



Report of Independent Auditors and
Financial Statements

United Way Silicon Valley

June 30, 2016

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
United Way Silicon Valley

We have audited the accompanying financial statements of United Way Silicon Valley ("UWSV"), which comprise the statement of financial position as of June 30, 2016, 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.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 United Way Silicon Valley as of June 30, 2016, 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.

Emphasis of Matter

As described in Note 14, the boards of United Way Silicon Valley and United Way of the Bay Area voted to combine operations that will combine the organizations effective July 1, 2016. Our opinion is not modified with respect to that matter.

Mass Adams LLP

San Francisco, California
October 31, 2016

FINANCIAL STATEMENTS

UNITED WAY SILICON VALLEY
STATEMENT OF FINANCIAL POSITION
June 30, 2016

ASSETS

Current assets:

Cash and cash equivalents	\$	807,388
Pledges receivable, net		2,183,715
Grants and other receivables		745,896
Beneficial interest in assets		2,167,918
Certificates of deposit		17,000
Prepaid expenses		65,172
Property and equipment, net		79,556
Total assets	\$	<u>6,066,645</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$	171,932
Pledges due to agencies and other United Ways		1,329,397
Total liabilities		<u>1,501,329</u>

Net assets:

Unrestricted		
Undesignated		1,233,413
Board-designated quasi-endowment		2,167,919
Total unrestricted		<u>3,401,332</u>
Temporarily restricted		<u>1,163,984</u>

Total net assets		<u>4,565,316</u>
Total liabilities and net assets	\$	<u>6,066,645</u>

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

UNITED WAY SILICON VALLEY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Pledges revenue			
Annual campaign	\$ 7,019,527	\$ 138,724	\$ 7,158,251
Less donor designations to other organizations	(3,530,754)	-	(3,530,754)
Estimated uncollectible pledges	<u>(766,871)</u>	<u>(14,716)</u>	<u>(781,587)</u>
Total pledges revenue	2,721,902	124,008	2,845,910
Grants	-	831,565	831,565
Gifts in-kind and other support	225,679	266,845	492,524
Investment loss, net	(100,690)	-	(100,690)
Earned revenue	408,822	-	408,822
Loss on disposal of property and equipment	(19,564)	-	(19,564)
Miscellaneous income	18,445	-	18,445
Net assets released from restrictions	<u>1,778,012</u>	<u>(1,778,012)</u>	<u>-</u>
Total revenues	<u>5,032,606</u>	<u>(555,594)</u>	<u>4,477,012</u>
Expenses:			
Program services:			
Gross funds awarded/distributed	3,819,432	-	3,819,432
Less donor designations	<u>(3,530,754)</u>	<u>-</u>	<u>(3,530,754)</u>
Net funds awarded/distributed	288,678	-	288,678
Community and program support	<u>2,252,696</u>	<u>-</u>	<u>2,252,696</u>
Total program services	<u>2,541,374</u>	<u>-</u>	<u>2,541,374</u>
Support services:			
Management and general	1,114,299	-	1,114,299
Fundraising	<u>1,433,605</u>	<u>-</u>	<u>1,433,605</u>
Total support services	<u>2,547,904</u>	<u>-</u>	<u>2,547,904</u>
Total expenses	<u>5,089,278</u>	<u>-</u>	<u>5,089,278</u>
Changes in net assets	(56,672)	(555,594)	(612,266)
Net assets at beginning of year	<u>3,458,004</u>	<u>1,719,578</u>	<u>5,177,582</u>
Net assets at end of year	<u>\$ 3,401,332</u>	<u>\$ 1,163,984</u>	<u>\$ 4,565,316</u>

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

UNITED WAY SILICON VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016

	Program Services			Support Services			Total Expenses
	Net Funds Awarded/ Distributed	Community and Program Support	Total	Management and General	Fundraising	Total	
Funds awarded/distributed	\$ 3,819,432	\$ -	\$ 3,819,432	\$ -	\$ -	\$ -	\$ 3,819,432
Less donor designations	(3,530,754)	-	(3,530,754)	-	-	-	(3,530,754)
Sub-total	288,678	-	288,678	-	-	-	288,678
Salaries and wages	-	951,562	951,562	306,362	727,534	1,033,896	1,985,458
Fringe benefits	-	234,803	234,803	117,762	174,786	292,548	527,351
Occupancy expense	-	243,092	243,092	59,672	249,134	308,806	551,898
Professional fees/technical services	-	184,959	184,959	465,336	105,880	571,216	756,175
Contract services	-	247,822	247,822	20,309	2,257	22,566	270,388
Special events	-	179,836	179,836	200	2,097	2,297	182,133
Publicity materials, services and supplies	-	31,885	31,885	105	49,059	49,164	81,049
United Way of America dues	-	83,380	83,380	47,646	78,275	125,921	209,301
Depreciation and amortization	-	25,886	25,886	6,693	27,953	34,646	60,532
Endowment expenses	-	-	-	38,194	-	38,194	38,194
Interest and bank charges	-	59	59	47,164	64	47,228	47,287
Office operating expenses	-	42,763	42,763	3,304	6,070	9,374	52,137
Conferences, travel and training	-	15,173	15,173	861	7,841	8,702	23,875
Miscellaneous expense	-	11,476	11,476	691	2,655	3,346	14,822
Total expenses	<u>\$ 288,678</u>	<u>\$ 2,252,696</u>	<u>\$ 2,541,374</u>	<u>\$ 1,114,299</u>	<u>\$ 1,433,605</u>	<u>\$ 2,547,904</u>	<u>\$ 5,089,278</u>

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

UNITED WAY SILICON VALLEY
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2016

Cash flows used in operating activities:	
Changes in net assets	\$ (612,266)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Loss on disposal of property and equipment	19,564
Depreciation and amortization	60,532
Allowance for doubtful accounts	71,547
Unrealized and realized losses on investments	126,809
Changes in operating assets and liabilities:	
Pledges receivables, net	942,424
Prepaid expenses	20,153
Grants and other receivables	489,562
Accounts payable and accrued expenses	(594,108)
Pledges due to agencies and other United Ways	5,957
Strategic grants payable	(1,800,000)
Deferred income	(117,700)
Net cash used in operating activities	<u>(1,387,526)</u>
Cash flows from investing activities:	
Proceeds from maturity of certificate of deposit	968,816
Proceeds from beneficial interest in assets	1,100,000
Purchase of certificates of deposit	(17,000)
Net cash from investing activities	<u>2,051,816</u>
Cash flows used by financing activities:	
Repayment of line-of-credit agreement	(400,000)
Payment on capital lease obligations	(9,621)
Net cash used in financing activities	<u>(409,621)</u>
Net change in cash and cash equivalents	254,669
Cash and cash equivalents at beginning of year	552,719
Cash and cash equivalents at end of year	<u>\$ 807,388</u>
Supplemental disclosure of cash flow information:	
Interest paid during the year	\$ 1,897

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

NOTE 1 – ORGANIZATION AND OPERATIONS

United Way Silicon Valley (“UWSV”) is an independent, locally-managed nonprofit organization founded in 1922. UWSV is leading a movement to improve community conditions in Santa Clara County by helping local people become financially stable and independent. To drive positive change, UWSV helps people help themselves by identifying critical needs, mobilizing the caring power of the community, and aligning resources to achieve the best solutions. UWSV is focused on the building blocks for a good life: income, education and health.

The boards of United Way Silicon Valley and United Way of the Bay Area (“UWBA”) voted to combine operations that will combine the organizations effective July 1, 2016. The transaction is determined to be an acquisition in accordance with FASB ASC 805, *Business Combination*. The new organization will continue to improve lives and strengthen communities across eight counties, including Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara and Solano.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). UWSV’s net assets, support, and revenue are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of UWSV and changes therein are classified as follows:

- *Unrestricted net assets* – the portion of net assets that is neither temporarily nor permanently restricted by donor-imposed stipulations. These net assets are intended for use of management and the Board of Directors for facility maintenance and general operations. Unrestricted net assets also include those expendable resources that have been designated for special use by the Board of Directors.
- *Temporarily restricted net assets* – the portion of net assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of UWSV.
- *Permanently restricted net assets* – the portion of net assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be removed by actions of UWSV. There were no permanently restricted net assets as of June 30, 2016.

Cash and cash equivalents – Cash and cash equivalents consist of cash and money market funds. UWSV considers all short-term, highly liquid investments, and investments with original maturity dates of three months or less at the date of purchase to be cash equivalents.

Pledge receivables – Pledges receivable consist of unconditional promises to give by donors and are recorded at net realizable value. Pledges receivable are net of provisions for uncollectible pledges. Unconditional promises to give that are expected to be collected in future years are recorded at the fair value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable in the years in which those promises are received. All pledge receivables are expected to be collected within one year.

Provisions for uncollectible pledges – The provision for uncollectible pledges is computed based upon historical averages and management’s consideration of current economic factors that could affect pledge collections.

Grants receivable – Grants receivable consist of unconditional promises to give by granting organizations. Unconditional promises to give that are expected to be collected during the following fiscal year are recorded at the amount contributed. Unconditional promises to give that are expected to be collected in future years are recorded at the fair value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable in the years in which those promises are received.

In-kind receivable – UWSV received an in-kind donation of office rent for the period extending from June 2008 to May 2018. The estimated fair rental value of in-kind office rent, which will be realized beyond June 30, 2016, has been classified as in-kind receivable. The in-kind receivable is expected to be collected in future years and is recorded at the fair value of the estimated future cash flows.

UNITED WAY SILICON VALLEY NOTES TO FINANCIAL STATEMENTS

Fair value of beneficial interest in assets – UWSV invests in a diversified investment pool offered by Silicon Valley Community Foundation (the “Community Foundation”). The Community Foundation has UWSV’s investment account under its management. UWSV’s share of the pool is recorded as beneficial interest in assets. The beneficial interest in assets is stated at fair value. The fair value is based on the net asset value of the pooled assets and UWSV’s ownership interest in the pool. Net asset values are evaluated by UWSV to determine if the values of these investments should be adjusted. Factors considered may include, but are not limited to, estimates of liquidation value, prices of recent transactions in the same or similar funds, current performance, future expectations of the particular investment, and changes in market outlook and the financing environment. Valuations are reviewed at least annually using a variety of qualitative factors to subjectively determine the most appropriate valuation methodologies.

Certificates of Deposit – UWSV’s certificates of deposit are stated at fair value based on quoted market prices at the fiscal year end. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur in the accompanying statement of activities and changes in net assets. Realized gains and losses that result from sales or maturities of securities during the year are calculated on an adjusted cost basis and are reflected in the accompanying statement of activities and changes in net assets. Marketable securities received as donations are recorded at fair value at the date of the donation, and are generally sold as soon as practical after receipt.

Fair value of assets and liabilities – UWSV determines fair value 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. Fair value reporting standards establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of input that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents, fixed income securities, and exchange traded equities. Level 2 securities include investments held in pooled income funds that are valued at market price as provided by the custodian of the funds.

Prepaid expenses and other assets – Prepaid expenses consist of expenditures and assets that are expected to be realized in the future. Prepaid expenses occur when expenditures are made for goods and services which are expected to be received in the near future. Insurance premiums and payments made for maintenance services paid in advance of receiving the services are classified as prepaid expenses.

Property and equipment – Purchased property and equipment are stated at cost. Acquisitions of property and equipment in excess of \$1,000 are capitalized. Significant donated property and equipment is recorded at estimated fair value at the date of receipt. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. UWSV’s depreciable assets include furniture and fixtures which are depreciated over an estimated 3 - 10 years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets’ estimated useful lives or the term of the applicable lease.

Long-lived assets – UWSV reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. No such impairments have been identified to date.

Revenue recognition – Contributed support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other contributed support is recognized as revenue when received or unconditionally promised. UWSV 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Recognition of pledges from fundraising campaign and designations – Each year, from July to June, UWSV conducts annual fundraising campaigns in Santa Clara County to raise funds to support strategic and targeted investments in its community impact focus areas. Such public support is recorded at the fair value of the pledge in the year it is received. Pledges and promises to give are accounted for as either unconditional or conditional. Unconditional promises to give are promises that depend only on the passage of time or the demand by the donor for performance. Conditional promises to give, if any, are not included as support until the conditions are substantially met. There were no conditional promises to give at June 30, 2016. Included in these pledges are contributions designated for other non-profit organizations throughout the United States, and for other United Ways in California and other states, for which United Way serves as the primary fiscal agent in the solicitation and distribution of such pledges. These pledges are included in campaign support and are deducted as donor designations to other organizations in arriving at net campaign support. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted contributions

The use of funds to achieve community impact outcomes is approved by the Board of Directors prior to year end. These funds are distributed to agencies in the succeeding twelve-month fiscal year provided agencies are in compliance with the agency agreements.

Gifts in-kind – Significant donated property and equipment is recorded at estimated fair value at the date of receipt. Contributed services, which require a specialized skill and which UWSV would have paid for if not contributed, have been recorded at their estimated fair market value. In addition, a substantial number of volunteers have donated significant amounts of time in promoting UWSV's programs. The value of donated volunteer services has not been recognized in the accompanying financial statements because such volunteer services do not meet the requirement for revenue recognition.

Other contributions and support – UWSV receives other public support outside the conduct of the annual fundraising campaign. This other support includes both public and private grants, gifts in-kind of goods and services, donor designated funds received in the course of other appeals or another UWSV annual campaign outside of Santa Clara County and sponsorship revenue. Certain ceremonial, celebratory and special recognition events at UWSV are underwritten by sponsorship, or the costs are offset by contributions for the specific event. Generally, the donating companies agree that their contributions may also be used for other costs related to the operation of UWSV.

Program Services – Community and Program Support – Community and Program Support includes funding of activities UWSV deems a priority for its target area. UWSV determines the amount to be funded each year in June. This commitment is recognized as an expense in June.

Functional expense allocations – The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly certain indirect costs have been allocated, based on estimates of time, space, and other factors, among the classifications.

Advertising – Advertising costs are expensed as incurred. Advertising, promotion, and marketing expense for the year ended June 30, 2016, was approximately \$81,100.

Post-employment compensation – UWSV employees who lose their jobs through no fault of their own may receive unemployment compensation benefits under the unemployment insurance program administered by an outside unemployment insurance company. UWSV makes a deposit each year to the unemployment insurance company and claims are paid through these funds. Therefore, as of June 30, 2016, UWSV did not record a liability for estimated claims paid by the insurance company on behalf of UWSV.

Use of estimates – The preparation of financial statements, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

UNITED WAY SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS

Concentration of credit risk – Financial instruments that potentially subject UWSV to credit risk consist primarily of cash and cash equivalents, beneficial interest in assets, certificates of deposit, and pledges receivable. UWSV maintains cash and cash equivalents with domestic institutions that are federally insured, up to the limits of the Federal Deposit Insurance Corporation ("FDIC") deposit insurance. Cash equivalents may include U.S. treasury and agency securities, certificates of deposits, savings accounts, money market funds or depository receipts of highly rated domestic financial institutions, and corporate commercial paper and notes. Pledges receivable are unsecured and are due from various individuals and corporations primarily located in Santa Clara County. Any pledges that are expected to be collected after one year have been discounted and are reflected in the financial statements at their net present value. It is UWSV's opinion that it is not exposed to any significant credit risks.

Tax-exempt status – UWSV is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701d of the Revenue and Taxation Code except to the extent of unrelated business taxable income as defined under IRC sections 511 through 515. Since UWBA has no unrelated business taxable income, no provision for income taxes has been provided in these financial statements. UWBA has no unrecognized tax benefits or uncertain tax positions as of June 30, 2016.

FASB Accounting Standards Update (ASU) – In May of 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-07 (the "Update"), *Fair Value Measurement: Disclosures for Investment in Certain Entities That Calculate Net Asset Value (NAV) per Share*. This update removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. UWSV early adopted the Update as of June 30, 2016.

NOTE 3 – PLEDGES AND GRANTS RECEIVABLE

UWSV expected to receive grants receivable at June 30, 2016, as follows:

Amount due:

In the next year	\$	745,896
Grant and other receivables	\$	745,896

UWSV expected to receive pledges receivable at June 30, 2016, as follows:

Amount due:

In the next year	\$	3,234,700
Provision for uncollectible		(1,050,985)
Net pledges receivable	\$	2,183,715

NOTE 4 – INVESTMENTS

The following tables present the investments carried at fair value on the accompanying statement of financial position as of June 30, 2016, by valuation hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Fair Value at June 30, 2016</u>
Certificates of deposit	\$ -	\$ 17,000	\$ 17,000
Investments held at NAV			
Beneficial interest in assets	-	-	2,167,918
Total investments	<u>\$ -</u>	<u>\$ 17,000</u>	<u>\$ 2,184,918</u>

**UNITED WAY SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS**

The following schedule summarizes the investment returns for the year ended June 30, 2016:

Interest income	\$ 26,116
Net realized and unrealized loss	<u>(126,806)</u>
Total investment losses	<u><u>\$ (100,690)</u></u>

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities are exchange traded equities. Level 2 investments are certificates of deposit, which are valued using maturity and interest rate as observable inputs.

Beneficial interest in assets are valued no less than quarterly based on the net asset value reported by SVCF as a practical expedient.

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at June 30, 2016:

Furniture and equipment	\$ 333,127
Leasehold improvements	<u>229,146</u>
	562,273
Less: accumulated depreciation and amortization	<u>(482,717)</u>
Total property and equipment, net	<u><u>\$ 79,556</u></u>

Depreciation and amortization expense for the year ended June 30, 2016, was \$60,532.

NOTE 6 – DISTRIBUTIONS TO THE COMMUNITY AND BENEFITING ORGANIZATIONS

UWSV's various fundraising campaigns and activities resulted in the following distributions to UWSV partner agencies and other benefiting organizations for the year ended June 30, 2016:

Designations directed by donors	\$ 3,530,754
Program grants to agencies	<u>288,678</u>
Total distributions	<u><u>\$ 3,819,432</u></u>

NOTE 7 – BOARD-DESIGNATED QUASI-ENDOWMENT

UWSV's board of directors has chosen to designate certain unrestricted net assets for future operations. These funds were placed with the Silicon Valley Community Foundation's investment pool and are considered a board-designated quasi-endowment.

UNITED WAY SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted for the following purposes as of June 30, 2016:

Future year donor pledges	\$	551,935
Siemer homeless prevention		121,187
Education		37,237
2-1-1 SCC		19,733
Cities for Citizenship		14,490
Emergency assistance network		98,122
Emergency loan fund		92,569
Advocacy		58,195
Asset building		29,829
Financial stability partnership		31,343
Women leadership council		14,115
Volunteer assessment		89,217
Earn it keep it save it		6,012
Total temporarily restricted net assets	\$	<u>1,163,984</u>

Temporarily restricted net assets were released for the following purposes as of June 30, 2016:

Future year donor pledge	\$	377,956
Siemer homeless prevention		85,779
Financial stability partnership		86,745
Disruptive innovation		5,713
Emergency assistance network		190,482
Advocacy		31,868
Earn it keep it save it		118,600
Children and Family Health		72,602
Education		14,768
2-1-1 SCC		520,838
Volunteer Assessment		118,750
Cities for Citizenship		35,510
Business Model		60,000
Asset Building		58,401
Total assets released from temporary restrictions	\$	<u>1,778,012</u>

NOTE 9 – UWSV 401(K) DEFINED CONTRIBUTION PLAN

Effective August 1, 1995, UWSV implemented a defined contribution retirement plan available to all employees with over one year of employment. The plan calls for employer contributions at an amount to be determined annually by UWSV. Employees are not required to contribute to this plan. Participants' benefits vest ratably over five years. Contributions made under this plan totaled approximately \$54,400 for the year ended June 30, 2016.

NOTE 10 – 403(b) TAX DEFERRED ANNUITY FOR EMPLOYEES OF UWSV SILICON VALLEY

UWSV offered a 403(b) tax deferred annuity plan ("403(b) Plan") for all full-time eligible employees. In 2005 the 403(b) Plan was frozen and since then there have been no contributions.

NOTE 11 – GIFTS IN-KIND

UWSV received an in-kind donation of office rent beginning June 2008. The donated office rent extends over a period of ten years with an estimated net present value of \$3,200,000 after applying a 4.5% discount for future rents. During the year ended June 30, 2016, UWSV had decreased the office space which reduced the in-kind gift. The portion of the discounted future rents earned totaled approximately \$28,600 the year ended June 30, 2016, respectively.

Present value of future rent receivable is as follows:

<u>For the Years Ending June 30.</u>	
2017	\$ 294,021
2018	<u>257,913</u>
Present value of future rent receivable	551,934
Less portion collectible within one year	<u>(294,021)</u>
Portion collectible after one year	<u><u>\$ 257,913</u></u>

United Way of the Bay Area provided program, marketing and human resource services beginning March 2016. As of June 30, 2016, the estimated fair value of these donations totaled approximately \$30,000.

UWSV received legal probono services for counsel in the acquisition and general matters in the amount of \$312,800 during the fiscal year. The legal probono services were recorded as in-kind contributions in the statement of activities and changes in net assets.

NOTE 12 – RELATED-PARTY TRANSACTIONS

UWSV Board of Directors’ members are active in both the oversight of UWSV and its various fund raising events. Contributions received from the Board of Directors’ members were approximately \$101,400 for the year ended June 30, 2016.

NOTE 13 – CONTINGENCY

Due to the nature of the UWSV’s operations, claims and litigation may periodically arise. As of June 30, 2016, management has evaluated the status of any potential legal matters and in its judgment believes there are no items which will have a material effect on the financial statements.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. UWSV 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. UWSV’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements are available to be issued.

UWSV has evaluated subsequent events through October 31, 2016, which is the date the financial statements were available to be issued.

On May 5, 2016, UWSV entered into an Agreement and Plan of Merger (the “Agreement”) to combine its operations with UWBA wherein UWSV would become part of UWBA with an effective date of July 1, 2016 (the “Effective Date”). UWSV ceased to exist as of July 1, 2016. The Agreement was filed with the State of California Department of Justice on May 24, 2016.

To the extent that UWSV’s net assets were subject to donor restrictions, those restrictions carried over and will be honored by UWBA.

Total costs incurred by UWSV relating to the acquisition were \$336,000 through June 30, 2016. The costs were expenses as incurred.