

**LAW FOUNDATION OF SILICON VALLEY**

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**SINGLE AUDIT REPORTS**

**JUNE 30, 2021**

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# HARRINGTON GROUP

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## **Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

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To the Board of Directors  
Law Foundation of Silicon Valley

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Law Foundation of Silicon Valley (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2021, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Law Foundation of Silicon Valley's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Law Foundation of Silicon Valley's internal control. Accordingly, we do not express an opinion on the effectiveness of Law Foundation of Silicon Valley's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Law Foundation of Silicon Valley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***  
continued

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**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Harrington Group*

Pasadena, California  
October 28, 2021

**Independent Auditors' Report on Compliance for Each Major Program;  
Report on Internal Control Over Compliance; and Report on the Schedule  
of Expenditures of Federal Awards in Accordance with the Uniform Guidance**

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To the Board of Directors  
Law Foundation of Silicon Valley

**Report on Compliance for Each Major Federal Program**

We have audited Law Foundation of Silicon Valley's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Law Foundation of Silicon Valley's major federal programs for the year ended June 30, 2021. Law Foundation of Silicon Valley's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Law Foundation of Silicon Valley's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Law Foundation of Silicon Valley's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Law Foundation of Silicon Valley's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Law Foundation of Silicon Valley complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Independent Auditors' Report on Compliance for Each Major Program;  
Report on Internal Control Over Compliance; and Report on the Schedule  
of Expenditures of Federal Awards in Accordance with the Uniform Guidance**  
continued

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**Report on Internal Control Over Compliance**

Management of Law Foundation of Silicon Valley is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Law Foundation of Silicon Valley's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Law Foundation of Silicon Valley's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Independent Auditors' Report on Compliance for Each Major Program;  
Report on Internal Control Over Compliance; and Report on the Schedule  
of Expenditures of Federal Awards in Accordance with the Uniform Guidance**  
continued

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**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Law Foundation of Silicon Valley as of and for the year ended June 30, 2021, and have issued our report thereon dated October 28, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Harrington Group*

Pasadena, California  
October 28, 2021

**LAW FOUNDATION OF SILICON VALLEY**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2021

Federal Grantor Agency/Pass-Through Grantor/Program Title	Contract Number	Federal Assistance Listing Number	Contract Term	Program Award	Program Expenditures	Pass-through to Sub-recipients
<b>Federal Awards</b>						
U.S. Department of Housing and Urban Development ("HUD"):						
Community Development Block Grants ("CDBG")/Entitlement Grants Cluster:						
Pass-through, City of San Jose:						
CDBG - Fair Housing Investigation & Enforcement - CDBG	CADM-16-001G	14.218	07/01/20 - 06/30/21	\$ 265,000	\$ 247,094	\$ 193,312
CDBG - Fair Housing Investigation & Enforcement - HOME	CADM-16-001G	14.218	07/01/20 - 06/30/21	135,000	84,819	
CDBG - San Jose Housing Rights Consortium	CPS-18-001C	14.218	07/01/20 - 06/30/21	500,000	499,871	191,950
<b>Total HUD</b>				<b>900,000</b>	<b>831,784</b>	<b>385,262</b>
U.S. Department of Justice ("DOJ"):						
Pass-through, California Governor's Office of Emergency Services ("Cal OES"):						
Crime Victim Assistance - Legal Assistance (XL) Program	XL16 02 1099	16.575	1/1/2020 - 12/31/2020	139,000	118,296	
Crime Victim Assistance - Legal Assistance (XL) Program	XL16 02 1099	16.575	1/1/2021 - 12/31/2021	143,170	54,944	
<b>Total DOJ</b>				<b>282,170</b>	<b>173,240</b>	<b>-</b>
U.S. Department of Health and Human Services ("DHHS"):						
Pass-through, County of Santa Clara:						
Foster Care Title IV-E	56002	93.658	07/01/20 - 06/30/21	592,937	442,000	
<b>Total DHHS</b>				<b>592,937</b>	<b>442,000</b>	
U.S. Department of Treasury						
Pass-through, City of San Jose:						
Coronavirus Relief Fund - Nonprofit Grant	N/A	21.019	3/1/2020 - 12/30/2020	48,000	48,000	
<b>Total DHHS</b>				<b>48,000</b>	<b>48,000</b>	<b>-</b>
<b>Total Federal Awards</b>				<b>\$ 1,823,107</b>	<b>\$ 1,495,024</b>	<b>\$ 385,262</b>

See independent auditors' report and notes to Schedule of Expenditures of Federal Awards.

# LAW FOUNDATION OF SILICON VALLEY

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

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### 1. **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (“the Schedule”) includes the federal award activity of Law Foundation of Silicon Valley, under the programs of the federal government for the year ended June 30, 2021. The Schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Law Foundation of Silicon Valley, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Law Foundation of Silicon Valley.

### 2. **Basis of Accounting**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR 200, Subpart E (Cost Principles), wherein certain types of expenditures are not allowed or limited as to reimbursement. Law Foundation of Silicon Valley has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

### 3. **Pass-through to Sub-recipients**

Law Foundation of Silicon Valley provided federal awards to sub-recipients in the amount of \$385,262.

### 4. **Other Information**

Law Foundation of Silicon Valley did not receive federal insurance, loans, or non-cash assistance during the year ended June 30, 2021.

**LAW FOUNDATION OF SILICON VALLEY**  
**Schedule of Findings and Questioned Costs**  
For the year ended June 30, 2021

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**Section I – Summary of Auditors’ Results**

Financial Statements:

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516 Audit Findings of the Uniform Guidance? No

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Identification of Major Programs:

U.S. Department of Housing and Urban Development:

Community Development Block Grants/Entitlement Grants 14.218

**Section II – Financial Statements Findings**

No matters reported.

**Section III – Federal Awards Findings and Questioned Costs**

No matters reported.

**Section IV – Prior Year Findings**

No matters reported.

**LAW FOUNDATION OF SILICON VALLEY**

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**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
Law Foundation of Silicon Valley

### Report on the Financial Statements

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, 2021, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Law Foundation of Silicon Valley as of June 30, 2021, 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.

## INDEPENDENT AUDITORS' REPORT

continued

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### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited Law Foundation of Silicon Valley's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 October 28, 2021, 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  
October 28, 2021

# LAW FOUNDATION OF SILICON VALLEY

## STATEMENT OF FINANCIAL POSITION

June 30, 2021

With comparative totals at June 30, 2020

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 10,286,386	\$ 8,356,178
Clients' trust deposits (Note 2)	2,771	97,737
Accounts receivable	2,244,791	2,050,114
Other receivable	436,216	308,533
Prepaid expenses	200,080	96,116
Deposits	287,935	291,653
Property and equipment (Note 4)	314,659	377,999
<b>TOTAL ASSETS</b>	<b>\$ 13,772,838</b>	<b>\$ 11,578,330</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 30,430	\$ 135,676
Accrued liabilities (Note 5)	1,035,477	627,365
Deferred revenue (Note 2)	253,292	230,525
Accrued unemployment liability (Note 6)	60,330	64,882
Deferred rent and rent incentive liability (Note 2)	1,575,126	1,110,688
Paycheck protection program loan (Note 7)	1,461,446	1,446,913
<b>TOTAL LIABILITIES</b>	<b>4,416,101</b>	<b>3,616,049</b>
<b>NET ASSETS</b>		
Without donor restrictions (Note 2)	5,858,016	5,334,162
Without donor restrictions - board designated (Note 2)	1,034,762	1,031,508
With donor restrictions (Note 12)	2,463,959	1,596,611
<b>TOTAL NET ASSETS</b>	<b>9,356,737</b>	<b>7,962,281</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,772,838</b>	<b>\$ 11,578,330</b>

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, 2021

With comparative totals for the year ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021</u>	<u>2020</u>
<b>REVENUE AND SUPPORT</b>				
Government contracts (Note 11)	\$ 7,173,853	\$ -	\$ 7,173,853	\$ 7,183,302
Special events	2,182,435	107,500	2,289,935	1,923,221
Contributions in-kind (Note 9)	2,108,529		2,108,529	1,150,193
Grants	207,056	1,806,196	2,013,252	1,628,455
Contributions	557,233	453,680	1,010,913	402,068
Fee awards	142,271		142,271	50,820
Interest	15,583		15,583	51,072
Cy pres award	10,798		10,798	22,399
Miscellaneous	6,479		6,479	361
LACY Wishbank		840	840	4,448
Net assets released from restrictions (Note 12)	1,500,868	(1,500,868)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>13,905,105</u>	<u>867,348</u>	<u>14,772,453</u>	<u>12,416,339</u>
<b>EXPENSES</b>				
Program services	11,288,005		11,288,005	9,901,410
General and administrative	1,497,420		1,497,420	1,261,534
Fundraising	592,572		592,572	778,185
<b>TOTAL EXPENSES</b>	<u>13,377,997</u>	<u>-</u>	<u>13,377,997</u>	<u>11,941,129</u>
<b>CHANGE IN NET ASSETS</b>	527,108	867,348	1,394,456	475,210
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>6,365,670</u>	<u>1,596,611</u>	<u>7,962,281</u>	<u>7,487,071</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 6,892,778</u>	<u>\$ 2,463,959</u>	<u>\$ 9,356,737</u>	<u>\$ 7,962,281</u>

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, 2021

With comparative totals for the year ended June 30, 2020

	Program Services				Total Program Services	General and Administrative	Fundraising	Total Expenses	
	Children and Youth	Health	Housing	Pro Bono				2021	2020
Salaries and wages	\$ 3,406,683	\$ 1,286,360	\$ 1,540,690	\$ 191,434	\$ 6,425,167	\$ 1,019,991	\$ 305,911	\$ 7,751,069	\$ 7,048,091
Taxes and benefits	650,017	177,383	290,197	27,759	1,145,356	117,045	38,243	1,300,644	1,283,359
Total personnel costs	4,056,700	1,463,743	1,830,887	219,193	7,570,523	1,137,036	344,154	9,051,713	8,331,450
Contributions in-kind (Note 9)	128,496	59,108	64,248	1,856,677	2,108,529			2,108,529	1,150,193
Facilities	421,089	202,870	198,933	19,755	842,647	138,607	49,491	1,030,745	968,416
Subcontractors/partners	8,500		385,262		393,762			393,762	383,214
Professional services		20,458			20,458	115,188	120,000	255,646	370,742
Miscellaneous	63,270	34,387	32,738	2,102	132,497	33,242	(10,595)	155,144	201,322
Materials and supplies	32,539	11,248	17,084	2,179	63,050	15,874	7,398	86,322	139,686
Purchased services	12,735	7,174	11,440	167	31,516	44,390	177	76,083	72,426
Depreciation	27,236	12,035	13,935	1,267	54,473	5,701	3,166	63,340	60,961
Marketing					-		60,723	60,723	54,430
Insurance	24,917	10,784	12,486	1,135	49,322	5,228	2,838	57,388	52,856
Conferences and training	10,292	4,616	4,118	251	19,277	2,154	1,015	22,446	49,533
Special events					-		14,205	14,205	81,452
Travel	1,064	435	452		1,951			1,951	24,448
<b>TOTAL 2021 FUNCTIONAL EXPENSES</b>	<b>\$ 4,786,838</b>	<b>\$ 1,826,858</b>	<b>\$ 2,571,583</b>	<b>\$ 2,102,726</b>	<b>\$ 11,288,005</b>	<b>\$ 1,497,420</b>	<b>\$ 592,572</b>	<b>\$ 13,377,997</b>	
TOTAL 2020 FUNCTIONAL EXPENSES	\$ 4,597,829	\$ 2,019,240	\$ 2,262,099	\$ 1,022,242	\$ 9,901,410	\$ 1,261,534	\$ 778,185		\$ 11,941,129

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, 2021

With comparative totals for the year ended June 30, 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,394,456	\$ 475,210
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	63,340	60,961
(Increase) decrease in operating assets:		
Clients' trust deposits	94,966	43,250
Accounts receivable	(194,677)	246,082
Other receivable	(127,683)	39,682
Prepaid expenses	(103,964)	(3,620)
Deposits	3,718	(17,226)
Increase (decrease) in operating liabilities:		
Accounts payable	(105,246)	(123,110)
Accrued liabilities	408,112	(181,193)
Deferred revenue	22,767	217,400
Unemployment liability	(4,552)	5,985
Deferred rent and incentive liability	464,438	818,658
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,915,675</b>	<b>1,582,079</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment		(11,802)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>(11,802)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from paycheck protection program loan	-	1,444,504
Accrued interest on paycheck protection program loan	14,533	2,409
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>14,533</b>	<b>1,446,913</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,930,208</b>	<b>3,017,190</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>8,356,178</b>	<b>5,338,988</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 10,286,386</b>	<b>\$ 8,356,178</b>

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

# LAW FOUNDATION OF SILICON VALLEY

## NOTES TO FINANCIAL STATEMENTS

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### 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 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 80-plus 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 Housing program works to prevent the displacement of low-income and communities of color by providing representation and advice on housing-related matters including eviction defense, housing discrimination, tenant protections, fair conditions, and more.

Our Health program empowers people with physical or mental health disabilities to live more independent, secure, and satisfying lives through the enforcement of their legal rights and the advancement of their social and economic well-being. Our program helps stabilize the lives of individuals coping with chronic or life-threatening health conditions by providing comprehensive legal services regarding access to healthcare benefits, fair housing and employment-related issues. We also represent patients with mental health disabilities at due process and capacity hearings within psychiatric facilities to ensure their rights and dignity are respected.

Our Children and Youth program advances the legal rights of our youngest clients, including those in foster care, empowering them to lead healthy and productive lives. We listen to, advise, and advocate for disadvantaged children and youth to ensure their voices are heard and their rights are protected.

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

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### 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, 2021, with a balance of \$1,034,762.

**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 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.

#### **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

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### 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. 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, 2021 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

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### 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 service is rendered, respectively. Accordingly, deferred revenue of \$253,292 at June 30, 2021, primarily represents event revenue received in advance for events expected to be held in the next fiscal year.

#### **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, 2021. 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

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### 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.

#### **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, 2020, from which the summarized information was derived.

# LAW FOUNDATION OF SILICON VALLEY

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2021, 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, 2021, 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	\$10,286,386
Accounts receivable	2,244,791
Less: with donor restrictions	<u>(2,463,959)</u>
Total financial assets at year-end available to meet general expenditures within one year	<u>\$10,067,218</u>

### 4. Property and Equipment

Property and equipment at June 30, 2021 consist of the following:

Equipment and furniture	\$ 288,653
Leasehold improvement	<u>251,568</u>
	540,221
Less: accumulated depreciation	<u>(225,562)</u>
	<u>\$ 314,659</u>

Depreciation expense for the year ended June 30, 2021 was \$63,340.

### 5. Accrued Liabilities

Accrued liabilities at June 30, 2021 consist of the following:

Accrued expenses	\$ 665,847
Accrued vacation	366,859
Clients' trust deposits	<u>2,771</u>
	<u>\$1,035,477</u>

continued

# LAW FOUNDATION OF SILICON VALLEY

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2021, of \$60,330, represents estimated future claims arising from payroll paid to June 30, 2021. Unemployment expense for the year ended June 30, 2021 was \$45,236.

### 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 (“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.

Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral period for loan payments of either (1) the date that SBA remits the borrower’s loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower’s loan forgiveness covered period. Law Foundation of Silicon Valley used the proceeds for purposes consistent with the PPP (see Note 14).

### 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>	
2022	\$ 890,427
2023	913,653
2024	932,659
2025	953,845
2026	982,223
Thereafter	<u>4,514,428</u>
	<u>\$9,187,235</u>

Rent expense under operating leases for the year ended June 30, 2021 was \$846,690.

continued

# LAW FOUNDATION OF SILICON VALLEY

## NOTES TO FINANCIAL STATEMENTS

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### 8. Commitments and Contingencies, continued

#### 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, 2021. The agreements have typically been renegotiated and renewed on similar terms.

### 9. Contributions In-kind

Contributions in-kind for the year ended June 30, 2021 consist of the following:

	<u>Hours</u>	<u>Amount</u>
Donated services		
Attorneys	2,716	\$1,720,514
Law students	94	33,630
Clerical services	76	19,323
Paralegals	265	11,926
Consultants	190	47,500
Legal assistant	22	<u>18,644</u>
		1,851,537
LexisNexis		<u>256,992</u>
		<u>\$2,108,529</u>

Donated services of \$2,108,529 for the year ended June 30, 2021 have been recorded as both revenues and program expenses. It represents the approximate fair value of legal services and other specialized skills provided by individuals possessing those skills.

continued

# LAW FOUNDATION OF SILICON VALLEY

## NOTES TO FINANCIAL STATEMENTS

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### 10. Fair Value Measurements

The table below presents transactions measured at fair value on a non-recurring basis during the year ended June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated services	<u>\$ -</u>	<u>\$2,108,529</u>	<u>\$ -</u>	<u>\$2,108,529</u>

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

### 11. Government Contracts

Government contracts for the year ended June 30, 2021 consist of the following:

Judicial Council of California, Juvenile Dependency	\$1,643,752
Santa Clara County, Behavioral Health Services Department (BHSD)	
Patients' Rights	1,163,134
City of San Jose, Community Development Block Grant (CDBG)	831,784
Sacred Heart Community Service, Santa Clara Family Homeless Prevention System	635,420
Santa Clara Valley Health and Hospital System, Silicon Valley Medical	
Legal Partnership	545,154
County of Santa Clara, Office of Supportive Housing	450,000
County of Santa Clara, Juvenile Dependency	442,000
County of Santa Clara, Unaccompanied Minors	254,575
Santa Clara County, Behavior Health Services	
Department ("BHSD") – PATH	199,322
County of Santa Clara, Direct Legal Assistance & Representation	195,755
Santa Clara Valley Health and Hospital System, Specialty Care Medical	
Legal Partnership	151,879
County of Santa Clara, Department of Family and	
Children Services ("DFCS")	150,833
California Governor's Office of Emergency Services,	
Victim Legal Assistance (XL)	113,172
County of Santa Clara, Education Rights Project – Probation	100,000
Other	<u>297,073</u>
	<u>\$7,173,853</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, 2021 was \$393,762, of which \$385,262 was related to federal contracts and \$8,500 was related to a non-federal contract.

continued

# LAW FOUNDATION OF SILICON VALLEY

## NOTES TO FINANCIAL STATEMENTS

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### 12. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2021 consist of the following:

Development	\$1,282,352
Housing	607,954
Health	70,000
Children and youth	<u>503,653</u>
	<u>\$2,463,959</u>

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

Balance, beginning of year	\$1,596,611
With donor restricted contributions received	2,368,216
Net assets with donor restrictions released from program restrictions	<u>(1,500,868)</u>
Balance, end of year	<u>\$2,463,959</u>

### 13. Employee Benefit Plan

Law Foundation of Silicon Valley has a deferred compensation 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 up to 1.5% of eligible compensation. Employer contributions under this plan for the year ended June 30, 2021 were \$80,383.

### 14. Subsequent Events

#### PPP Loan

On August 24, 2021, Law Foundation of Silicon Valley received notification that its PPP forgiveness request for \$375,021 was accepted and approved by the SBA. The revenue related to this debt forgiveness, and the applicable accrued interest, will be recorded as revenue in the fiscal year in which the debt was forgiven, as the release of debt is deemed satisfaction of a condition/barrier. The unforgiven portion of \$1,069,483, including applicable interest (see Note 7), was paid in full on September 21, 2021.

Management has evaluated subsequent events through October 28, 2021, the date which the financial statements were available for issue. Except as noted above, no other events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.