

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023 AND 2022

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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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

Opinion

We have audited the accompanying consolidated financial statements of Goodwill of Silicon Valley (a California corporation) and subsidiaries (collectively, the Organization) which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Goodwill of Silicon Valley and subsidiaries as of December 31, 2023 and 2022, and the results of their change in net assets and their cash flows for the years then ended in accordance with auditing standards generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on 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 management 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 audits 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 schedule of expenditures of deferral and other governmental awards 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 April 17, 2024, 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 the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Petrinovich Pugh & Company, LLP

San Jose, California
April 17, 2024

SECTION I
CONSOLIDATED FINANCIAL STATEMENTS

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,635,229	\$ 19,485,262
Investments, at fair value	35,907,133	25,516,022
Accounts receivable, net	533,631	960,969
Grants receivable	1,655,986	1,780,732
Inventories, net	1,647,405	1,490,920
Prepaid expenses	794,086	809,688
Total current assets	59,173,470	50,043,593
Property and equipment, net	16,197,207	16,356,188
Other assets:		
Restricted cash	45,950	79,867
Deposits	149,351	148,531
Right of use assets operating leases, net	5,863,390	8,354,002
Total other assets	6,058,691	8,582,400
	\$ 81,429,368	\$ 74,982,181
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 728,386	\$ 796,866
Accrued payroll and benefits	1,729,854	1,466,874
Other accrued liabilities	784,536	1,201,520
Contract liabilities	435,379	156,834
Deferred grant revenues	15,697	798,762
Current portion of operating lease obligations	2,546,875	2,816,015
Total current liabilities	6,240,727	7,236,871
Non-current liabilities:		
Paycheck protection plan note payable	-	5,159,417
Accrued pension costs, net	25,902	1,071,327
Operating lease obligations, less current portion	3,415,364	5,645,768
Total non-current liabilities	3,441,266	11,876,512
Total liabilities	9,681,993	19,113,383
Net assets without donor restrictions	71,747,375	55,868,798
	\$ 81,429,368	\$ 74,982,181

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, 2023 AND 2022

	2023	2022
Public support and revenue:		
Retail programs	\$ 41,775,839	\$ 40,208,587
Grants	6,922,264	7,612,467
Contributions	459,461	304,094
Donated goods	13,062,875	14,223,797
Operations programs	4,301,282	4,693,486
E-commerce	4,958,794	5,481,340
Contract and business service programs	1,527,312	1,447,252
Investment income (loss), net	5,261,078	(2,477,472)
Rent income	231,831	304,788
Forgiveness of PPP notes payable	5,159,417	-
Miscellaneous income	150,229	107,479
Settlement income	-	1,500,000
Loss on disposal of property and equipment	(16,905)	-
Total public support and revenue	83,793,477	73,405,818
Expenses:		
Program services:		
Retail programs	39,212,142	37,243,189
Cost assigned to donated goods sold	13,080,374	14,330,223
Workforce development and school programs	9,273,505	9,461,292
Contract and business service programs	1,177,267	1,116,517
Total program services	62,743,288	62,151,221
Supporting services:		
Management and general	5,035,585	4,510,626
Fundraising	136,027	110,272
Total supporting services	5,171,612	4,620,898
Total expenses	67,914,900	66,772,119
Change in net assets before pension plan investment gain	15,878,577	6,633,699
Pension-related changes other than net periodic benefit costs	-	377,255
Change in net assets	15,878,577	7,010,954
Net assets, beginning of year	55,868,798	48,857,844
Net assets, end of year	\$ 71,747,375	\$ 55,868,798

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, 2023

	Program Services				Supporting Services				Grand Total
	Retail Programs	Cost Assigned to Donated Goods	Workforce Development and School Programs	Contract and Business Service Programs	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 21,268,039	\$ -	\$ 5,260,349	\$ 824,913	\$ 27,353,301	\$ 2,031,409	\$ 88,607	\$ 2,120,016	\$ 29,473,317
Employee benefits	1,221,181	-	227,845	75,140	1,524,166	137,733	7,280	145,013	1,669,179
Payroll taxes	1,538,154	-	383,050	61,781	1,982,985	118,582	5,834	124,416	2,107,401
Total salaries and related expenses	24,027,374	-	5,871,244	961,834	30,860,452	2,287,724	101,721	2,389,445	33,249,897
Cost assigned to									
donated goods sold	-	13,080,374	-	-	13,080,374	-	-	-	13,080,374
Occupancy	7,190,354	-	745,057	128,021	8,063,432	332,576	14,545	347,121	8,410,553
Raw materials and supplies	3,349,921	-	771,225	24,605	4,145,751	162,342	-	162,342	4,308,093
Transportation	696,892	-	24,833	4,303	726,028	1,897	-	1,897	727,925
Professional services	1,307,029	-	1,706,113	1,499	3,014,641	1,566,237	12,261	1,578,498	4,593,139
Advertising and marketing	28,460	-	336	9	28,805	210,207	-	210,207	239,012
Dues and subscription	2,289	-	5,112	43	7,444	255,434	7,500	262,934	270,378
Telephone	305,979	-	52,033	4,030	362,042	25,294	-	25,294	387,336
Conferences and meeting	61,919	-	47,022	1,359	110,300	158,198	-	158,198	268,498
Postage and Shipping	671,421	-	336	159	671,916	9,853	-	9,853	681,769
Total expenses before depreciation and amortization	37,641,638	13,080,374	9,223,311	1,125,862	61,071,185	5,009,762	136,027	5,145,789	66,216,974
Depreciation and amortization	1,570,504	-	50,194	51,405	1,672,103	25,823	-	25,823	1,697,926
	<u>\$ 39,212,142</u>	<u>\$ 13,080,374</u>	<u>\$ 9,273,505</u>	<u>\$ 1,177,267</u>	<u>\$ 62,743,288</u>	<u>\$ 5,035,585</u>	<u>\$ 136,027</u>	<u>\$ 5,171,612</u>	<u>\$ 67,914,900</u>
Percentage of total	<u>57.7%</u>	<u>19.3%</u>	<u>13.7%</u>	<u>1.7%</u>	<u>92.4%</u>	<u>7.4%</u>	<u>0.2%</u>	<u>7.6%</u>	<u>100.0%</u>

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, 2022

	Program Services					Supporting Services			Grand Total
	Retail Programs	Cost Assigned to Donated Goods	Workforce Development and School Programs	Contract and Business Service Programs	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 19,780,353	\$ -	\$ 5,184,782	\$ 782,912	\$ 25,748,047	\$ 1,942,925	\$ 82,169	\$ 2,025,094	\$ 27,773,141
Employee benefits	1,181,202	-	247,671	59,779	1,488,652	310,722	12,407	323,129	1,811,781
Payroll taxes	1,428,538	-	377,166	57,832	1,863,536	104,709	5,036	109,745	1,973,281
Total salaries and related expenses	22,390,093	-	5,809,619	900,523	29,100,235	2,358,356	99,612	2,457,968	31,558,203
Cost assigned to									
donated goods sold	-	14,330,223	-	-	14,330,223	-	-	-	14,330,223
Occupancy	5,834,735	-	946,004	114,780	6,895,519	249,234	-	249,234	7,144,753
Raw materials and supplies	3,464,413	-	737,728	16,899	4,219,040	144,045	-	144,045	4,363,085
Transportation	755,894	-	26,320	7,032	789,246	1,652	-	1,652	790,898
Professional services	830,618	-	1,762,148	1,677	2,594,443	1,044,587	10,660	1,055,247	3,649,690
Processing fees	1,064,143	-	31,166	5,640	1,100,949	24,891	-	24,891	1,125,840
Advertising and marketing	26,315	-	6	-	26,321	253,887	-	253,887	280,208
Dues and subscription	47	-	8,988	20	9,055	229,554	-	229,554	238,609
Telephone	253,464	-	56,253	4,263	313,980	20,109	-	20,109	334,089
Conferences and meeting	66,588	-	30,956	596	98,140	140,324	-	140,324	238,464
Postage and Shipping	870,796	-	1,154	171	872,121	6,679	-	6,679	878,800
Total expenses before depreciation and amortization	35,557,106	14,330,223	9,410,342	1,051,601	60,349,272	4,473,318	110,272	4,583,590	64,932,862
Depreciation and amortization	1,686,083	-	50,950	64,916	1,801,949	37,308	-	37,308	1,839,257
	<u>\$ 37,243,189</u>	<u>\$ 14,330,223</u>	<u>\$ 9,461,292</u>	<u>\$ 1,116,517</u>	<u>\$ 62,151,221</u>	<u>\$ 4,510,626</u>	<u>\$ 110,272</u>	<u>\$ 4,620,898</u>	<u>\$ 66,772,119</u>
Percentage of total	57.0%	21.9%	14.5%	1.7%	95.2%	4.7%	0.2%	4.8%	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, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 15,878,577	\$ 7,010,954
Adjustments to reconcile change in net assets to net cash, cash equivalents, and restricted cash provided by operating activities:		
Allowance for doubtful accounts	34,050	10,200
Depreciation and amortization	1,697,926	1,839,257
Loss on disposal of property and equipment	16,905	-
(Increase) decrease in donated inventories	(200,100)	169,395
Net realized and unrealized (gain) loss on investments	(3,731,628)	3,144,531
Forgiveness of paycheck protection plan notes payable	(5,159,417)	-
In-kind contribution	-	(2,680)
(Increase) decrease in assets:		
Accounts receivable	393,288	293,844
Grants receivable	124,746	(7,025)
Purchased inventories	43,615	(84,241)
Prepaid expenses	15,602	47,555
Deposits	(820)	6,273
Increase (decrease) in liabilities:		
Accounts payable	(68,480)	65,589
Accrued payroll and benefits	262,980	(145,530)
Other accrued liabilities	(416,984)	524,841
Contract liabilities	278,545	36,489
Deferred grant revenues	(783,065)	220,342
Accrued pension costs, net	(1,045,425)	(141,827)
Net cash provided by operating activities	7,331,383	12,987,967
Cash flows from investing activities:		
Purchases of property and equipment	(1,555,850)	(1,062,132)
Purchases of investments	(10,845,069)	(12,450,098)
Proceeds from sale of investments	4,185,586	1,343,753
Net cash used for investing activities	(8,215,333)	(12,168,477)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(883,950)	819,490
Cash, cash equivalents, and restricted cash, beginning of year	19,565,129	18,745,639
Cash, cash equivalents, and restricted cash, end of year	\$ 18,681,179	\$ 19,565,129

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, 2023 AND 2022

Supplemental disclosures of cash flow information:

	<u>2023</u>	<u>2022</u>
Cash paid during the year for:		
Operating cash flow used for operating lease agreements	<u>\$ 3,071,597</u>	<u>\$ 3,086,857</u>

Supplemental disclosures of noncash activities:

During the year ended December 31, 2023, the Organization recorded right of use assets under operating lease obligations totaling \$351,606.

During the year ended December 31, 2023, the Organization disposed of property and equipment with an original cost of \$31,679 and accumulated depreciation of \$44,774 and recognized a loss on disposal of \$16,905.

During the year ended December 31, 2023, the Organization placed into service construction in process in the amount of \$251,468.

During the year ended December 31, 2022, the Organization recorded right of use assets under operating lease obligations totaling \$10,990,839 and net the deferred rent of \$101,283 against the operating lease liability.

During the year ended December 31, 2022, the Organization disposed of property and equipment with an original cost and accumulated depreciation of \$3,629,912.

See accompanying notes and independent auditors' report

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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, 2023 and 2022.

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 440 individuals at 18 retail stores and 4 donation collection sites. In addition, Goodwill provides weekend special donation events in collaboration with local organizations.

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, 2023 AND 2022

NOTE B - PROGRAM SERVICES (CONTINUED)

E-Commerce Program: The program provides employment opportunities to people with barriers for employment, primarily people with cognitive disability 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 training facility a popular choice. ICD offers training that prepares people for jobs in Information Communication Technology, the Construction pre-apprenticeship, HVAC, CNC Machine Operator, Electrician Technician, and Medical Assistant.

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 an Employment Specialist. The program is for a period 6 months 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 2023, 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.

Veteran's Employment Program: Services provided to this population include job skills training, life skills training, networking, group and individual counseling, connection to housing, food and transportation. These services result in outcomes that move people to self-sufficiency through the obtainment of 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.

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, 2023 AND 2022

NOTE B - PROGRAM SERVICES (CONTINUED)

Digital Inclusion Program: This program provides digital literacy training, internet access where they live and a laptop to households that do not have connectivity or the skills necessary to utilize the internet to better their lives.

Expandability: Programs specific for people with disabilities including; the Neurodiversity Pathways Program which prepares people on the spectrum for jobs and prepares employers for successful integration of people into their workforce. Transitions Program provides paid work experience and advocacy for students with disabilities when they exit from High School. Adult programs for people with disabilities provides services that prepares and places people into employment.

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.

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, whereby 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 an original maturity of three months or less.

Restricted Cash: Restricted cash is a requirement of an agreement between the Organization and its workers compensation insurance broker. For the years ended December 31, 2023 and 2022, the agreement requires \$30,000 be held in a separate bank account. The bank account generates interest, causing the restricted cash balance to exceed the minimum requirement. As of December 31, 2023, the Organization held the separate cash in a certificate of deposit with a maturity date of June 27, 2024.

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, 2023 and 2022, there were no restricted investments.

Accounts, Grants Receivable and Allowance for Credit Losses: Accounts and grants receivable are short term in nature and do not have stated maturities and are recorded at the amount management expects to collect from outstanding balances at year end. Credit risk is mitigated by periodic review of delinquent accounts, including specific collection issues. The need for an allowance for credit loss is considered based on historical experience adjusted for current conditions and reasonable forecasts considering geographical and industry-specific economic factors. There were no write-offs during the year. The allowance for credit losses as of December 31, 2023 and 2022 was \$55,272 and \$21,222, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. For the years then ended December 31, 2023 and 2022, there were no promises to give.

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, 2023 and 2022 was \$48,769 and \$44,700, respectively.

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.

Property and Equipment: Property 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.

Right of Use Assets and Leases: Effective January 1, 2022, the Organization evaluates all contracts at inception, to determine whether the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of the identified asset for a period of time, in exchange for consideration. The Organization recognizes a right of use asset and liability at the lease commencement date and determines whether the right of use asset qualifies as a financing or operating right of use asset. Finance lease right of use assets are included within property and equipment and the operating lease right of use assets are included within other assets on the consolidated balance sheets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right of Use Assets and Leases (continued): The right of use asset and liability, including any initial direct costs and non-lease components, is recognized at the present value of lease payments over the lease term using either the implicit rate in the lease, the incremental borrowing rate or the risk-free rate of return as allowed by ASC 842. Right of use assets are amortized over the term of the lease or the estimated useful life. Amortization is reported in depreciation expense for finance leases and lease expense for operating leases. The Organization does not have any finance lease right of use assets.

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 2023 and 2022.

Accrued Vacation: Accrued vacation represents vacation earned, but not taken as of December 31, 2023 and 2022, and is included in "Accrued payroll and benefits" in the consolidated statements of financial position. The accrued vacation balance as of December 31, 2023 and 2022 was \$940,976 and \$762,779, respectively.

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. The Organization approved termination of the plan effective December 31, 2021. Beginning December 1, 2023, Midland National will take over the defined benefit pension plan payments of future benefits and payments and process any retirement calculation requests (see Note J).

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 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 guidance requires the disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued):

The most significant aspects of the 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).
- Retail and 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued):

- 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 and 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 Organization. Rental revenue falls under Accounting Standards Codification (ASC) 842, *Leases*, and is recognized monthly ratably based on the lease agreement.

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 \$15,697 and \$798,762 for the years ended December 31, 2023 and 2022, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2023 and 2022, the Organization received free use of lots where attended donation stations are located. The Organization has valued the use of the lots and in-kind rent at approximately \$30,000 and \$159,000, respectively. The contributions for the years ended December 31, 2023 and 2022 are recorded to rental income and occupancy expense. During the year ended December 31, 2023, the Organization did not receive any contributed equipment. During the year ended December 31, 2022, the Organization received contributed equipment valued at \$2,680.

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.

Advertising: The Organization's policy is to expense advertising costs as they are incurred. Advertising expense for the years ended December 31, 2023 and 2022 were approximately \$239,000 and \$280,000, 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued): 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, 2023, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

The Organization files tax returns in the U.S. federal jurisdiction and state of California. The Organization's federal tax returns for tax years 2020 and forward remain subject to examination by the Internal Revenue Service. The Organization's California income tax return for the years 2019 and forward remain subject to examinations by the California Franchise Tax Board.

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. The Organization is provided full insurance through the Heritage Intrafi Deposit Network that covers deposits greater than \$250,000.

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 accounts. Management believes that the Organization is not exposed to any significant credit risk related to investments.

Recently Adopted Accounting Pronouncement: On January 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13 Financial Instruments – Credit Losses (ASC 326): Measurement of Credit Losses on Financial Instruments, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable.

The Organization adopted Topic 326 using the modified retrospective method for all financial assets measured at amortized cost. Results for reporting periods beginning after January 1, 2023, are presented under Topic 326. The Organization's adoption of Topic 326 did not have a material effect on the Organization's net assets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, the Organization entered into a new lease agreement (see Note I). The Organization had no other material subsequent events as of April 17, 2024, 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.

NOTE D - INVESTMENTS

As of December 31, 2023 the Organization transferred all investments from Enterprise Trust Investment Company (ETIC), a California incorporated banking institution to Fidelity Investments (Fidelity), a Massachusetts incorporated banking institution. As of December 31 2022, the Organization held all investments with ETIC. Fidelity follows the guidelines for professional management of the investment portfolio established and monitored by the Organization.

The fair value of investments held with Fidelity as of December 31, consist of the following:

	2023	2022
Fixed income	\$ 21,233,901	\$ 8,839,538
Domestic equities	14,673,232	16,402,444
Foreign equities	-	274,040
	\$ 35,907,133	\$ 25,516,022

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

	2023	2022
Investments, beginning of year	\$ 25,516,022	\$ 17,554,208
Investment return:		
Interest and dividend income	1,765,722	832,985
Net realized and unrealized gain (loss)	3,731,628	(3,144,531)
Administrative expenses	(236,272)	(165,926)
Net investment return (loss)	5,261,078	(2,477,472)
Transfers from operations	5,130,033	10,439,286
Investments, end of year	\$ 35,907,133	\$ 25,516,022

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE E - AVAILABILITY AND LIQUIDITY

The Organization's goal is to maintain approximately \$10,000,000 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:

	2023	2022
Cash and cash equivalents	\$ 18,635,229	\$ 19,485,262
Investments, at market value	35,907,133	25,516,022
Accounts receivable, net	533,631	960,969
Grants receivable	1,655,986	1,780,732
	\$ 56,731,979	\$ 47,742,985

NOTE F - INVENTORIES

Inventories as of December 31, consist of the following:

	2023	2022
Donated merchandise	\$ 1,238,706	\$ 1,034,537
Purchased merchandise	457,468	501,083
Allowance for obsolescence	(48,769)	(44,700)
	\$ 1,647,405	\$ 1,490,920

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, consists of the following:

	2023	2022
Land and buildings	\$ 29,792,281	\$ 28,960,875
Equipment	11,016,637	10,105,603
Leasehold improvements	4,059,538	4,056,338
	44,868,456	43,122,816
Less: accumulated depreciation and amortization	(28,671,249)	(27,018,096)
	16,197,207	16,104,720
Construction in process	-	251,468
	\$ 16,197,207	\$ 16,356,188

NOTE H – PAYCHECK PROTECTION PLAN NOTE PAYABLE

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 note payable did not require payment for the first 6 months from the disbursement date but continued to accrue interest during the deferment period. The PPP note payable contained provisions for full or partial loan forgiveness based on the recipient’s use of the note payable proceeds and other criteria. During 2023, the Organization received full forgiveness of the PPP loan in the amount of \$5,159,417. As a result, the forgiven amount has been recognized as other income on the statement of activities for the year ended December 31, 2023.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE I - LEASES

Non-Cancelable Operating Lease Obligations: Goodwill leases nine retail stores, three attended donation stations, and certain equipment under non-cancelable operating lease agreements expiring on various dates through 2028. The minimum future payments under non-cancelable operating lease obligations are as follows:

Year ending December 31,		
2024	\$	2,714,483
2025		2,174,784
2026		989,877
2027		217,349
2028		161,376
Total undiscounted future lease payments		6,257,869
Less: interest		295,630
Present value of lease liabilities	\$	5,962,239

Rent expense under the operating leases for the years ended December 31, 2023 and 2022 was approximately \$3,072,000 and \$3,086,000, respectively.

Other information related to leases is as follows:

Weighted-average remaining lease term (in years)	2.30
Weighted-average discount rate	3.68%

Subsequent to the year end, the Organization entered into a new lease agreement for a retail location. Before taking control of the retail location, the landlord is required to make modifications to the existing structure. As such, no additional right of uses assets or liabilities were accrued.

Subleases: Goodwill subleases one of these locations and receives rental income related to the lease. The sublease expires in the year ended December 31, 2025. Rental income expected to be received from non-cancelable operating lease are as follows:

Year ending December 31,		
2024	\$	39,574
2025		33,934
		\$ 73,508

Rent income recognized under the sublease and other month-to-month subleases for the years ended December 31, 2023 and 2022 was approximately \$232,000 and \$305,000, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE J - 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 (the Plan) in accordance with ASC 715-10. 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 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. Effective December 31, 2021, the Plan was terminated. Effective December 1, 2023, Midland National took over all future payments and process any retirement calculations requests. The Plan paid out all amounts owed to participants that elected lump sum distributions and any remaining plan assets were transferred to Midland who will be responsible for administering those benefits and related payments.

No actuarial study was performed at December 31, 2023. Based on an actuarial study, net pension cost as of December 31, 2022 included the following components:

Interest cost	\$	99,595
Expected return on assets		(176,072)
Net amortization and deferral		311,905
Net pension cost	\$	235,428

These net pension costs are included in "Employee benefits" in the accompanying consolidated statements of functional expenses. The unrecognized cumulative loss at December 31, 2022 was as follows:

Actuarial loss on obligations	\$	1,101,282
Actuarial gain on plan assets		(431,208)
Actuarial loss		670,074
Unrecognized cumulative loss at January 1		1,752,864
Cumulative loss recognized in net pension cost		(801,246)
Unrecognized cumulative loss at December 31	\$	1,621,692

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE J - RETIREMENT PLANS AND EMPLOYEE BENEFITS (CONTINUED)

Defined Benefit Pension Plan (continued): Pension plan changes in benefit obligations as of December 31, were as follows:

<u>Change in benefit obligation</u> :	2023	2022
Projected benefit obligation at end of year	\$ (1,019,523)	\$ 3,001,218
Fair value of plan assets at beginning of year	2,328,674	2,833,799
Actual return on plan assets (pension plan investment loss)	163,225	(280,688)
Payment to Midland Annuity	(2,276,000)	-
Payment to PBGC (participants > \$5K)	(231,631)	-
Benefits paid	(910,517)	(84,048)
Investment fees	(21,226)	(26,336)
Administration fees	(97,950)	(114,053)
Fair value of plan assets at end of year	(1,045,425)	2,328,674
Accrued estimated plan closing fees	-	(398,783)
Funded status	\$ (25,902)	\$ (1,071,327)
	2023	2022
Accrued pension costs, net	\$ 25,902	\$ 1,071,327

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE J - RETIREMENT PLANS AND EMPLOYEE BENEFITS (CONTINUED)

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

Discount rate (pre-retirement/post retirement)	2.47%
Expected annual rate of compensation increase	0%
Expected annual rate of increase in compensation and benefit limits	0%
Pre-retirement mortality	None
Post-retirement mortality	Pri-2012 Total Non-Disabled Annuitant for Male and Female, projected by Generational scale MP-2021

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

Discount rate (pre-retirement/post retirement)	4.87%
Long-term expected rate of return on plan assets	6.50%
Expected annual rate of compensation increase	0%
Expected annual rate of increase in compensation and benefit limits	0%
Post-retirement mortality	Pri-2012 Total Non-Disabled Annuitant for Male and Female, projected by Generational scale MP-2021

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE J - RETIREMENT PLANS AND EMPLOYEE BENEFITS (CONTINUED)

Defined Benefit Pension Plan (continued): The Plan assets consisted 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 were compared with the Plan's historical yield.

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

In accordance with ASC 820-10, all of the following pension plan assets were classified as Level 1 investments (see Note K). The fair values of the Organization's pension plan assets at December 31, 2022 (cash basis), by asset category are as follows:

Asset category:

Cash and money market funds	\$	447,516
Bonds and annuities		386,293
Pooled mutual funds		708,048
Stocks		568,054
Government securities		218,763
		2,328,674
	\$	2,328,674

Plan Asset % allocation:

Cash and money market funds		26.8%
Bonds and annuities		1.8%
Pooled mutual funds		27.0%
Stocks		26.4%
Government securities		18.1%
		100.0%
		100.0%

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, 2023, with respect to claims related to 2023 and prior years. The amount accrued for unemployment benefits at December 31, 2023 and 2022 was \$44,355 and \$52,420, respectively. These amounts are included in "Accrued payroll and benefits" in the accompanying consolidated statements of financial position.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE J - RETIREMENT PLANS AND EMPLOYEE BENEFITS (CONTINUED)

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 (\$22,500 for 2023 and \$20,500 for 2022). The Organization made no matching contributions to the 403(b) for the years ended December 31, 2023 and 2022.

NOTE K - 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.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE K - FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2023:

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 Fidelity and ETIC for the years ended December 31, 2023 and 2022, respectively.

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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>\$ 32,371,533</u>	<u>\$ 3,535,600</u>	<u>\$ -</u>	<u>\$ 35,907,133</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	<u>\$ 22,268,221</u>	<u>\$ 3,247,801</u>	<u>\$ -</u>	<u>\$ 25,516,022</u>

NOTE L - 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 J). 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. During the year ended December 31, 2023, the Organization transferred all investments to Fidelity.

**GOODWILL OF SILICON VALLEY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE M - CONTINGENCIES

The Organization is a party to certain claims in the normal course of business. At the time of the consolidated financial statements, the results of these claims cannot be predicted with any certainty and no adjustments have been made on the Organization's consolidated statements of financial positions and consolidated statements of activities.

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, 2023

	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 Veterans Affairs</u>							
Direct Program:							
Supportive Services for Veteran Families	64.033	12-CA-013	04/01/23 - 03/31/24	\$ 485,976	\$ 469,405	\$ 469,405	Major
Supportive Services for Veteran Families	64.033	12-CA-013SS	09/01/21 - 09/30/23	263,559	43,267	43,267	Major
Supportive Services for Veteran Families	64.033	12-CA-013	06/01/22 - 03/31/23	476,447	166,372	166,372	Major
Supportive Services for Veteran Families	64.033	12-CA-013LT	08/19/22 - 09/30/26	242,988	17,296	17,296	Major
Total US Department of Veterans Affairs				<u>1,468,970</u>	<u>696,340</u>	<u>696,340</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	07/1/22 - 06/30/23	50,000	36,790	36,790	Major
State of California Department of Education	84.287C	43-14603-V927-2A	07/1/22 - 06/30/23	25,000	13,435	13,435	Major
State of California Department of Education	84.287C	43-14535-V927-1A	07/1/22 - 06/30/23	1,018,000	642,800	642,800	Major
State of California Department of Education	84.287C	43-14535-V927-2A	07/1/22 - 06/30/23	1,018,000	558,520	558,520	Major
Total US Department of Education				<u>2,111,000</u>	<u>1,251,544</u>	<u>1,251,544</u>	
<u>US Department of Agriculture Food and Nutrition Service</u>							
Supplemental Nutrition Assistance Program (SNAP)							
Pass Through:							
Santa Clara County Social Services	10.551	PO# 4300014822	10/01/22 - 09/30/23	682,122	445,201	445,201	Non Major
Santa Clara County Social Services	10.551	PO# 4300014822	10/01/23 - 09/30/24	724,011	250,358	250,358	Non Major
Total US Dept of Agriculture Food and Nutrition Service				<u>1,406,133</u>	<u>695,558</u>	<u>695,558</u>	
<u>US Department of the Treasury</u>							
American Rescue Plan Act (ARPA) and Housing Trust Fund (HTF)							
Pass Through:							
City of San Jose - Housing Department	21.027	646218	12/01/21 - 06/30/23	1,850,000	1,366,896	1,366,896	Non Major
Total US Dept of the Treasury				<u>1,850,000</u>	<u>1,366,896</u>	<u>1,366,896</u>	
TOTAL FEDERAL ASSISTANCE				<u>\$ 6,836,103</u>	<u>\$ 4,010,338</u>	<u>\$ 4,010,338</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, 2023 AND 2022

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 amounts 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, 2023, 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 April 17, 2024.

Report on 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.

Report on 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.



Petrinovich Pugh & Company, LLP

San Jose, California
April 17, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
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

Opinion on Each Major Federal Program

We have audited Goodwill of Silicon Valley's compliance with the types of compliance requirements identified as subject to audit 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, 2023. Goodwill of Silicon Valley's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit in compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standard applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirement of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Goodwill of Silicon Valley and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Goodwill of Silicon Valley's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Goodwill of Silicon Valley's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Goodwill of Silicon Valley's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Goodwill of Silicon Valley's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Goodwill of Silicon Valley's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Goodwill of Silicon Valley's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Goodwill of Silicon Valley's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

Report on Internal Control Over Compliance (Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

We have audited the consolidated financial statements of Goodwill of Silicon Valley as of and for the year ended December 31, 2023, and have issued our report thereon dated April 17, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purposes of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Petrinovich Pugh & Company, LLP

San Jose, California
April 17, 2024

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, 2023

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 Service for Veteran Families
84.287C	21 st Century Community Learning Centers

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, 2023

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, 2023

There were no prior year findings from the previous audit reports requiring follow up during the year ended December 31, 2023.