Hispanic Foundation of Silicon Valley

(a California not-for-profit public benefit corporation)

Financial Statements
and
Independent Auditors' Report

For the Year Ended June 30, 2024

Hispanic Foundation of Silicon Valley
Table of Contents

For the Year Ended June 30, 2024

	Page No.
Independent Auditors' Report	1-3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-18

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hispanic Foundation of Silicon Valley, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Organization as of June 30, 2024, and the changes in its 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 (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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2023 Financial Statements Restated

As discussed in Note 11, Hispanic Foundation of Silicon Valley's financial statements contained errors that resulted in corrections to the beginning of year net assets and June 30, 2023 balance of grants receivable. Our opinion is not modified with respect to these matters.

Other Matter

The June 30, 2023 financial statements were reviewed by us and our report thereon, dated January 16, 2024, stated we were not aware of any material modifications that should be made to those statements for them to be in accordance with accounting principles generally accepted in the United States of America. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

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.

BryMar

Watsonville, CA
December 19, 2024

Hispanic Foundation of Silicon Valley
Statement of Financial Position

For the Year Ended June 30, 2024

ASSETS		
Current assets		
Cash and cash equivalents	$	937,170
Current portion of grants receivable		334,650
Investments		2,876,927
Prepaid expenses		76,932
Total current assets		4,225,679
Deposit		7,207
Grants receivable, net of current portion		40,000
Right-of-use asset		229,900
Furniture and equipment, net		18,676
Total assets	$	4,521,462
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$	29,586
Accrued payroll and employee benefits		55,097
Current portion of lease liability		90,539
Total current liabilities		175,222
Lease liability, net of current portion		151,575
Total liabilities		326,797
Net assets		
Without donor restrictions		2,694,356
With donor restrictions		1,500,309
Total net assets		4,194,665
Total liabilities and net assets	$	4,521,462

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, restated	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, 2024

	Community Convening	HFCSP	LITS	LBLA	EEI	Total Program	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
Nonfinancial 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	$ 30,359	$ 775,742	$ 944,918	$ 126,225	$ 248,483	$2,125,727	$ 316,909	$ 359,801	$2,802,437

HFSCP - 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 Cash Flows

For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(570,771)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation		7,959
Net realized and unrealized gain on investments		(88,420)
(Increase) decrease in operating assets:		
Grants receivable		165,767
Inventory		6,500
Prepaid expenses		(37,432)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses		26,048
Accrued payroll and employee benefits		(4,115)
Net right of use asset and lease liability		125
Net cash used in operating activities		(494,339)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment		(10,525)
Purchase of investments		(1,964,884)
Net cash used in investing activities		(1,975,409)
Decrease in cash and cash equivalents		(2,469,748)
Cash and cash equivalents, beginning of year		3,406,918
Cash and cash equivalents, end of year	$	937,170
SUPPLEMENTAL CASHFLOW DISCLOSURE		
Operating cash flows for operating leases	$	86,641

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

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.

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.

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:

> 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, 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.

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 prepaid subscriptions, 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.

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

Grant and contribution revenue - The Organization records grants and contributions, including unconditional promises to give as revenue at their fair value in the period the grant or contribution 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, 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 substantial 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 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 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.

Fair value measurements

Financial instruments included in the Organization's statement of financial position as of June 30, 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.

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.

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 year ended June 30, 2024 was $19,624.

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 year ended June 30, 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 year ended June 30, 2024, there was no tax related interest or penalties recorded or included in the financial statements.

Nonfinancial contributions

The Organization records nonfinancial 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 nonfinancial asset donations at their fair market value. Amounts reflected as nonfinancial contributions are offset by like amounts included in expense. The Organization has no nonfinancial contributions for the year ended June 30, 2024.

During fiscal year 2023, the Organization received gift cards valued at $6,500. These nonfinancial assets were reported as inventory in 2023. For the year ended, June 30, 2024, the Organization used all of the gift cards decreasing inventory to zero. The expense was reported as nonfinancial assets expenses in the Organization's statement of functional expense.

Recent accounting standards

Credit losses – In June 2016, the FASB issued ASC 326, *Financial Instruments – Credit Losses* which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The Organization adopted the standard effective July 1, 2023 using a modified retrospective approach. Adoption of the standard had no impact to the financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The Organization considers investment income without donor restrictions, appropriated earnings from donor-restricted funds, 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 year ended June 30, 2024, 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. Amounts not available to meet general expenditures within one year also include net assets with donor restrictions greater than one year and special project outside of the Organization's core programs.

Cash and cash equivalents	$	937,170
Current portion of grants receivable		334,650
Investments		2,876,927
	$	4,148,747

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.

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

	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 year ended June 30, 2024:

Beginning balance	$ 511,368
Interest income	8,900
Ending balance	$ 520,268

NOTE 5 - GRANTS RECEIVABLE

Grants receivable is estimated to be collected as follows at June 30, 2024:

Receivable in one year or less	$	334,650
Receivable in two to five years		40,000
Total grants receivable		374,650

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

NOTE 6 - FURNITURE AND EQUIPMENT, NET

At June 30, 2024, the value of the furniture and equipment and related accumulated depreciation is as follows:

Computer equipment	$	31,829
Furniture		11,535
Less: accumulated depreciation		(24,688)
	$	18,676

Depreciation expense for the year ended June 30, 2024 was $7,959.

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, 2024:

Purpose	June 30, 2023	Increases	Decreases	June 30, 2024
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	-	150,000	-	150,000
	$ 2,440,303	$ 1,399,507	$ 2,339,501	$ 1,500,309

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 commercial banks 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.

For the year ended June 30, 2024, approximately 32% 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 two and half years.

Below is the carrying amount of the right-of-use asset recognized and the movements during the year:

	Office Lease
June 30, 2023	$ 316,665
Amortization	(86,765)
June 30, 2024	$ 229,900

Below is the carrying amount of the lease liability and the movements during the year:

	Office Lease
June 30, 2023	$ 328,755
Payments	(86,641)
June 30, 2024	242,114
Less: current portion of lease liability	(90,539)
Non-current portion of lease liability	$ 151,575

The Organization paid additional operating lease expense for short-term leases of $6,871 for the year ended June 30, 2024.

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, 2024. Amounts due for the 12 months ended June 30 are as follows:

2025	$ 93,188
2026	96,020
2027	57,130
Total lease payments	246,338
Less: interest	(4,224)
Present value of lease liability	$ 242,114

NOTE 11 - PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2024, management reviewed and adjusted the grants receivable balances of the prior year. As a result, the Organization has restated the net assets for the period ended June 30, 2023 to reflect the correct net assets balance for the year. Adjustments related to net assets are summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, June 30, 2023	$ 2,025,133	$ 2,440,303	$ 4,465,436
Add: understatement of net assets	-	300,000	300,000
Net assets, June 30, 2023 as restated	$ 2,025,133	$ 2,740,303	$ 4,765,436

The following illustrates the adjustment in the statement of financial position as of June 30, 2023:

	Previously Reported	Adjustment	Restated
Grants receivable*	$ 240,417	$ 300,000	$ 540,417
Total Assets	$ 4,856,941	$ 300,000	$ 5,156,941

* The reviewed financial statements for June 30, 2023 presented "Grants receivable" under the description "Accounts receivable."

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, 2024 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.