

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020 AND 2019

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Goodwill of Silicon Valley
(A California Nonprofit Public Benefit Corporation)
San Jose, California

We have audited the accompanying consolidated financial statements of Goodwill of Silicon Valley and related entity, GoodEx, Inc. (collectively, the Organization) which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal and other governmental awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of advertising and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021 on our consideration of the Organization'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 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 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 the Organization's internal control over financial reporting and compliance.

Petrinovich Pugh & Company, LLP

Petrinovich Pugh & Company, LLP

San Jose, California
June 18, 2021

SECTION I
CONSOLIDATED FINANCIAL STATEMENTS

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,773,629	\$ 2,876,316
Investments, at market value	5,718,272	8,356,952
Accounts receivable, net	1,113,127	460,157
Accounts receivable - related party	-	58,117
Grants receivable	1,481,242	1,066,553
Advances receivable - related party	-	190,000
Inventories, net	1,448,671	1,531,804
Prepaid expenses	598,864	675,891
Total current assets	23,133,805	15,215,790
Land, buildings and equipment, net	18,143,975	19,108,383
Other assets:		
Restricted cash	184,293	158,778
Deposits	162,883	165,630
Total other assets	347,176	324,408
Total assets	\$ 41,624,956	\$ 34,648,581
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 697,727	\$ 815,037
Accrued payroll and benefits	1,425,822	1,844,393
Grant payable	200,000	-
Other accrued liabilities	598,476	575,803
Deferred revenues	131,458	146,828
Deferred grant revenues	408,436	1,404,844
Total current liabilities	3,461,919	4,786,905
Long-term liabilities:		
Accrued pension costs, net	1,506,668	1,417,521
Deferred rent	104,193	77,558
Total long-term liabilities	1,610,861	1,495,079
Total liabilities	5,072,780	6,281,984
Net assets without donor restrictions	36,552,176	28,366,597
Total liabilities and net assets	\$ 41,624,956	\$ 34,648,581

See accompanying notes and independent auditors' report

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Public support and revenue:		
Retail programs	\$ 23,434,805	\$ 33,812,659
Grants and contributions	18,526,279	5,667,589
Donated goods	2,889,619	5,515,462
Operations programs	3,060,154	4,937,321
E-commerce	3,786,786	5,279,020
Contract and business service programs	1,162,819	1,181,951
Investment income, net	157,625	791,092
Rent income	224,726	331,459
Miscellaneous income	196,823	119,671
Loss on disposal of property and equipment	(12,850)	-
Total public support and revenue	53,426,786	57,636,224
Expenses:		
Program services:		
Retail programs	30,228,823	40,842,330
Cost assigned to donated goods sold	2,676,284	5,466,298
Workforce development and school programs	8,312,591	6,496,670
Contract and business service programs	942,528	1,069,100
Total program services	42,160,226	53,874,398
Supporting services:		
Management and general	2,872,512	3,306,828
Fundraising	65,123	74,613
Total supporting services	2,937,635	3,381,441
Total expenses	45,097,861	57,255,839
Change in net assets before pension plan investment gain	8,328,925	380,385
Pension-related changes other than net periodic benefit costs	(143,346)	(294,845)
Change in net assets	8,185,579	85,540
Net assets, beginning of year	28,366,597	28,281,057
Net assets, end of year	\$ 36,552,176	\$ 28,366,597

See accompanying notes and independent auditors' report

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services					Supporting Services			Grand Total
	Retail Programs	Cost Assigned to Donated Goods	Contract and Business Service Programs	Workforce Development and School Programs	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 14,039,688	\$ -	\$ 634,052	\$ 3,994,561	\$ 18,668,301	\$ 1,176,051	\$ 51,337	\$ 1,227,388	\$ 19,895,689
Employee benefits	1,785,190	-	48,288	261,289	2,094,767	375,213	10,526	385,739	2,480,506
Payroll taxes	1,024,131	-	47,042	289,931	1,361,104	64,167	3,260	67,427	1,428,531
Total salaries and related expenses	16,849,009	-	729,382	4,545,781	22,124,172	1,615,431	65,123	1,680,554	23,804,726
Cost assigned to									
donated goods sold	-	2,676,284	-	-	2,676,284	-	-	-	2,676,284
Grant	-	-	-	200,000	200,000	-	-	-	200,000
Occupancy	5,983,231	-	89,010	745,330	6,817,571	154,480	-	154,480	6,972,051
Raw materials and supplies	3,386,331	-	21,941	974,386	4,382,658	87,689	-	87,689	4,470,347
Professional services	114,683	-	3,068	1,687,566	1,805,317	679,930	-	679,930	2,485,247
Postage and shipping	682,029	-	365	121	682,515	2,137	-	2,137	684,652
Transportation	650,978	-	24,676	9,589	685,243	252	-	252	685,495
Advertising and marketing	172,787	-	-	43,197	215,984	-	-	-	215,984
Telephone	346,362	-	8,840	36,989	392,191	32,838	-	32,838	425,029
Conferences and meetings	20,018	-	1,216	17,887	39,121	42,211	-	42,211	81,332
Dues and subscriptions	277	-	23	1,906	2,206	218,336	-	218,336	220,542
Total expenses before depreciation and amortization	28,205,705	2,676,284	878,521	8,262,752	40,023,262	2,833,304	65,123	2,898,427	42,921,689
Depreciation and amortization	2,023,118	-	64,007	49,839	2,136,964	39,208	-	39,208	2,176,172
	<u>\$ 30,228,823</u>	<u>\$ 2,676,284</u>	<u>\$ 942,528</u>	<u>\$ 8,312,591</u>	<u>\$ 42,160,226</u>	<u>\$ 2,872,512</u>	<u>\$ 65,123</u>	<u>\$ 2,937,635</u>	<u>\$ 45,097,861</u>
Percentage of total	67.0%	5.9%	2.1%	18.4%	93.5%	6.4%	0.1%	6.5%	100.0%

See accompanying notes and independent auditors' report

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services					Supporting Services			Grand Total
	Retail Programs	Cost Assigned to Donated Goods	Contract and Business Service Programs	Workforce Development and School Programs	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 21,951,603	\$ -	\$ 694,723	\$ 3,703,195	\$ 26,349,521	\$ 1,800,176	\$ 58,818	\$ 1,858,994	\$ 28,208,515
Employee benefits	1,195,481	-	61,796	173,013	1,430,290	212,126	12,060	224,186	1,654,476
Payroll taxes	1,569,386	-	47,721	260,926	1,878,033	96,019	3,735	99,754	1,977,787
Total salaries and related expenses	24,716,470	-	804,240	4,137,134	29,657,844	2,108,321	74,613	2,182,934	31,840,778
Cost assigned to									
donated goods sold	-	5,466,298	-	-	5,466,298	-	-	-	5,466,298
Occupancy	6,173,644	-	124,244	424,006	6,721,894	187,530	-	187,530	6,909,424
Raw materials and supplies	4,011,714	-	28,413	562,180	4,602,307	112,925	-	112,925	4,715,232
Professional services	1,198,327	-	8,111	1,126,539	2,332,977	442,220	-	442,220	2,775,197
Postage and shipping	1,157,591	-	110	280	1,157,981	3,026	-	3,026	1,161,007
Transportation	988,350	-	30,773	9,603	1,028,726	3,874	-	3,874	1,032,600
Advertising and marketing	355,498	-	-	88,874	444,372	-	-	-	444,372
Telephone	331,164	-	9,547	44,046	384,757	31,391	-	31,391	416,148
Conferences and meetings	69,217	-	1,837	48,698	119,752	116,940	-	116,940	236,692
Dues and subscriptions	168	-	38	2,512	2,718	227,497	-	227,497	230,215
Total expenses before depreciation and amortization	39,002,143	5,466,298	1,007,313	6,443,872	51,919,626	3,233,724	74,613	3,308,337	55,227,963
Depreciation and amortization	1,840,187	-	61,787	52,798	1,954,772	73,104	-	73,104	2,027,876
	<u>\$ 40,842,330</u>	<u>\$ 5,466,298</u>	<u>\$ 1,069,100</u>	<u>\$ 6,496,670</u>	<u>\$ 53,874,398</u>	<u>\$ 3,306,828</u>	<u>\$ 74,613</u>	<u>\$ 3,381,441</u>	<u>\$ 57,255,839</u>
Percentage of total	71.3%	9.5%	1.9%	11.3%	94.1%	5.8%	0.1%	5.9%	100.0%

See accompanying notes and independent auditors' report

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 8,185,579	\$ 85,540
Adjustments to reconcile change in net assets to net cash, cash equivalents, and restricted cash provided by operating activities:		
Depreciation and amortization	2,176,172	2,027,876
Loss on disposal of property and equipment	12,850	-
Decrease in donated inventories	24,704	55,119
Net realized and unrealized loss (gain) on investments	26,358	(561,603)
In-kind contribution	(3,803)	(2,500)
(Increase) decrease in assets:		
Accounts receivable, net	(652,970)	(5,211)
Accounts receivable - related party	58,117	(34,633)
Grants receivable	(414,689)	(88,920)
Advances receivable - related party	190,000	-
Purchased inventories	58,429	36,295
Prepaid expenses	77,027	(204,800)
Deposits	2,747	(81,250)
Increase (decrease) in liabilities:		
Accounts payable	(117,310)	87,027
Accrued payroll and benefits	(418,571)	238,143
Grant payable	200,000	-
Other accrued liabilities	22,673	(39,602)
Deferred revenue	(15,370)	-
Deferred grant revenue	(996,408)	1,395,432
Accrued pension costs, net	89,147	167,466
Deferred rent	26,635	(63,516)
Net cash provided by operating activities	8,531,317	3,010,863
Cash flows from investing activities:		
Purchases of property and equipment	(1,220,811)	(1,626,340)
Purchases of investments	(3,488,628)	(2,586,310)
Proceeds from sale of investments	6,100,950	1,419,948
Net cash provided by (used for) investing activities	1,391,511	(2,792,702)
Net increase in cash, cash equivalents, and restricted cash	9,922,828	218,161
Cash, cash equivalents and restricted cash, beginning of year	3,035,094	2,816,933
Cash, cash equivalents and restricted cash, end of year	\$ 12,957,922	\$ 3,035,094

See accompanying notes and independent auditors' report

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Supplemental disclosures of noncash investing and financing activities:

During the years ended December 31, 2020 and 2019, the Organization received an in-kind contributions of equipment valued at \$3,803 and \$2,500, respectively.

During the year ended December 31, 2020, the Organization disposed of land, buildings and equipment with an original cost of \$48,589 and accumulated depreciation of \$35,739.

During the year ended December 31, 2019, the Organization disposed of land, buildings and equipment with an original cost of \$40,077 and accumulated depreciation of \$40,077.

See accompanying notes and independent auditors' report

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE A - ORGANIZATION

Goodwill of Silicon Valley, formerly Goodwill Industries of Santa Clara County (“Goodwill” or the “Organization”), is a California nonprofit public benefit corporation founded in 1926 and serves Santa Clara and San Benito Counties. The Organization’s mission is to assist people to overcome their multiple or severe barriers to employment by providing a wide range of educational and vocational training along with employment placement support. Goodwill is part of Goodwill Industries International, a federation of over 200 autonomous, community-based Goodwill organizations worldwide. Taken together, they make up one of the largest social service organizations in the world, dedicated to serving their local communities.

NOTE B - PROGRAM SERVICES

Goodwill has been built on the tradition of self-sufficiency - supporting their services to the communities with income generated from their business operations. In addition to the familiar stores and donation trailers, the Organization operates GoodSource, a contract service division. The combined operating divisions provide most of the funding needed to support the educational and vocational trainings offered by the Organization’s award-winning Institute for Career Development. The Organization provides employment for more than 800 individuals at any point in time.

GoodEx Services, Inc. (GES) was organized in October 2009 to be a plant-based shredding service for businesses and governments located in and around the Silicon Valley. GES was inactive for the years ending December 31, 2020 and 2019.

Retail Programs: Perhaps the most familiar face of Goodwill, this division processes and sells donated used goods through 18 retail stores, provides employment opportunities, and contributes the most to the financial needs to operate the training programs offered by the Institute for Career Development. Retail Programs employ approximately 450 individuals at 18 retail stores and 40 donation collection sites. In addition, Goodwill has a home pick up service and provides weekend special donation events in collaboration with local organizations. Due to COVID-19, GWSV has temporarily closed the 19 Attended donation sites and reduced headcount to 350 employees in retail stores as at the end of 2020.

Contract and Business Service Programs: GoodSource: A reputable and reliable service provider for assembly and packaging services, the contract service division that attracts a diverse client base ranging from small local businesses to well established Fortune 500 global companies. In addition to assembly and packaging services, GoodSource provides drop ship, turnkey warehousing and logistical solutions. In 2009, GoodSource entered the mattress reclamation arena, benefiting the environment, creating jobs and contributing to the bottom line. With its keen customer focus, reliable service delivery and great flexibility, GoodSource has developed a loyal and long standing customer base and has become an “On Shore” alternative to keep jobs in the community, thus providing opportunities for people with multiple or severe barriers to employment.

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE B - PROGRAM SERVICES (CONTINUED)

E-Commerce Program: The program provides employment opportunities and contributes to the training programs operated by mission services.

Vocational School Programs: Institute for Career Development (ICD): A robust environment coupled with a variety of program offerings make the ICD the training facility of choice. ICD offers training that prepares people for jobs in Information Communication Technology (A+ Certification), the Trades and Retail/Hospitality.

Career Development Program: This program assists people with barriers to employment, specifically barriers related to living in poverty, to obtain paid work experience, computer skills training, job readiness training and the support of a Vocational Employment Counselor. The program is for a period of one year at which time the objective is to transition the participant into a better job.

New Opportunity Work Program (NOW): This program provides employment, workshops and cognitive therapy to individuals reentering the community from the criminal justice system. Goodwill is the primary provider of employment services for the County of Santa Clara's initiative to reduce recidivism strategy.

ASSET's Youth Program: This program is designed to provide at-risk High School Students with support that enriches their lives through various activities, provides academic support through tutoring, after-school instruction and a safe and quiet place for independent study. In 2020, the ASSET's program served 14,000 students, many of the students served by this program can earn their High School Diploma through obtaining credits that they would otherwise not recover. This program is currently held at five high schools Monday through Friday, 2:00pm to 6:00pm.

Homeless Veterans Reintegration Program: Services provided to this population include job skills training, life skills training, networking, group and individual counseling, connection to housing, food and transportation, ending the cycle of homelessness. These services result in outcomes that move people to self-sufficiency through the obtainment of employment, transportation and housing.

Wellness Center: The Wellness Center, located at Goodwill's main office, is directed by a Licensed Clinical Psychologist. The services provided include individual and group therapy for people with mild to severe mental illness and/or a history of substance abuse. These services are provided to low-income individuals that have no means to get this type of treatment.

Good-Health Program: This program provides independent living and job skills to young adults with severe developmental disabilities. Goodwill works with eight different high schools that serve special education students up to age 22. Services are provided on site at each of the eight schools. The participants learn skills that will allow them to live more independently than they would otherwise.

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE B - PROGRAM SERVICES (CONTINUED)

Parole Re-entry and Veterans Court Employment Programs: Goodwill works with the Santa Clara County Superior Court to support individuals that have a history of criminal activity and are ready to turn their lives around. Goodwill does this as a part of a larger team that provides holistic services. Goodwill's role is to provide vocational counseling, skills training, short-term subsidized employment and job search services leading to the obtainment of sustainable employment.

Supportive Services for Veterans and Their Families: In concert with the Veterans Administration, Goodwill provides support to families that are either at-risk of homelessness or to those that are currently homeless. Goodwill provides financial assistance, legal assistance, credit counseling and employment related services to equip the family to maintain housing and a sustainable income.

Expandability: Programs specific for people with disabilities including; the Neurodiversity Pathways Program which prepares people on the spectrum for jobs in the Information Technology field, the CaPromise Program which works with high school students with disabilities and their families to support the transition from social security insurance to employment, the our Transitions Program which provides paid work experience and advocacy for students with disabilities when they exit from High School.

Due to COVID-19 the Organization followed state guidelines with operations suspended as of March 17th. The Organization went through a major layoff on April 6, 2021 and suffered significant financial impact during the closure. When restrictions were eased, the Organization, following Covid guidelines, starting reopening stores and restructured to reduce cost and increase efficiency. This reorganization not only reduced the loss suffered earlier in the year as reflected in the balance sheet but also increased the ongoing financial viability of the organization.

Mission programs were also affected to different degrees by COVID in 2020, but even with COVID restrictions, the Organization's mission grew during 2020, utilizing technology, pivoting to online training courses and also a key participant in a City of San Jose COVID response program for San Jose residents which provided training, paid work experience and support for those affected by COVID to get back into the workforce. With the turnaround of the operations financials, the Organization will invest further into the mission programs in 2021 to assist the community recover from the pandemic.

NOTE C - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The consolidated financial statements have been prepared on the accrual basis of accounting. The consolidated financial statements include the accounts of the Organization and its related entity, GES (collectively, the "Organization"). All inter-company balances and transactions have been eliminated.

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation: The consolidated financial statements of Goodwill have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require Goodwill to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Goodwill's management and the Board of Directors. The Organization has elected to report as an increase in net assets without donor restrictions any restricted support received in the current period for which the restrictions have been met in the current period.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Goodwill or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities. There are currently no net assets with donor restrictions.

Measure of Operations: The consolidated statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Goodwill's ongoing programs, grants and contributions, and investment income. Nonoperating activities are limited to resources that generate return from pension plan investments and other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates. The Organization's estimates include the allowance for doubtful accounts, inventory obsolescence reserves, useful life of property and equipment, leases, fair value of investments and financial instruments, accrued pension costs, donated assets and services, and allocation of expenses by function.

Cash and Cash Equivalents: Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less.

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash: Restricted cash is a requirement of an agreement between the Organization and its workers compensation insurance broker. The agreement requires \$150,000 be held in a separate bank account. As of December 31, 2020, the Organization held the separate cash in a certificate of deposit with a maturity date of June 27, 2021. The bank account generates interest, causing the restricted cash balance to exceed the \$150,000 minimum requirement.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Unrealized and realized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restriction if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. For the years then ended December 31, 2020 and 2019, there were no restricted investments.

Accounts, Grants Receivable and Allowance for Doubtful Accounts: Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or grants receivable. The allowance for doubtful accounts balance as of December 31, 2020 and 2019 was \$72,275 and \$62,075, respectively.

Promises to Give: Unconditional promises to give are recognized as support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventories: Inventories, except for donated merchandise held for resale, are valued at the lower of cost (first-in, first-out) or net realizable value. Purchased inventory includes freight-in, assembly, and improvement costs, if any. Purchased inventories are valued at the lower of cost (first-in, first-out) or net realizable value, less an estimated allowance for obsolescence. The allowance for obsolescence as of December 31, 2020 and 2019 was \$41,832 and \$32,929, respectively.

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories Goods donated to Goodwill are valued at their estimated net realizable value (NRV) and recognized as support in the consolidated statements of activities. Donated merchandise remaining in inventories at year end is also recorded at its estimated NRV. The Organization calculates the NRV of donated inventory based on the estimated sales value of goods, factoring in number of days inventory has been on hand, sell through less allowance for shrinkage. Donated merchandise inventories are not valued on an item-by-item basis but rather based on overall estimate of inventory turns. Donated automobiles are valued at estimated fair market value on a specific identification basis.

Land, Buildings and Equipment: Land, buildings and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$2,000 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed in the period. Depreciation is computed on the straight-line method based on the following estimated useful lives:

Buildings	20 to 30 years
Building Improvements	Remaining Life of Building
Leasehold Improvements	Shorter of Useful Life or Lease Term
Equipment	3 to 10 years

Depreciation is charged to the activity benefiting from the use of the buildings or equipment.

Impairment of Long-Lived Assets: The Organization accounts for impairment of assets in accordance with FASB ASC 360-10, *Impairment or Disposal of Long-Lived Assets*. Under FASB ASC 360-10, the Organization reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of the asset is determined not to be recoverable, a write-down to fair value is recorded. There was no impairment expense recorded for the years ending 2020 and 2019.

Accrued Vacation: Accrued vacation represents vacation earned, but not taken as of December 31, 2020 and 2019, and is included in "Accrued payroll and benefits" in the consolidated statements of financial position. The accrued vacation balance as of December 31, 2020 and 2019 was \$242,401 and \$676,573, respectively.

Deferred Rent: As of December 31, 2020, nine retail stores and three attended donation station are leased under operating leases expiring on various dates through 2026. These operating leases generally have fluctuating payments over the life of the lease. Accordingly, Goodwill has recorded the lease expense on a straight-line basis and has recorded the excess of the straight-line expense over the amount paid as deferred rent.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Defined Benefit Pension Plan: The Organization accounts for its defined benefit pension plan in accordance with ASC 715-10, *Retirement Benefits*. ASC 715-10 requires an employer to recognize the funded status of the benefit plan, measured as the difference between plan assets at fair value and the projected benefit obligation, in the consolidated statements of financial position. ASC 715-10 also requires the immediate recognition of the unrecognized actuarial gains and losses. The Organization froze the defined benefit pension plan as of March 31, 2009 (see Note I).

Revenue Recognition: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of the new guidance is that the Organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. In addition, the new guidance requires the disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the standard on January 1, 2019 utilizing the modified retrospective method, as a practical expedient, which allows the Organization to evaluate the impact of contract modifications as of the adopted date rather than evaluating the impact of the modifications at the time they occurred prior to the adoption date. Results for reporting periods beginning January 1, 2019 are presented under Topic 606.

The most significant aspects of the new standard include the following:

- Topic 606 provides a five-step model for recognizing revenue from contracts with customers as follows:
 1. Identify the contract with the customer.
 2. Identify the performance obligations in the contract.
 3. Determine the transaction price.
 4. Allocate the transaction price to the performance obligations in the contract.
 5. Recognize revenue when or as the performance obligations are satisfied.
- Products and Services: The Organization's revenue is derived from retail sales, operational revenue, e-commerce sales and contract service revenue. The operations of the Organization are substantially affected by economic conditions and can be impacted by customer preferences and disposable income levels.
- Performance Obligations: Topic 606 provides that revenues are to be recognized when the control of promised goods or services are transferred to a customer in satisfaction of all related performance obligations, in an amount that reflects the consideration expected to be received for those goods or services. The Organization identifies all performance obligations associated with its revenues and generally satisfies its performance obligations at a point in time (i.e. the time the merchandise is sold or when the services are rendered).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued):

- Retail E-commerce Sales: Retail and e-commerce sales are recognized as revenue at the point in time when the services have been provided or when the merchandise has been sold, which is when the Organization's performance obligation is satisfied.
- Contract Service Revenue: The Organization has multiple contracts for various services. Packaging and shipping revenues are recognized at the point in time when the packaging and shipping services are rendered, which is when the Organization's performance obligation is satisfied.
- Transaction Price: The Organization's prices are based upon a fixed transaction price, which is the amount the Organization expects to collect for the agreed upon period or for the transferring of goods from a sale or service to the customer. Revenue is recorded based on the fixed transaction price.
- Payment Terms: Payment terms for majority of goods and services are typically due at the point of sale. Certain goods and services are due within 30 days. In instances where the timing of revenue recognition differs from the timing of the right to invoice, the Organization has determined that a significant financing component does not exist. The Organization has elected a permitted practical expedient which allows the Organization to not recognize a significant financing component if the time between the transfer of a good or service and payment are one year or less.
- Return Policy: The Organization only allows the return of certain e-commerce retail merchandise. The Organization does not deem the recording of variable consideration on these retail sales necessary as merchandise returns have not historically had a significant impact on the Organization's retail sales.
- Taxes: The Organization collects and remits sales at the point of sale for e-commerce retail transactions and reports such amounts under the net method on the statements of activities. As a result, these taxes are not included in gross revenue. The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code, as such the Organization does not collect sales taxes on the sale of retail goods.

Rental Revenue: Rental revenue is derived from the leasing real property and equipment owned by the Company. Rental revenue falls under Accounting Standards Codification (ASC) 840, *Leases*, and is recognized monthly ratably based on the lease agreement.

GOODWILL OF SILICON VALLEY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Mission Service Revenue: Revenue from grants and mission services are reported in accordance with ASC 958, *Not-for-Profit Entities*. In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Under ASU 2018-08, grants and mission services are recognized as “contributions” instead of “exchange transactions”. Grants and mission service revenue receive a condition from the granting body and are recognized as revenue in the period in which the condition is provided, which is when the Organization’s performance obligation is satisfied. The Organization had deferred grant revenues of \$408,436 and \$1,404,844 for the years ended December 31, 2020 and 2019, respectively.

Contributions: Contributions are reported in accordance with ASC 958. Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as with or without donor restrictions depending on the nature of donor restrictions and depending on whether the restrictions are met in the current fiscal period. Contributions with restrictions are reported as increases in net assets without donor restriction if the restrictions have been met in the current fiscal period. If the restriction has not been met by fiscal year end, the amount is reported as an increase in net assets with donor restrictions. When the restriction is met on a contribution received in a prior fiscal period, the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions. During the year ended December 31, 2020, the Organization received a special contribution of \$10,000,000 without restrictions.

Contributions In-kind: Contributions in-kind are recognized in accordance with the provisions of ASC 958. Donated goods are recorded at their net realizable value. Donated equipment is recorded at its estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. During the years ended December 31, 2020 and 2019, the Organization received free use of lots where attended donation stations are located. In addition, the Organization received in-kind rent related to leased stores and a storage facility as of part of COVID-19. The Organization has valued the use of the lots and in-kind rent at approximately \$239,000 and \$96,000, respectively. The contributions for the years ended December 31, 2020 and 2019 are recorded to rent revenue and rent expense. During the year ended December 31, 2020 and 2019, the Organization received contributed equipment valued at \$3,803 and \$2,500, respectively.

Functional Expense Allocation: Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services based on salary expense, percentage of time spent on program by specific officer, headcount, revenue and/or square footage. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

GOODWILL OF SILICON VALLEY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising: The Organization's policy is to expense advertising costs as they are incurred. Advertising expense for the years ended December 31, 2020 and 2019 were approximately \$216,000 and \$444,000, respectively. The advertising expense is included in advertising and marketing expenses within the consolidated statements of functional expenses.

Income Taxes: Goodwill of Silicon Valley and GoodEx Services Inc. are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

The Organization accounts for the requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740-10-25 *Recognition of Income Taxes*. Accordingly, an entity shall initially recognize the financial statement effects of a tax position when it is more-likely-than not, based on the technical merits, that the position will be sustained upon examination. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2020, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

Concentrations of Credit Risk: Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalents, accounts receivable, and investments. The Organization maintains most its cash in a business checking account and in bank deposit accounts that exceed the federally insured limits of up to \$250,000. Management has not experienced any losses on these accounts.

The Organization extends credit to its customers and performs credit evaluations of all its customers. Historically, the Organization has not experienced significant losses related to receivables from individual customers or groups of customers in any geographic area or industry.

The Organization maintains a diversified portfolio of investments in marketable securities to mitigate risk associated with market fluctuations. The Organization has not experienced any losses in such account. Management believes that the Organization is not exposed to any significant credit risk related to investments.

Reclassifications: Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentations.

GOODWILL OF SILICON VALLEY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Implemented: In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the calendar year ending December 31, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of activities will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the calendar year ending December 31, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

Subsequent Events: ASC 855-10, *Subsequent Events*, requires additional disclosure for events or transactions that occur after the balance sheet date. Subsequent to the year end in April 2021, the Organization obtained a Paycheck Protection Program (PPP) note payable for \$5,159,417 with Heritage Bank of Commerce. The PPP note payable matures 2 years from the date of disbursement and bears interest at a fixed 1% per annum. The PPP loan does not require payment for the first 6 months from the disbursement date, but continues to accrue interest during the deferment period. The PPP note payable contains provisions for full or partial loan forgiveness based on the recipient's use of the note payable proceeds and other criteria. The Organization expects full note payable forgiveness based on the use of the note payable proceeds and plans to apply for loan forgiveness prior to December 31, 2021. The Organization had no additional material subsequent events as of June 18, 2021, which is the date the financial statements were available to be issued. The Organization has not evaluated subsequent events after this date in the consolidated financial statements presented.

GOODWILL OF SILICON VALLEY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE D - INVESTMENTS

As of December 31, 2020 and 2019, the Organization holds all investments with Enterprise Trust and Investment Company (ETIC), a California incorporated banking institution. ETIC follows the guidelines for professional management of the investment portfolio established and monitored by the Organization.

The market value of investments held with ETIC as of December 31, consist of the following:

	<u>2020</u>	<u>2019</u>
Fixed income	\$ 2,874,221	\$ 5,199,261
Domestic equities	2,786,611	2,414,828
Foreign equities	<u>57,440</u>	<u>742,863</u>
	<u>\$ 5,718,272</u>	<u>\$ 8,356,952</u>

Investments activity during the years ended December 31, consisted of the following:

	<u>2020</u>	<u>2019</u>
Investments, beginning of year	\$ 8,356,952	\$ 6,628,987
Investment return:		
Interest and dividend income	224,697	278,403
Net realized and unrealized (loss) gain	(26,358)	561,603
Administrative expenses	<u>(40,713)</u>	<u>(49,773)</u>
Net investment gain (loss) return	157,626	790,233
Transfers (to) from operations	<u>(2,796,306)</u>	<u>937,732</u>
Investments, end of year	<u>\$ 5,718,272</u>	<u>\$ 8,356,952</u>

GOODWILL OF SILICON VALLEY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE E - AVAILABILITY AND LIQUIDITY

The Organization's goal is to maintain approximately \$1,000,000 in current cash accounts to ensure funds available to cover large one-off payments, while maintaining liquidity to manage operations through the retail stores. As part of the Organization's liquidity plan, excess funds are invested in short- and medium-term investments including equities, money market and fixed income funds.

The following represents the Organization's financial assets that are available to meet general expenditures over the next twelve months at December 31, consisted of the following:

	2020	2019
Cash and cash equivalents	\$ 12,773,629	\$ 2,876,316
Investments, at market value	5,718,272	8,356,952
Accounts receivable, net	1,113,127	460,157
Grants receivable	1,481,242	1,066,553
	\$ 21,086,270	\$ 12,759,978

NOTE F - INVENTORIES

Inventories as of December 31, consist of the following:

	2020	2019
Donated merchandise	\$ 1,181,508	\$ 1,197,309
Purchased merchandise	308,995	367,424
Allowance for obsolescence	(41,832)	(32,929)
	\$ 1,448,671	\$ 1,531,804

GOODWILL OF SILICON VALLEY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE G - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment as of December 31, consists of the following:

	2020	2019
Land and buildings	\$ 29,189,316	\$ 29,173,352
Equipment	11,518,904	10,548,513
Leasehold improvements	4,069,067	4,060,968
	44,777,287	43,782,833
Less: accumulated depreciation and amortization	(26,861,700)	(24,696,971)
	17,915,587	19,085,862
Construction in process	228,388	22,521
	\$ 18,143,975	\$ 19,108,383

NOTE H - LEASES

Non-Cancelable Operating Lease Obligations: Goodwill leases nine retail stores, three attended donation stations, one storage facility and certain equipment under non-cancelable operating lease agreements expiring on various dates through 2026. The minimum future payments under non-cancelable operating lease obligations are as follows:

Year ending December 31,	
2021	\$ 2,700,476
2022	2,495,130
2023	2,429,770
2024	2,149,182
2025	1,506,487
Thereafter	565,968
	\$ 11,847,014

Rent expense under the operating leases for the years ended December 31, 2020 and 2019 was approximately \$3,171,000 and \$3,030,000, respectively.

GOODWILL OF SILICON VALLEY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE H – LEASES (CONTINUED)

Subleases: Goodwill subleases one of these locations and receives rental income related to the lease. The sublease expires in the year ended December 31, 2024. Rental income expected to be received from non-cancelable operating lease are as follows:

Year ending December 31,		
2021	\$	158,080
2022		179,144
2023		179,144
2024		17,097
		<hr/>
	\$	533,465
		<hr/>

Rent income recognized under the sublease for the years ended December 31, 2020 and 2019 was approximately \$225,000 and \$235,000, respectively.

NOTE I - RETIREMENT PLANS AND EMPLOYEE BENEFITS

Defined Benefit Pension Plan: The Organization has a defined benefit pension plan, which provides benefits to salaried exempt and salaried nonexempt employees. The Organization froze the defined benefit pension plan as of March 31, 2009. Benefits provided by the defined benefit pension plan (the Plan) are based on years of service and final compensation as defined in the provisions of the Plan. Contributions are intended to provide benefits attributed to service to the date the plan was frozen.

The Organization accounts for its defined benefit pension plan in accordance with ASC 715-10. ASC 715-10 requires an employer to recognize the funded status of benefit plan, measured as the difference between plan assets at fair value and the projected benefit obligation, in the statements of financial position. ASC 715-10 also requires the immediate recognition of the unrecognized actuarial gains and losses. The Plan was amended as of March 31, 2009 to cease benefit accruals. The effect was to freeze benefit accruals at the January 1, 2009 level. This resulted in curtailment. Effective January 1, 2014, terminated participants with vested balances under \$5,000 were paid out as soon as administratively feasible.

GOODWILL OF SILICON VALLEY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE I - RETIREMENT PLANS AND EMPLOYEE BENEFITS (CONTINUED)

Based on an actuarial study, net pension cost as of December 31, included the following components:

	<u>2020</u>	<u>2019</u>
Interest cost	\$ 111,986	\$ 136,533
Expected return on assets	(164,608)	(149,202)
Net amortization and deferral	<u>248,423</u>	<u>215,290</u>
Net pension cost	<u>\$ 195,801</u>	<u>\$ 202,621</u>

These net pension costs are included in "Employee benefits" in the accompanying consolidated statements of functional expenses.

The unrecognized cumulative (gain) loss at December 31, was as follows:

	<u>2020</u>	<u>2019</u>
Actuarial loss on obligations	\$ 400,724	\$ 585,528
Actuarial gain on plan assets	<u>(111,845)</u>	<u>(179,373)</u>
Actuarial loss	288,879	406,155
Unrecognized cumulative loss at January 1	1,946,055	1,651,210
Cumulative loss recognized in net pension cost	<u>(145,533)</u>	<u>(111,310)</u>
Unrecognized cumulative loss at December 31	<u>\$ 2,089,401</u>	<u>\$ 1,946,055</u>

GOODWILL OF SILICON VALLEY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE I - RETIREMENT PLANS AND EMPLOYEE BENEFITS (CONTINUED)

Defined Benefit Pension Plan (continued): Based on a professional actuarial study, pension plan obligations and Accrued pension costs of the Plan as of December 31, were as follows:

<u>Change in benefit obligation:</u>	2020	2019
Projected benefit obligation at end of year	\$ 4,153,260	\$ 3,923,418
Fair value of plan assets at beginning of year	2,505,897	2,237,601
Actual return on plan assets (pension plan investment income)	301,725	353,014
Employer cash contributions	250,000	330,000
Benefits paid	(252,643)	(169,348)
Investment fees	(25,272)	(24,439)
Administration fees	(133,115)	(220,931)
Fair value of plan assets at end of year	2,646,592	2,505,897
Funded status	\$ (1,506,668)	\$ (1,417,521)

Weighted average assumptions used to measure benefit obligations at December 31:

	2020	2019
Discount rate (pre-retirement/post retirement)	1.98%	2.89%
Expected annual rate of compensation increase	0%	0%
Expected annual rate of increase in compensation and benefit limits	0%	0%
Pre-retirement mortality	None	None
Post-retirement mortality	Pri-2012 Total Non-Disabled Annuitant for Male and Female, projected by Generational scale MP-2020	RP-2014 Healthy Annuitant with MP-2019 Generational Projection for Male and Female

**GOODWILL OF SILICON VALLEY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE I - RETIREMENT PLANS AND EMPLOYEE BENEFITS (CONTINUED)

Defined Benefit Pension Plan (continued):

Weighted average assumptions used to determine
net periodic pension cost at December 31:

	<u>2020</u>	<u>2019</u>
Discount rate (pre-retirement/post retirement)	2.89%	3.98%
Long-term expected rate of return on plan assets	6.50%	6.50%
Expected annual rate of compensation increase	0%	0%
Expected annual rate of increase in compensation and benefit limits	0%	0%
Post-retirement mortality	RP-2014 Healthy Annuitant with MP- 2019 Generational Projection for Male and Female	RP-2014 Healthy Annuitant Bottom Quartile with MP- 2018 Generational Projection for Male and Female

The Plan assets consist primarily of equity securities, bonds and annuities, mutual funds and a money market fund. The Plan's assumed long-term rate of return of 7.0% is based primarily on the expected returns of asset classes weighted for asset allocation. In addition, historical rates of return on asset classes are compared with the Plan's historical yield.

The Organization's investment goals state that Plan assets are to be invested in a balanced portfolio that allows sustained growth without material losses.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE I - RETIREMENT PLANS AND EMPLOYEE BENEFITS (CONTINUED)

Defined Benefit Pension Plan (continued):

In accordance with ASC 820-10, all of the following pension plan assets are classified as Level 1 investments (see Note J). The fair values of the Organization's pension plan assets at December 31 (cash basis), by asset category are as follows:

<u>Asset category:</u>	2020	2019
Cash and money market funds	\$ 239,318	\$ 63,094
Bonds and annuities	52,031	122,094
Pooled mutual funds	849,410	759,011
Stocks	939,740	765,470
Government securities	566,093	796,228
	\$ 2,646,592	\$ 2,505,897
	2020	2019
<u>Plan Asset % allocation:</u>		
Cash and money market funds	9.0%	2.5%
Bonds and annuities	2.0%	4.9%
Pooled mutual funds	32.1%	30.3%
Stocks	35.5%	30.5%
Government securities	21.4%	31.8%
	100.0%	100.0%

Estimated future benefit payments through 2030:

Year ending December 31,	
2021	\$ 1,066,057
2022	261,074
2023	225,268
2024	589,868
2025	144,072
2026-2030	930,200
	\$ 3,216,539

GOODWILL OF SILICON VALLEY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE I - RETIREMENT PLANS AND EMPLOYEE BENEFITS (CONTINUED)

Unemployment Benefits: The Organization is self-insured for unemployment benefits given to former employees. Management has estimated the amount of benefits expected to be paid by the Organization after December 31, 2020, with respect to claims related to 2020 and prior years. The amount accrued for unemployment benefits at December 31, 2020 and 2019 was \$261,519 and \$42,056, respectively. These amounts are included in "Accrued payroll and benefits" in the accompanying statements of financial position.

403(b) – Deferred Savings Plan: The Organization has a 403(b) deferred savings plan (the 403(b) Plan) covering all employees over 21 years old who have completed three months or more of service. The Organization provides a matching contribution to the 403(b) Plan at its discretion. Under the 403(b) Plan, employees may elect to defer a portion of their salary, subject to the Internal Revenue Service limits (\$19,500 for 2020 and \$19,000 for 2019). The Organization made matching contributions to the 403(b) Plan totaling \$195,801 and \$202,621 for the years ended December 31, 2020 and 2019, respectively.

NOTE J - FAIR VALUE MEASUREMENTS

ASC 820-10, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE J - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020:

Investments: For investments categorized as level 1 – values are based on quoted prices for identical assets or liabilities in active markets. For investments categorized as level 2 – values are based on quoted prices in active markets of the underlying assets held by ETIC.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>\$ 3,263,268</u>	<u>2,455,004</u>	<u>\$ -</u>	<u>\$ 5,718,272</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>\$ 4,689,509</u>	<u>\$ 3,667,443</u>	<u>\$ -</u>	<u>\$ 8,356,952</u>

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE K - RELATED PARTIES

Enterprise Trust and Investment Company: A member of the board of directors has been identified as a minority owner not involved in management in Enterprise Trust and Investment Company; the investment firm responsible for handling the Organization's investments (see Note D) as well as the investments in the defined benefit pension plan (see Note I). To avoid conflicts of interest, the board member in question recuses himself from voting on any organizational matters pertaining to investment decisions regarding Enterprise Trust and Investment Company.

Expandability: In October 2016, the Organization entered an affiliation agreement with Expandability, a nonprofit corporation that provides persons with disabilities access to adaptive technology and career transition services. In addition, two members of the Organization's management team are now members of Expandability's Board of Directors. In 2019, the Organization voted to integrate Expandability programs into the Goodwill of Silicon Valley's programs. As of December 31, 2020, all Expandability programs were fully integrated.

The Organization provides facility and administrative support to Expandability under a management agreement. As of December 31, 2020, the Organization had no amounts due from Expandability. As of December 31, 2019, the Organization has amounts due from Expandability totaling \$56,114 related to costs incurred under the management agreement.

In November 2017, the Organization entered into a lending agreement that provides advances to Expandability of up to \$200,000 with no interest charged and the balance due in one year. The entire principal balance was extended for an additional year from the original note making the due date November 2020. The loan was repaid in full as of December 31, 2020. As of December 31, 2019, the total amount outstanding with Expandability was \$190,000.

NOTE L – COVID-19 PANDEMIC

As a result of the continued spread of the COVID-19 pandemic beginning in March of 2020, economic uncertainties have arisen which could have negatively impacted the Organization's operations in 2020. During 2020, there have been any significant impacts to operations with store closure and layoffs. As of December 31, 2020, the Organization's operations are open and employees were brought back on. Management believes the Organization's operations and its customer base will return to regular operations as the state and local restrictions around COVID-19 are lifted and vaccines are more widely available. However, there may be economic uncertainties which could negatively impact the Organization, and that the potential impact is unknown at this time.

SECTION II
SUPPLEMENTARY INFORMATION

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER GOVERNMENTAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Federal CFDA Number	Pass-through Grantor's Number/ Grant Number	Grant Period/ Period In Current Fiscal Year	Award Amount	Revenue	Expenditure	Type of Program
<u>FEDERAL ASSISTANCE</u>							
<u>US Department of Labor</u>							
Direct Program:							
Homeless Veterans Reintegration Project	17.805	HV-33335-19-60-5-6	07/01/19 - 12/31/2020	\$ 300,000	\$ 196,058	\$ 196,058	Non Major
Homeless Veterans Reintegration Project	17.805	HV-33335-19-60-5-6	07/01/20 - 06/30/2021	300,000	-	-	Non Major
Total US Department of Labor				<u>600,000</u>	<u>196,058</u>	<u>196,058</u>	
<u>US Department of Veterans Affairs</u>							
Direct Program:							
Supportive Services for Veteran Families	64.033	14-CA-013	10/01/19 - 12/31/2020	667,417	554,054	554,054	Major
Supportive Services for Veteran Families CARES	64.033	14-CA-013	04/01/20 - 07/31/2020	238,410	238,410	238,410	Major
Supportive Services for Veteran Families	64.033	14-CA-013	10/01/20 - 12/31/2021	922,035	88,474	88,474	Major
Total US Department of Veterans Affairs				<u>1,827,862</u>	<u>880,938</u>	<u>880,938</u>	
<u>US Department of Education</u>							
21st Century Community Learning Centers:							
Pass Through:							
State of California Department of Education	84.287C	43-14603-V927-1A	07/1/19 - 06/30/2020	50,000	13,195	13,195	Major
State of California Department of Education	84.287C	43-14603-V927-2A	07/1/19 - 06/30/2020	25,000	-	-	Major
State of California Department of Education	84.287C	43-14535-V927-1A	07/1/19 - 06/30/2020	1,000,000	525,410	525,410	Major
State of California Department of Education	84.287C	43-14535-V927-2A	07/1/19 - 06/30/2020	1,000,000	512,961	512,961	Major
State of California Department of Education	84.287C	43-14603-V927-1A	07/1/20 - 06/30/2021	50,000	-	-	Major
State of California Department of Education	84.287C	43-14603-V927-2A	07/1/20 - 06/30/2021	25,000	-	-	Major
State of California Department of Education	84.287C	43-14535-V927-1A	07/1/20 - 06/30/2021	1,000,000	404,034	404,034	Major
State of California Department of Education	84.287C	43-14535-V927-2A	07/1/20 - 06/30/2021	1,000,000	292,759	292,759	Major
Total US Department of Education				<u>4,150,000</u>	<u>1,748,359</u>	<u>1,748,359</u>	
<u>US Department of Agriculture Food and Nutrition Service</u>							
SNAP Employment & Training							
Pass Through:							
Santa Clara County Social Services	10.537	PO# 4300014822	10/1/19 - 9/30/2020	561,890	257,703	257,703	Non Major
Santa Clara County Social Services	10.537	PO# 4300014822	10/1/20 - 9/30/2021	375,000	73,436	73,436	Non Major
Total US Dept of Agriculture Food and Nutrition Service				<u>936,890</u>	<u>331,139</u>	<u>331,139</u>	
<u>US Department of the Treasury</u>							
Coronavirus Relief Fund							
Pass Through:							
City of San Jose - Office of Economic Development	21.019	666133-000	08/24/20 - 12/30/2020	1,279,700	923,628	923,628	Major
Total US Dept of the Treasury				<u>1,279,700</u>	<u>923,628</u>	<u>923,628</u>	
TOTAL FEDERAL ASSISTANCE				<u>\$ 8,794,452</u>	<u>\$ 4,080,122</u>	<u>\$ 4,080,122</u>	

See accompanying independent auditors' report and notes to schedule of expenditures of federal and other governmental awards

GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL
AND OTHER GOVERNMENTAL AWARDS**

DECEMBER 31, 2020 AND 2019

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and Other Governmental Awards includes the federal and other governmental grant activity of Goodwill of Silicon Valley and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

NOTE B - RELATIONSHIP TO FINANCIAL STATEMENTS

The amount reported in the accompanying Schedule of Expenditures of Federal and Other Governmental Awards agree, in all material respects, to amounts reported within the consolidated financial statements. Federal award revenue is reported principally in the Organization's consolidated financial statements as grants and contributions.

NOTE C - PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal and Other Governmental Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the Organization determined that no identifying number is assigned for the program or the Organization was unable to obtain an identifying number from the pass-through entity.

NOTE D - INDIRECT COST RATE

The Organization elected not to use the 10% de minimis cost rate under Uniform Guidance 200.510(b)(5). Uniform Guidance 200.510(b)(5), requires the Organization to disclose if it elected to use the 10% de minimis cost rate that 200.414(f) allows for nonfederal entities that have never received a negotiated cost rate.

SECTION III
COMPLIANCE REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Goodwill of Silicon Valley
(A California Nonprofit Public Benefit Corporation)
San Jose, California

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 consolidated financial statements of Goodwill of Silicon Valley and related entity GoodEx, Inc. (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for expressing our opinion on the consolidated financial statements, but not for expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 consolidated 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 the Organization's consolidated 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 determination of consolidated financial statement amounts. 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*.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Petrinovich Pugh & Company, LLP". The signature is written in a cursive, flowing style.

Petrinovich Pugh & Company, LLP

San Jose, California
June 18, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To the Board of Directors
Goodwill of Silicon Valley
(A California Nonprofit Public Benefit Corporation)
San Jose, California

Report on Compliance for Each Major Federal Program

We have audited Goodwill of Silicon Valley's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Goodwill of Silicon Valley's major federal programs for the year ended December 31, 2020. Goodwill of Silicon Valley's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Goodwill 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 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 Goodwill 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 Goodwill of Silicon Valley's compliance.

Opinion on Each Major Federal Program

In our opinion, Goodwill 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 December 31, 2020.

Report on Internal Control Over Compliance

Management of Goodwill 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 Goodwill 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 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 Goodwill 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Petrinovich Pugh & Company, LLP

San Jose, California
June 18, 2021

SECTION IV

SCHEDULES OF FINDINGS AND QUESTIONED COSTS

**GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2020

Section 1 – Summary of Auditors’ Results

Consolidated Financial Statements

- | | |
|--|------------|
| 1. Type of auditor’s report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 3. Noncompliance material to consolidated financial statements noted? | No |

Federal Awards

- | | |
|---|------------|
| 1. Internal controls over major program: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| 2. Type of auditors’ report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

Identification of Major Federal Programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
64.033	Supportive Services for Veteran Families
84.287C	21 st Century Community Learning Centers
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B Programs:	\$750,000
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Auditee qualified as a low-risk auditee under OMB Uniform Guidance?	Yes
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GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

Section 2 - Consolidated Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards

Section 3 - Findings and Questioned Costs – Major Federal Programs:

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**GOODWILL OF SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2020

There were no prior year findings from the previous audit reports requiring follow up during the year ended December 31, 2020.