,966
Accounts receivable	(151,359)	(194,677)
Pledges receivable	329,520	(127,683)
Prepaid expenses	(15,018)	(103,964)
Deposits	16,783	3,718
Increase (decrease) in operating liabilities:		
Accounts payable	98,228	(105,246)
Accrued liabilities	4,567	408,112
Deferred revenue	61,207	22,767
Unemployment liability	32,661	(4,552)
Deferred rent and incentive liability	(54,043)	464,438
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(335,392)	1,915,675
CASH FLOWS (TO) FROM FINANCING ACTIVITIES:		
Repayment of paycheck protection program loan	(1,084,514)	-
Accrued interest (adjustment) on paycheck protection program loan	(1,911)	14,533
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	(1,086,425)	14,533
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,421,817)	1,930,208
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,286,386	8,356,178
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 8,864,569	\$ 10,286,386
SUPPLEMENTAL DISCLOSURE:		
Cash interest paid on paycheck protection program loan:	\$ 15,031	\$ -

The accompanying notes are an integral part of these financial statements.

LAW FOUNDATION OF SILICON VALLEY

NOTES TO FINANCIAL STATEMENTS

1. Organization

Law Foundation of Silicon Valley uses the law as a tool for change to address problems linked to social injustices like poverty, discrimination, child abuse, and neglect. Every day, our attorneys, social workers, and advocates craft innovative solutions to the life-changing legal issues facing low-income people and communities of color in Silicon Valley.

Our mission is to advance the rights of under-represented individuals and families in our diverse community through legal services, strategic advocacy and educational outreach. We focus on three areas: housing, children & youth, and health (including mental health) throughout Silicon Valley, predominantly in Santa Clara County. The majority of our clients are low-income and our legal services are free of charge.

The legal system is complex and difficult to navigate, even for people with resources. A variety of circumstances, including being a non-native English speaker, having a disability, or living on a limited income, can make it especially difficult to access justice. In addition, the explosive growth of Silicon Valley has left some members of our community behind, and many residents are being displaced as the cost of living continues to rise, further complicating legal matters.

Law Foundation of Silicon Valley's 90 attorneys, social workers and staff, together with volunteers, serve more than 10,000 individuals and families throughout Silicon Valley each year. Our programs are holistic and work together to address complex legal issues, often with the involvement of our social worker and community worker teams. Our direct services work across all our program areas informs our system change efforts. This means that when we see similar cases or client experiences, we work to address the root cause of that issue to impact a greater number of people throughout our region.

Our Children and Youth program, Legal Advocates for Children and Youth, empowers clients to lead healthy and productive lives by advancing their legal interests. We listen to, advise, and advocate for children and youth to ensure their voices are heard and their rights are protected. We provide free legal services on a wide-range of legal issues impacting children and youth, including juvenile dependency, family law, probate guardianship, education matters, immigration, domestic violence, and numerous other practice areas.

Our Health Program promotes access to and quality of health and behavioral health care services and delivery, addressing health disparities among low-income and underserved populations. We provide free legal services in the areas of mental health patients' rights, economic rights, and related disability rights and health access advocacy.

Our Housing program works to prevent displacement of low-income families and communities of color through direct legal services, policy advocacy, and impact litigation. We provide free legal advice and representation on housing-related matters including eviction defense, housing discrimination, tenant protections, affordable housing issues and more.

We also offer a wide array of pro bono opportunities to attorneys working in law firms, corporate legal departments and solo practice.

LAW FOUNDATION OF SILICON VALLEY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Without Donor Restrictions – Board designated. These are comprised of resources that the Board of Directors has established as being designated for stabilization of operations, program funding and optimal utilization of Law Foundation of Silicon Valley’s net assets without donor restrictions towards achieving its mission and strategic objectives. For the purposes of complying with net asset accounting, these funds are included in net assets without donor restrictions at June 30, 2022, with a balance of \$1,036,565.

With Donor Restrictions. Net assets subject to donor (or certain grantor) 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 those 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.

Cash and Cash Equivalents

Law Foundation of Silicon Valley has defined cash and cash equivalents as cash in banks, certificates of deposits and money market mutual funds.

Accounts Receivable

Law Foundation of Silicon Valley utilizes the allowance method with respect to its accounts receivable. The allowance represents an estimated amount of accounts receivable deemed potentially to be uncollectible.

LAW FOUNDATION OF SILICON VALLEY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Pledges receivable of \$106,696 at June 30, 2022 are expected to be collected within one year. As such, no discount on pledges has been recorded. Conditional promises to give are not included as support until the conditions are substantially met.

Concentration of Credit Risks

Law Foundation of Silicon Valley places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Law Foundation of Silicon Valley has not incurred losses related to these investments.

The primary receivable balance outstanding at June 30, 2022 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of Law Foundation of Silicon Valley's receivables consist of earned fees from contract programs granted by governmental agencies.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

Law Foundation of Silicon Valley is required to measure in-kind contributions at fair value. The specific techniques used to measure fair value for the financial statement element is described in the notes below that relates to the element.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year.

continued

LAW FOUNDATION OF SILICON VALLEY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Revenue and Revenue Recognition

Law Foundation of Silicon Valley recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of Law Foundation of Silicon Valley's revenue is derived from cost-reimbursable state, county or local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Law Foundation of Silicon Valley has incurred expenditures in compliance with specific contract or grant provisions.

Deferred Revenue

Deferred revenue results from Law Foundation of Silicon Valley recognizing event revenue or contract revenue in the period in which the event occurs and/or the contract requirements are met, respectively. Accordingly, deferred revenue of \$314,499 at June 30, 2022, represents event revenue and contract revenue received in advance.

Deferred Rent and Rent Incentive Liability

Deferred rent represents the difference of the rental payments paid under Law Foundation of Silicon Valley's escalating lease agreement and the straight line lease expense recognized cumulatively through June 30, 2022. The rent incentive liability represents the unamortized rent incentives received over the term of the corresponding lease agreement.

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received (see Note 9).

Clients' Trust Deposits

Law Foundation of Silicon Valley holds funds in trust for its clients relating to settlements awarded by the courts and deposits held for filing and other fees. The balance of such accounts is included as both an asset and a liability of Law Foundation of Silicon Valley because Law Foundation of Silicon Valley has a fiduciary responsibility to account for such funds. While such amounts are included in the financial statements, they are separate from the assets and liabilities of Law Foundation of Silicon Valley.

continued

LAW FOUNDATION OF SILICON VALLEY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Income Taxes

Law Foundation of Silicon Valley is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Law Foundation of Silicon Valley in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Law Foundation of Silicon Valley's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing Law Foundation of Silicon Valley's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Law Foundation of Silicon Valley uses square footage to allocate rent expense and full-time equivalents to allocate other indirect costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncement

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items, to increase transparency and comparability surrounding contributed nonfinancial assets through enhancements to presentation and disclosure. The ASU requires to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, include in disclosures a disaggregation of the amount of contributed nonfinancial assets by category, for each category, additional qualitative disclosures. The update does not change existing recognition and measurement requirements for contributed nonfinancial assets. The ASU is effective for fiscal years beginning after June 15, 2021. LFSV's financial statements for the year ended June 30, 2022 are presented in accordance with ASU 2020-07.

continued

LAW FOUNDATION OF SILICON VALLEY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Law Foundation of Silicon Valley's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through December 8, 2022, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

3. Liquidity and Availability of Resources

Law Foundation of Silicon Valley receives funding from federal, state, and local government, private foundations, corporate contributions, and individual contributions. These funds predominately fund program expenses and any associated administrative costs central to Law Foundation of Silicon Valley's annual operations and to meet cash needs for general expenditures. Law Foundation of Silicon Valley manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Law Foundation of Silicon Valley has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 90 days operating expenses. To maintain liquidity to meet expenses, the entity forecasts its future cash flows and monitors its liquidity and reserves quarterly. During the year ended June 30, 2022, the level of liquidity and reserves was managed within the policy requirements.

The information below reflects Law Foundation of Silicon Valley's financial assets as of June 30, 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

Cash and cash equivalents	\$ 8,864,569
Accounts and grants receivable	2,396,150
Pledges receivable	<u>106,696</u>
	11,367,415
Less: with donor restrictions	<u>(2,118,490)</u>
Total financial assets at year-end available to meet general expenditures within one year	<u>\$ 9,248,925</u>

continued

LAW FOUNDATION OF SILICON VALLEY

NOTES TO FINANCIAL STATEMENTS

4. Property and Equipment

Property and equipment at June 30, 2022 consist of the following:

Equipment and furniture	\$ 288,653
Leasehold improvement	<u>251,568</u>
	540,221
Less: accumulated depreciation	<u>(288,902)</u>
	<u>\$ 251,319</u>

Depreciation expense for the year ended June 30, 2022 was \$63,340.

5. Accrued Liabilities

Accrued liabilities at June 30, 2022 consist of the following:

Accrued vacation	\$ 395,247
Other accrued liabilities	390,442
Accrued payroll related expense	250,800
Clients' trust deposits	<u>3,555</u>
	<u>\$1,040,044</u>

6. Accrued Unemployment Liability

Law Foundation of Silicon Valley has elected to be self-insured for the purposes of California State Unemployment Insurance. Estimated accrued unemployment liability at June 30, 2022, of \$92,991, represents estimated future claims arising from payroll paid to June 30, 2022. Unemployment expense for the year ended June 30, 2022 was \$8,790.

7. Paycheck Protection Program Loan

In April 2020, Law Foundation of Silicon Valley received loan proceeds in the amount of \$1,444,504 under the U.S. Small Business Association (SBA) Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid Relief and Economic Security Act (the "CARES Act"), provided for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after a period of up to twenty-four weeks (the "covered period") 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 borrower terminates employees or reduces salaries during the covered period. The loan amount of \$1,461,446 at June 30, 2021 reflects the original loan proceeds plus accrued interest.

In August 2021, the Law Foundation of Silicon Valley received notification that its PPP loan forgiveness application in the amount of \$375,021 was forgiven. The remaining balance of \$1,086,425 was paid off by Law Foundation of Silicon Valley in September 2021. Revenue related to forgiven PPP loan of \$375,021 is reflected in the Statement of Activities for the year ended June 30, 2022. Total interest paid, related to the unforgiven portion, was \$15,031.

continued

LAW FOUNDATION OF SILICON VALLEY

NOTES TO FINANCIAL STATEMENTS

7. Paycheck Protection Program Loan, continued

The SBA reserves the right to review any loan at their discretion and the SBA will review any loan over \$2 million. Areas of review include eligibility, necessity, calculation of the loan amount, use of loan proceeds, and the calculation of the loan forgiveness amount. PPP loan documentation should be retained for six years after the date the loan is forgiven or repaid in full.

8. Commitments and Contingencies

Obligations Under Operating Leases

Law Foundation of Silicon Valley leases real property under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ending June 30,</u>	
2023	\$ 913,653
2024	932,659
2025	953,845
2026	982,233
2027	1,011,700
Thereafter	<u>3,502,708</u>
	<u>\$8,296,798</u>

Rent expense under operating leases for the year ended June 30, 2022 was \$853,462.

Contracts

Law Foundation of Silicon Valley's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, Law Foundation of Silicon Valley has no provisions for the possible disallowance of program costs on its financial statements.

Collective Bargaining Agreement

Law Foundation of Silicon Valley is subject to a collective bargaining agreement covering certain employees. The agreement requires the Law Foundation to pay specified wages, provide certain benefits and match employee contributions to a retirement plan (see Note 13 – Employee Benefit Plan). The collective bargaining agreement covers a term of 3 years with the current agreement expiring on September 30, 2024. The agreements have typically been renegotiated and renewed on similar terms.

continued

LAW FOUNDATION OF SILICON VALLEY

NOTES TO FINANCIAL STATEMENTS

9. Contributions In-kind

Contributions in-kind for the year ended June 30, 2022 consist of the following:

	<u>Hours</u>	<u>Amount</u>
Donated legal services		
Attorneys	4,139	\$2,959,481
Law students	436	154,068
Clerical services	1,010	252,075
Paralegals	116	49,052
Consultants	144	29,217
Social Work Intern	2,310	150,150
Legal assistant	6	<u>1,471</u>
		3,595,514
LexisNexis services		<u>269,842</u>
		3,865,356
Donated materials		<u>6,365</u>
		<u>\$3,871,721</u>

Donated legal services are valued based on current rates (by position) of the respective firms providing the services, when provided or on average of current rates (by position), if not provided. Donated LexisNexis services are valued based on contractual amounts provided by the service provider. Donated materials are valued based on wholesale prices of identical or similar products, if purchased in the region.

There are no restrictions on the use of the above identified in-kind contributions. Donated legal services are used for the Pro Bono program, LexisNexis services are used by the Housing, Children and Youth, Health, Pro Bono, and Administration (Human Resources). Donated materials consist of contributed experiences for fund development and are monetized.

10. Fair Value Measurements

The table below presents transactions measured at fair value on a non-recurring basis during the year ended June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated services and materials	<u>\$ -</u>	<u>\$3,871,721</u>	<u>\$ -</u>	<u>\$3,871,721</u>

The fair value of donated services and materials has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

continued

LAW FOUNDATION OF SILICON VALLEY

NOTES TO FINANCIAL STATEMENTS

11. Government Contracts

Government contracts for the year ended June 30, 2022 consist of the following:

Judicial Council of California, Juvenile Dependency	\$2,270,350
Santa Clara County, Behavioral Health Services Department (BHSD) Patients' Rights	1,262,886
Sacred Heart Community Service, Santa Clara Family Homeless Prevention System	705,100
Santa Clara Valley Health and Hospital System, Silicon Valley Medical Legal Partnership	533,555
County of Santa Clara, Office of Supportive Housing	450,000
City of San Jose, CDBG – San Jose Housing Rights Consortium	438,488
City of San Jose, Eviction Help Center Legal Aid	345,000
City of San Jose, CDBG - COVID-19 Legal Services	341,146
City of San Jose, CDBG - Fair Housing Investigation & Enforcement	329,909
County of Santa Clara, Unaccompanied Minors	284,525
County of Santa Clara, Direct Legal Assistance & Representation	218,751
Santa Clara County, Behavior Health Services Department (“BHSD”) – PATH	199,321
Santa Clara Valley Health and Hospital System, Specialty Care Medical Legal Partnership	162,969
County of Santa Clara, Department of Family and Children Services (“DFCS”)	150,833
County of Santa Clara, Education Rights Project – DFCS	136,501
County of Santa Clara, CDBG - Legal and Mediation Services	135,062
California Governor's Office of Emergency Services, Victim Legal Assistance (XL)	117,513
State Bar of California, Homeless Prevention Services	116,341
County of Santa Clara, Education Equity Project	102,672
Other	<u>171,734</u>
	<u>\$8,472,656</u>

Law Foundation of Silicon Valley contracted with the City of San Jose, County of Santa Clara and City of Sunnyvale Community Development Block Grant and County of Santa Clara, Unaccompanied Minors as the lead agency. Total amount of pass-through dollars to subcontractors for the year ended June 30, 2022 was \$566,096.

12. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 are restricted for the following:

Development	\$ 904,349
Housing	844,199
Children and youth	<u>369,942</u>
	<u>\$2,118,490</u>

continued

LAW FOUNDATION OF SILICON VALLEY

NOTES TO FINANCIAL STATEMENTS

12. Net Assets With Donor Restrictions, continued

The information below provides further details relating to Law Foundation of Silicon Valley's net assets with donor restrictions:

Balance, beginning of year	\$ 2,463,959
With donor restricted contributions received	1,377,096
Net assets with donor restrictions released from program restrictions	<u>(1,722,565)</u>
Balance, end of year	<u>\$ 2,118,490</u>

13. Employee Benefit Plan

Law Foundation of Silicon Valley has a 401k plan available to all employees who have completed three months, one thousand hours of service, and are eighteen years of age. Employees may contribute any percent of annual compensation provided it does not exceed maximum amounts as permitted by law. Law Foundation of Silicon Valley made matching contributions of up to 1.5% through December 31, 2021, and up to 2.0% beginning January 1, 2022, of eligible compensation. Employer contributions under this plan for the year ended June 30, 2022 were \$100,354.