

**WEST VALLEY COMMUNITY SERVICES
OF SANTA CLARA COUNTY**

JUNE 30, 2023

INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

West Valley Community Services of Santa Clara County

Independent Auditors' Report and Financial Statements

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Independent Auditors' Report

TO THE BOARD OF DIRECTORS
WEST VALLEY COMMUNITY SERVICES
OF SANTA CLARA COUNTY
Cupertino, California

Opinion

We have audited the financial statements of **WEST VALLEY COMMUNITY SERVICES OF SANTA CLARA COUNTY (the Organization)**, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year from the date of this report.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 7, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Jose, California
January 28, 2024

West Valley Community Services of Santa Clara County

Statement of Financial Position

<i>June 30, 2023 (with comparative totals for 2022)</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 650,385	\$ 551,877
Grants and awards receivable	888,783	1,227,604
Prepaid expenses	134,313	78,444
Total current assets	1,673,481	1,857,925
Investments	6,532,189	5,241,274
Right-of-use leased asset	678,890	699,065
Property and equipment, net	3,745,218	4,169,164
Total assets	\$ 12,629,778	\$ 11,967,428
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 95,650	\$ 67,662
Accrued expenses	275,275	212,586
Current portion of long-term debt	13,505	12,579
Deferred revenue	7,100	32,143
Refundable deposits	27,846	25,641
Total current liabilities	419,376	350,611
Accrued interest	370,915	325,930
Long-term debt, net of current portion	3,964,130	3,976,717
Total liabilities	4,754,421	4,653,258
Net Assets:		
Without donor restrictions	5,428,095	4,961,932
With donor restrictions	2,447,262	2,352,238
Total net assets	7,875,357	7,314,170
Total liabilities and net assets	\$ 12,629,778	\$ 11,967,428

See accompanying notes to the financial statements.

West Valley Community Services of Santa Clara County

Statement of Activities

Year Ended June 30, 2023 (with comparative totals for 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support and Revenue:				
Government awards	\$ 2,901,244		\$ 2,901,244	\$ 4,032,796
Contributions and foundation grants	1,973,952	\$ 468,300	2,442,252	2,506,172
In-kind contributions	1,954,549		1,954,549	2,067,602
Special events, net of direct expense of \$95,667 and \$76,028 respectively	256,060		256,060	221,359
Program fees and rental income	385,293		385,293	382,089
Investment income (loss)	113,565	92,769	206,334	(204,033)
Other income	15,372		15,372	-
Net assets released from restrictions	466,045	(466,045)	-	-
Total public support and revenue	8,066,080	95,024	8,161,104	9,005,985
Expenses				
Program Services:				
Vista Village housing	690,376		690,376	666,310
Family assistance	5,788,300		5,788,300	5,598,476
Greenwood Apartments	86,115		86,115	95,309
COVID-19 relief	358,063		358,063	1,476,980
Total program services	6,922,854	-	6,922,854	7,837,075
Supporting Services:				
Management and general	243,031		243,031	258,172
Fundraising	434,032		434,032	413,209
Total supporting services	677,063	-	677,063	671,381
Total expenses	7,599,917	-	7,599,917	8,508,456
Change in Net Assets	466,163	95,024	561,187	497,529
Net Assets, beginning of year	4,961,932	2,352,238	7,314,170	6,816,641
Net Assets, end of year	\$ 5,428,095	\$ 2,447,262	\$ 7,875,357	\$ 7,314,170

See accompanying notes to the financial statements.

West Valley Community Services of Santa Clara County

Statement of Functional Expenses

Year Ended June 30, 2023 (with comparative totals for 2022)

	2023								2022	
	Vista Village	Family Assistance	Greenwood Apartments	COVID-19 Relief	Total Program	Management and General	Fundraising	Total	Total	
Salaries	\$ 179,093	\$ 1,561,225		\$ 48,327	\$ 1,788,645	\$ 48,113	\$ 276,143	\$ 2,112,901	\$ 2,063,324	
Payroll taxes and benefits	39,673	317,365		8,810	365,848	43,657	50,330	459,835	383,681	
Subtotal salaries and benefits	218,766	1,878,590		57,137	2,154,493	91,770	326,473	2,572,736	2,447,005	
Direct assistance, including in-kind of \$1,954,549 and \$2,067,602, respectively		3,123,429		298,347	3,421,776			3,421,776	4,444,398	
Dues, fees and other charges	53	135,114	\$ 3,459	14	138,640	1,961	9,836	150,437	148,442	
Equipment	1,499	10,316		312	12,127	1,779	1,745	15,651	23,895	
Insurance	17,849	76,637			94,486	3,449	14,564	112,499	75,541	
Interest	9,977		5,580		15,557	31,608		47,165	46,380	
Maintenance and repairs	22,683	75,841	3,538	337	102,399	950	2,241	105,590	132,386	
Outside services	1,407	104,960	5,000	269	111,636	57,214	10,080	178,930	174,419	
Postage	137	1,199		35	1,371	142	5,974	7,487	9,241	
Printing		549			549	80	26,095	26,724	18,287	
Other expenses	3,646	265,932	1,317	734	271,629	21,656	3,259	296,544	371,051	
Supplies	380	28,642		105	29,127	28,150	26,721	83,998	44,918	
Telephone	1,758	17,164		379	19,301	919	4,834	25,054	21,145	
Utilities	51,294	12,493	8,668	394	72,849	626	2,210	75,685	77,200	
Subtotal before depreciation and amortization	329,449	5,730,866	27,562	358,063	6,445,940	240,304	434,032	7,120,276	8,034,308	
Depreciation and amortization	360,927	57,434	58,553		476,914	2,727		479,641	474,148	
Total expenses as reported on the Statement of Activities	690,376	5,788,300	86,115	358,063	6,922,854	243,031	434,032	7,599,917	8,508,456	
Direct benefit to participants of special events					-		95,667	95,667	76,028	
Total	\$ 690,376	\$ 5,788,300	\$ 86,115	\$ 358,063	\$ 6,922,854	\$ 243,031	\$ 529,699	\$ 7,695,584	\$ 8,584,484	

See accompanying notes to the financial statements.

West Valley Community Services of Santa Clara County

Statement of Cash Flows

<i>Year Ended June 30, 2023 (with comparative totals for 2022)</i>	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 561,187	\$ 347,529
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized (gain) loss on investments	(77,573)	242,499
Amortization of right-of-use leased asset	20,175	20,175
Depreciation expense	459,466	453,973
Change in operating assets and liabilities:		
Grants and awards receivable	338,821	(458,703)
Prepaid expenses	(55,869)	(4,995)
Accounts payable	27,988	(6,747)
Accrued expenses	62,689	8,523
Deferred revenue	(25,043)	(163,219)
Refundable deposits	2,205	2,190
Accrued interest	46,246	50,139
Net cash provided by operating activities	1,360,292	491,364
Cash Flows from Investing Activities:		
Purchase of investments	(1,313,342)	(674,260)
Proceeds from sale of investments	100,000	300,000
Property and equipment additions	(35,520)	(310,811)
Net cash used by investing activities	(1,248,862)	(685,071)
Cash Flows from Financing Activities		
Principal payments on long term obligations	(12,922)	(12,579)
Net cash used by investing activities	(12,922)	(12,579)
Net Change in Cash and Cash Equivalents	98,508	(206,286)
Cash and Cash Equivalents, beginning of year	551,877	758,163
Cash and Cash Equivalents, end of year	\$ 650,385	\$ 551,877
Supplemental Disclosures:		
Cash paid for interest expense	\$ 1,260	\$ 1,592

See accompanying notes to the financial statements.

West Valley Community Services of Santa Clara County

Notes to the Financial Statements

Note 1 - Description of the Organization:

West Valley Community Services of Santa Clara County (the Organization) is a community-based non-profit health and welfare organization, incorporated in the state of California in 1976. The Organization's mission is to unite the community to fight hunger and homelessness and its vision is a community where every person has food on the table and every person has a roof over their head.

The Organization owns and operates a twenty-four unit housing complex (Vista Village) and a four-plex (Greenwood Apartments) for low-income families and individuals. The Organization provides a food closet supplied by Second Harvest Food Bank, local grocery stores, and bakeries for low-income families. The Organization works closely with a variety of local agencies to provide families with information and referral services, to help the emergency needs of lower income families residing within the community and accepts donations that are passed to individuals and families on an as needed basis for emergency assistance. The Organization provides parenting workshops and intensive case management services to higher risk families.

Note 2 - Summary of Significant Accounting Policies:

a. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S generally accepted accounting principles (U.S. GAAP).

b. Description of Net Assets

Net Assets Without Donor Restrictions – the portion of net assets that are not restricted by donor-imposed stipulations. These net assets are intended for use by management and the Board of Directors for general operations. Included in net assets without donor restrictions at June 30, 2023 are certain Board-designated funds for long-term asset replacement reserves, in the amount of \$796,473.

Net Assets With Donor Restrictions – the portion of net assets that are subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization. Some donor-imposed stipulations are permanent in nature, the use of which is limited by donor-imposed stipulations that neither expire by passage of time nor can be removed by actions of the Organization.

West Valley Community Services of Santa Clara County

Notes to the Financial Statements

c. Revenue Recognition

The Organization recognizes grants and contributions, including unconditional promises to give, as revenue at their fair value in the period the grant or contribution is made. Contributed support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. If a donor restriction is not met within the year in which it is received, it is recognized as net assets with donor restrictions. 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. All other contributed support is recognized as revenue without donor restrictions when received or unconditionally promised.

Revenues from government agencies are recognized when the services are rendered, and costs incurred. The Organization accounts for its grants and contracts revenue as contributions, unless there are terms in the agreements that would require recognition in accordance with the guidance for contracts with customers. For the year ending June 30, 2023, none of the grants and contracts were accounted for as contracts with customers.

Program fees and rental income are recognized in the period the service is provided and performance obligations have been met.

In-kind contributions are recognized at fair market value when donated. In-kind services, which require a specialized skill and which the Organization would have paid for if not contributed, have been recorded at their estimated fair value as appropriate.

d. 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 highly liquid investments with a maturity of 90 days or less at the date of purchase to be cash equivalents.

e. Grants and Awards Receivable

Receivables are stated at the amount management expects to collect from outstanding balances. There was no allowance for doubtful accounts as all amounts are deemed fully collectable.

f. Investments and Endowment Assets

The Organization reports its investments at their fair value. Investment earnings, including realized and unrealized gains and losses, are recorded in the Statement of Activities in the period they occur. Interest and dividend income are recorded when earned.

West Valley Community Services of Santa Clara County

Notes to the Financial Statements

g. Leases

The Organization determines if an arrangement is or contains a lease at inception. Qualifying leases are recorded as right-of-use (ROU) assets and lease obligations in the Statement of Financial Position. Operating lease right-of-use (ROU) assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. The Organization uses a risk-free discount rate in determining the present value of future payments, if applicable. Additionally, the lease term may include options to extend or terminate the lease when it is reasonably certain the Organization will exercise that option. The right-of-use asset is amortized on a straight-line basis over the lease term.

h. Property and Equipment

Purchased property and equipment are stated at cost. Significant donated property and equipment are recorded at their estimated fair value on the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 27.5 years. The Organization capitalizes property and equipment with a value over \$750.

i. Deferred Revenue and Refundable Deposits

Income received from tenants relating to their last month of occupancy is deferred and recognized in the tenant's last month of occupancy. Refundable deposits represent cleaning deposits received from tenants.

j. Fair Value Measurements

The Organization classifies its financial instruments measured at fair value on a recurring basis based on a fair value hierarchy with three levels of inputs as described below. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1 values are based on unadjusted quoted prices in active markets for identical instruments. Level 2 values are based on significant observable market inputs, such as quoted prices for similar instruments or unobservable inputs that are corroborated by market data. Level 3 values are based on unobservable inputs that are not corroborated by market data. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying instrument.

k. Functional Expense Allocations

Direct costs are charged directly to the applicable program or services. Indirect costs which benefit more than one function, are allocated to programs and services by management based on estimates of time incurred.

West Valley Community Services of Santa Clara County

Notes to the Financial Statements

l. Income Taxes

The Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization evaluates its uncertain tax positions and recognizes a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. Management has concluded that the Organization has taken no uncertain tax positions that would require adjustments to the financial statements.

m. Comparative Financial Information

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022 from which the summarized information was derived.

n. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

o. New Accounting Pronouncements Adopted

As of July 1, 2022, the Organization adopted Financial Accounting Standards Boards Accounting Standards Update (ASU) no. 2016-02, Leases (Topic 842) which requires lessees to recognize right-of-use assets and lease obligations on the Statements of Financial Position and disclose key information about leasing arrangements. The ASU did not have a significant effect on the Organization's financial statements.

p. Subsequent Events

The Organization has evaluated subsequent events from June 30, 2023 through January 28, 2024, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.

West Valley Community Services of Santa Clara County

Notes to the Financial Statements

Note 3 - Liquidity and Availability of Resources:

The Organization's financial assets at June 30, 2023 that are available to meet general expenditures over the next twelve months were as follows:

Financial assets:	
Cash and cash equivalents	\$ 650,385
Grants and awards receivable	888,783
Investments	6,532,189
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Total	8,071,357
Less amounts not available to be used within one year:	
Net assets with donor restrictions – purpose restrictions	(1,189,372)
Net assets with donor restrictions – endowment, including accumulated earnings	(1,067,890)
Client housing deposits	(27,846)
Board-designated asset replacement reserves	(796,473)
<hr/>	
Financial assets available to meet general expenditures over the next twelve months	\$ 4,989,776

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, \$1,300,000 (exclusive of in-kind expenses, depreciation and amortization). The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization's endowment funds consist of donor-restricted endowments. Annually, when the budget is prepared, a dollar amount may be established to transfer from endowment earnings to the general fund. This amount is to be used in support of programs to carry out the Organization's mission.

West Valley Community Services of Santa Clara County

Notes to the Financial Statements

Note 4 - Investments:

Investments at June 30, 2023 consisted of the following:

Cash and money funds	\$ 470,414
Exchange traded funds	19,425
Fixed income funds	5,538,122
Equity funds	504,228
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Total	\$ 6,532,189

At June 30, 2023, all investments were measured using Level 1 inputs.

Note 5 - Right-of-use Leased Asset:

The Organization entered into an agreement to lease land from the Santa Clara County Central Fire Protection District in October 2001. The lease term is 57 years from the date of possession, in exchange for an advanced rental payment of \$1,150,000. The lease is amortized on a straight-line basis. For the year ending June 30, 2023 amortization was \$20,175. At June 30, 2023 right-of-use lease asset of \$1,150,000, net of accumulated amortization expense of \$471,110 was \$678,890.

Note 6 - Property and Equipment:

At June 30, 2023 property and equipment consisted of the following:

Land	\$ 355,000
Building and improvements	7,931,151
Furniture and fixtures	376,298
Vehicles	423,025
Equipment	140,540
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	9,226,014
Less accumulated depreciation	(5,480,796)
<hr/>	
	\$ 3,745,218

West Valley Community Services of Santa Clara County

Notes to the Financial Statements

Note 7 - Long-Term Debt:

At June 30, 2023 long-term debt consisted of the following:

Note payable to City of Santa Clara due June 2024, collateralized by real property at Vista Village. Principal and interest payments are deferred for the term of the loan. At the end of the loan, all principal and interest will be forgiven, if a default on the remaining loan conditions has not otherwise occurred. As management does not anticipate a default occurring, each year \$2,000 is recognized as a principal payment and a contribution to the Organization. At June 30, 2023 there was no accrued interest as this note bears no interest.	\$ 583
Note payable to City of Cupertino due July 2026, collateralized by real property at the Greenwood Apartments requiring annual payments of principal of \$12,579 plus accrued interest at 3.0% per annum. Amortization of the note is calculated on the first \$220,000, plus accrued interest from the first five years of the note. A remaining balance of \$100,000 is due at the end of the term along with accrued interest thereon. At June 30, 2023, there was \$81,000 of accrued interest.	143,335
Note payable to the Housing Trust of Santa Clara County due April 2033, collateralized by real property at Vista Village. Principal payments are due each year to the extent Vista Village has surplus cash at the end of each year. The amount due is equal to 10% of the surplus cash. If, at the end of the term loan, an amount is still due, it will be forgiven, if a default on the remaining loan conditions has not otherwise occurred. For the year ended June 30, 2023 Vista Village did not have positive cash flow. Interest accrues at 2% per annum. At June 30, 2023, there was \$167,818 included in accrued interest.	341,000
Note payable to the County of Santa Clara due August 2033, collateralized by real property at Vista Village. Principal and interest are deferred for the term of the loan. Simple interest accrues at 3.0% per annum. At June 30, 2023, there was \$82,121 included in accrued interest.	747,800
Note payable to the County of Santa Clara due December 2034, collateralized by real property at Vista Village. Principal and interest are deferred for the term of the loan. Simple interest accrues at 3.0% per annum. At June 30, 2023, there was \$34,498 included in accrued interest.	220,793

West Valley Community Services of Santa Clara County

Notes to the Financial Statements

Note payable to the City of Sunnyvale due December 2041, collateralized by real property at Vista Village. Principal is due at the end of the loan and interest is due to the extent Vista Village has positive cash flow. For the year ended June 30, 2023 Vista Village did not have positive cash flow. Simple interest accrues at 3.0% per annum. At June 30, 2023 there was accrued interest, but no amount has been recorded as a liability because the Organization expects all interest to be forgiven.	100,000
Note payable to the City of Cupertino due July 2059, collateralized by real property at Vista Village. Principal payments are due each year to the extent Vista Village has surplus cash at the end of each year. The amount due is equal to 50% of the surplus cash. If, at the end of the term loan, an amount is still due, the loan will be forgiven, if a default on the remaining loan conditions has not otherwise occurred. For the year ended June 30, 2023 Vista Village did not have positive cash flow. At June 30, 2023, there was no accrued interest as this note bears no interest.	2,424,124
	3,977,635
Less current portion	(13,505)
Long-term debt, net of current portion	\$ 3,964,130

Future annual principal payments are as follows:

Year Ending June 30,	Amount
2024	\$ 12,922
2025	13,274
2026	15,817
2027	1,320
2028	-
Thereafter	3,934,302
Total	\$ 3,977,635

West Valley Community Services of Santa Clara County

Notes to the Financial Statements

Note 8 - Net Assets With Donor Restrictions:

The activity in the Organization’s net asset with donor restrictions was as follows for the year ended June 30 ,2023:

<u>Purpose</u>	<u>Beginning</u>	<u>Additions</u>	<u>Released</u>	<u>Ending</u>
<i>Endowments</i>				
Endowment earnings	\$ 444,838	\$ 92,769	\$ (30,000)	\$ 507,607
Endowment funds	560,283			560,283
<hr/>				
Total endowment funds	1,005,121	92,769	(30,000)	1,067,890
<hr/>				
<i>Purpose restrictions</i>				
CARE program	233,991		(19,382)	214,609
Equipment acquisition	2,711			2,711
Education	19,850		(18,420)	1,430
COVID-19 Relief	287,135		(254,415)	32,720
Capital project	579,275			579,275
Special program	74,155	353,300	(68,828)	358,627
<hr/>				
Total purpose restrictions	1,197,117	353,300	(361,045)	1,189,372
<hr/>				
<i>Time restrictions</i>				
General operating	150,000	115,000	(75,000)	190,000
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Total	\$ 2,352,238	\$ 561,069	\$ (466,045)	\$ 2,447,262

Note 9 - Endowment Net Assets:

The Organization was the beneficiary of an endowment contribution in 2005, with the donor stipulation that the principal be maintained in perpetuity and earnings used for unrestricted purposes. The Organization complies with the requirements of the Uniform Prudent Management of Institutional Funds Act as enacted by the State of California (UPMIFA).

West Valley Community Services of Santa Clara County

Notes to the Financial Statements

The Board of Directors of the Organization has interpreted UPMIFA as requiring the preservation of fair value as of the original gift date of the donor restricted endowment funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions that are permanent in nature: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The portion of the endowment fund that is not classified in net assets with donor restrictions that are permanent in nature is classified as net assets with donor restrictions that are temporary in nature in a manner consistent with the standard of prudence prescribed by UPMIFA and represent accumulated earnings. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation or deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization's Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a variety of standard indices while assuming a moderate level of investment risk. The Organization's intent is for the endowment funds to meet or exceed the performance of relevant market indexes with similar asset allocation in any given year.

To satisfy its long-term rate-of-return objectives, the Organization relies on an absolute return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The Organization has a policy of appropriating for distribution each year between 2% and 3% of its endowment fund's average fair value; however, the actual distributions may vary depending on various factors, such as endowment performance and the cash flow needs of the Organization.

Endowment net assets by restriction as of June 30, 2023 were as follows:

Permanent in nature	\$	560,283
Temporary in nature		507,607
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Total	\$	1,067,890

West Valley Community Services of Santa Clara County

Notes to the Financial Statements

Note 10 - Contributions In-Kind:

The Organization has many volunteers who have donated significant amounts of time both for program services and for supporting services. Management estimates approximately 17,400 hours were contributed by individuals during the year ended June 30, 2023. No amount for this time has been recognized in the accompanying Statement of Activities as this volunteer time does not meet the criteria required for recognition.

The Organization received, and recognized, the following in-kind donations for the year ended June 30, 2023:

	<u>Total</u>
Food items	\$ 1,949,049
Supplies	5,500
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Total	\$ 1,954,549

All the in-kind donations were utilized in the Organization's programs. The value of the donated food items are determined using an average price per pound which is determined in connection with its food bank contributors. The value of the donated supplies are determined using the cost of identical or similar items in markets accessible by the Organization.

Note 11 - Retirement Plan:

The Organization has a 403(b) tax-deferred retirement plan for the benefit of employees. The Organization contributes up to 3% of each eligible employee's monthly pay for the year ended June 30, 2023. The Organization contributed \$31,175 to the plan for the year ended June 30, 2023.

Note 12 - Concentrations of Risk:

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, grant and awards receivable and investments. The Organization maintains a majority of its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk related to cash. Grant and awards receivables are due from various grantors and government agencies which mitigate the risk associated therein. Investments are subject to a formal investment policy and monitored regularly.

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Notes to the Financial Statements

As of June 30, 2023, 56% of grant and award receivables are due from four grantors. For the year ended June 30, 2023, 64% of the government awards are from two government agencies. The ability of certain of the Organization's grantors to continue to provide amounts comparable with previous years may be dependent upon future economic conditions and budget constraints.

Note 13 - Commitments and Contingencies:

The Organization has received funds for specific purposes that are subject to review and audit by the grantor agencies. Amounts received from grantor agencies may be required to be repaid if funds are not used for the purpose for which they were intended. No provisions have been made for any liabilities that may arise from audits by these agencies as management believes it is in compliance with the provisions of the grants.

Note 14 - Impact of the COVID-19 Pandemic on Operations:

On March 11, 2020, the World Health Organization publicly characterized COVID-19 as a pandemic. Many federal, state and local governmental agencies declared a state of emergency and issued a variety of recommendations impacting travel, group gatherings, etc. The state of emergency ended in May 2023 and the impact of the pandemic on the Organization has minimized.