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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024 AND 2023

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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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 subsidiary (collectively, the Organization) which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, 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 subsidiary as of December 31, 2024 and 2023, 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 16, 2025, 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

Petrinovich Pugh & Company, LLP

San Jose, California
April 16, 2025

SECTION I

CONSOLIDATED FINANCIAL STATEMENTS

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 18,291,847	$ 18,635,229
Investments, at fair value	44,204,523	35,907,133
Accounts receivable, net	431,360	533,631
Grants receivable	790,603	1,655,986
Inventories, net	1,719,903	1,647,405
Prepaid expenses	717,450	794,086
Total current assets	66,155,686	59,173,470
Property and equipment, net	15,625,182	16,197,207
Other assets:		
Restricted cash	353,956	45,950
Deposits	2,119,633	149,351
Right of use assets operating leases, net	4,593,199	5,863,390
Total other assets	7,066,788	6,058,691
	$ 88,847,656	$ 81,429,368
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 640,023	$ 728,386
Accrued payroll and benefits	1,997,009	1,729,854
Other accrued liabilities	4,789,248	784,536
Contract liabilities	68,209	435,379
Deferred grant revenues	22,932	15,697
Current portion of operating lease obligations	2,357,290	2,546,875
Total current liabilities	9,874,711	6,240,727
Non-current liabilities:		
Accrued pension costs, net	-	25,902
Operating lease obligations, less current portion	2,316,724	3,415,364
Total non-current liabilities	2,316,724	3,441,266
Total liabilities	12,191,435	9,681,993
Net assets without donor restrictions	76,656,221	71,747,375
	$ 88,847,656	$ 81,429,368

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, 2024 AND 2023

	2024	2023
Public support and revenue:		
Retail programs	$ 39,179,467	$ 41,775,839
Grants	5,712,170	6,922,264
Contributions of cash and other financial assets	408,383	459,461
Donated goods	11,823,036	13,062,875
Contributions of nonfinancial assets	41,010	32,900
Operations programs	4,347,873	4,301,282
E-commerce	5,262,810	4,958,794
Contract and business service programs	1,517,939	1,527,312
Investment income, net	5,753,471	5,261,078
Rent income	176,450	198,931
Forgiveness of PPP note payable	-	5,159,417
Miscellaneous income	206,994	150,229
Loss on disposal of property and equipment	-	(16,905)
Total public support and revenue	74,429,603	83,793,477
Expenses:		
Program services:		
Retail programs	38,795,898	39,212,142
Cost assigned to donated goods sold	11,920,201	13,080,374
Workforce development and school programs	7,914,139	9,273,505
Contract and business service programs	1,186,695	1,177,267
Total program services	59,816,933	62,743,288
Supporting services:		
Management and general	9,578,769	5,035,585
Fundraising	125,055	136,027
Total supporting services	9,703,824	5,171,612
Total expenses	69,520,757	67,914,900
Change in net assets	4,908,846	15,878,577
Net assets, beginning of year	71,747,375	55,868,798
Net assets, end of year	$ 76,656,221	$ 71,747,375

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, 2024

	Program Services					Supporting Services			
	Retail Programs	Cost Assigned to Donated Goods	Workforce Development and School Programs	Contract and Business Service Programs	Total	Management and General	Fundraising	Total	Grand Total
Salaries and wages	$ 21,413,747	$ -	$ 5,125,105	$ 814,796	$ 27,353,648	$ 2,117,586	$ 90,749	$ 2,208,335	$ 29,561,983
Employee benefits	1,233,919	-	239,328	83,246	1,556,493	65,987	-	65,987	1,622,480
Payroll taxes	1,549,190	-	370,668	60,557	1,980,415	140,226	-	140,226	2,120,641
Total salaries and related expenses	24,196,856	-	5,735,101	958,599	30,890,556	2,323,799	90,749	2,414,548	33,305,104
Cost assigned to donated goods sold	-	11,920,201	-	1,992	11,922,193	-	-	-	11,922,193
Occupancy	6,643,819	-	713,630	140,149	7,497,598	363,697	14,545	378,242	7,875,840
Raw materials and supplies	3,511,315	-	488,277	24,525	4,024,117	164,367	-	164,367	4,188,484
Transportation	668,124	-	46,146	5,461	719,731	2,282	-	2,282	722,013
Professional services	942,600	-	732,256	3,121	1,677,977	5,986,502	12,261	5,998,763	7,676,740
Advertising and marketing	19,758	-	20,895	6	40,659	258,056	-	258,056	298,715
Dues and subscription	-	-	2,255	18	2,273	263,537	7,500	271,037	273,310
Telephone	384,943	-	47,896	3,023	435,862	28,377	-	28,377	464,239
Conferences and meeting	75,497	-	69,141	-	144,638	151,753	-	151,753	296,391
Postage and shipping	989,973	-	432	172	990,577	8,364	-	8,364	998,941
Total expenses before depreciation and amortization	37,432,885	11,920,201	7,856,029	1,137,066	58,346,181	9,550,734	125,055	9,675,789	68,021,970
Depreciation and amortization	1,363,013	-	58,110	49,629	1,470,752	28,035	-	28,035	1,498,787
	$ 38,795,898	$ 11,920,201	$ 7,914,139	$ 1,186,695	$ 59,816,933	$ 9,578,769	$ 125,055	$ 9,703,824	$ 69,520,757
Percentage of total	55.8%	17.1%	11.4%	1.7%	86.0%	13.8%	0.2%	14.0%	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, 2023

	Program Services					Supporting Services			
	Retail Programs	Cost Assigned to Donated Goods	Workforce Development and School Programs	Contract and Business Service Programs	Total	Management and General	Fundraising	Total	Grand Total
Salaries and w ages	$ 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
	$ 39,212,142	$ 13,080,374	$ 9,273,505	$ 1,177,267	$ 62,743,288	$ 5,035,585	$ 136,027	$ 5,171,612	$ 67,914,900
Percentage of total	57.7%	19.3%	13.7%	1.7%	92.4%	7.4%	0.2%	7.6%	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, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 4,908,846	$ 15,878,577
Adjustments to reconcile change in net assets to net cash, cash equivalents, and restricted cash provided by operating activities:		
Allowance for doubtful accounts	23,750	34,050
Depreciation and amortization	1,498,787	1,697,926
Loss on disposal of property and equipment	-	16,905
Decrease (increase) in donated inventories	9,901	(200,100)
Net realized and unrealized gain on investments	(3,978,722)	(3,731,628)
Forgiveness of paycheck protection plan notes payable	-	(5,159,417)
Right-of-use asset operating leases	(18,034)	(8,932)
(Increase) decrease in assets:		
Accounts receivable	78,521	393,288
Grants receivable	865,383	124,746
Purchased inventories	(82,399)	43,615
Prepaid expenses	76,636	15,602
Deposits	(1,970,282)	(820)
Increase (decrease) in liabilities:		
Accounts payable	(88,363)	(68,480)
Accrued payroll and benefits	267,155	262,980
Other accrued liabilities	4,004,712	(416,984)
Contract liabilities	(367,170)	278,545
Deferred grant revenues	7,235	(783,065)
Accrued pension costs, net	(25,902)	(1,045,425)
Net cash provided by operating activities	5,210,054	7,331,383
Cash flows from investing activities:		
Purchases of property and equipment	(926,762)	(1,555,850)
Purchases of investments	(10,091,738)	(10,845,069)
Proceeds from sale of investments	5,773,070	4,185,586
Net cash used for investing activities	(5,245,430)	(8,215,333)
Net decrease in cash, cash equivalents, and restricted cash	(35,376)	(883,950)
Cash, cash equivalents, and restricted cash, beginning of year	18,681,179	19,565,129
Cash, cash equivalents, and restricted cash, end of year	$ 18,645,803	$ 18,681,179

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

DECEMBER 31, 2024 AND 2023

The following table provides a reconciliation of cash and restricted cash reported within the consolidated statements of financial position:

	2024	2023
Cash	$ 18,291,847	$ 18,635,229
Restricted cash	353,956	45,950
	$ 18,645,803	$ 18,681,179

Supplemental disclosures of cash flow information:

	2024	2023
Cash paid during the year for:		
Operating cash flow used for operating lease agreements	$ 2,714,483	$ 3,071,597

Supplemental disclosures of noncash activities:

During the year ended December 31, 2024, the Organization recorded right of use assets under operating lease obligations totaling $1,206,369.

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 $44,774 and accumulated depreciation of $31,679 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.

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, 2024 and 2023.

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.

NOTE B - PROGRAM SERVICES (CONTINUED)

E-Commerce Program: The program provides employment opportunities to people with barriers for employment, primarily people with cognitive disabilities 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, 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. This program closed on June 30, 2023.

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.

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.

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 credit losses, inventory obsolescence reserves, useful lives of property and equipment, leases, fair value of investments and financial instruments, accrued pension costs, value of 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, 2024 and 2023, 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, 2024, the Organization held the separate cash in a certificate of deposit with a maturity date of June 27, 2025.

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 restrictions 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 ended December 31, 2024 and 2023, 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 2024 or 2023. The allowance for credit losses as of December 31, 2024 and 2023 was $12,549 and $55,272, respectively.

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 ended December 31, 2024 and 2023, 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, 2024 and 2023 was $66,434 and $48,769, 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: 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.

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, are 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 2024 and 2023.

Accrued Vacation: Accrued vacation represents vacation earned, but not taken as of December 31, 2024 and 2023, and is included in "Accrued payroll and benefits" in the consolidated statements of financial position. The accrued vacation balance as of December 31, 2024 and 2023 was $998,596 and $940,976, 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 took over the defined benefit pension plan payments of future benefits and payments and process any retirement calculation requests (see Note K).

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.

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.

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 $22,932 and $15,697 as of December 31, 2024 and 2023, respectively.

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 restrictions 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 of Nonfinancial Assets: Contributions and nonfinancial assets recognized during the years ended December 31, consisted of the following:

	2024 Revenue Recognized	2023 Revenue Recognized	Utilization in program	Donor restrictions	Valuation techniques and inputs
In-kind rent	$ 30,000	$ 30,000	Retail Program	No associated donor restriction	Valuation of the rent is based on estimated fair market value of rent in the surrounding area's real estate market.
Vehicles	11,010	2,900	General and administrative	No associated donor restriction	Vehicles are sold and are valued at their actual cash proceeds on their disposition
	$ 41,010	$ 32,900			

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, 2024 and 2023 were approximately $299,000 and $239,000, respectively. The advertising expense is included in advertising and marketing expenses within the consolidated statements of functional expenses.

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2024, 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 2021 and forward remain subject to examination by the Internal Revenue Service. The Organization’s California income tax return for the years 2020 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.

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 created a new subsidiary and contributed funds to obtain a building (see Note G). The Organization had no other material subsequent events as of April 16, 2025, 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. 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:

	2024	2023
Fixed income	$ 24,376,470	$ 21,233,901
Domestic equities	19,828,053	14,673,232
	$ 44,204,523	$ 35,907,133

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

	2024	2023
Investments, beginning of year	$ 35,907,133	$ 25,516,022
Investment return:		
Interest and dividend income	2,016,782	1,765,722
Net realized and unrealized gain	3,978,722	3,731,628
Administrative expenses	(242,033)	(236,272)
Net investment return	5,753,471	5,261,078
Transfers from operations	4,543,919	5,130,033
Transfer from board designated investments	(2,000,000)	-
Investments, end of year	$ 44,204,523	$ 35,907,133

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, 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:

	2024	2023
Cash and cash equivalents	$ 18,291,847	$ 18,635,229
Investments, at market value	44,204,523	35,907,133
Accounts receivable, net	431,360	533,631
Grants receivable	790,603	1,655,986
	$ 63,718,333	$ 56,731,979

NOTE F - INVENTORIES

Inventories as of December 31, consist of the following:

	2024	2023
Donated merchandise	$ 1,289,688	$ 1,238,706
Purchased merchandise	496,649	457,468
Allowance for obsolescence	(66,434)	(48,769)
	$ 1,719,903	$ 1,647,405

NOTE G - PROPERTY AND EQUIPMENT

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

	2024	2023
Land and buildings	$ 29,770,019	$ 29,792,281
Equipment	11,246,772	11,016,637
Leasehold improvements	4,059,538	4,059,538
	45,076,329	44,868,456
Less: accumulated depreciation and amortization	(29,796,012)	(28,671,249)
	15,280,317	16,197,207
Construction in process	344,865	-
	$ 15,625,182	$ 16,197,207

Subsequent to the year end, in January 2025, the Organization created a new subsidiary. As part of the creation of the subsidiary, the Organization contributed $17,000,000 of consideration for building and land of equal value.

NOTE H - ACCRUED EXPENSES

Accrued expenses as for December 31, consists of the following:

	2024	2023
Accrued legal expenses	$ 4,208,582	$ -
Workers comp	193,157	164,005
Other accrued expenses	186,671	109,531
Store accrual expenses	82,910	301,058
Teleconnect fund accrual	77,611	25,686
Credit card accrual	40,317	49,556
Mission service accrued expenses	-	134,700
	$ 4,789,248	$ 784,536

NOTE I - 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.

NOTE J - 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 2030. The minimum future payments under non-cancelable operating lease obligations are as follows:

Year ending December 31,	
2025	$ 2,491,756
2026	1,274,858
2027	499,964
2028	436,895
2029	214,643
Thereafter	24,423
Total undiscounted future lease payments	4,942,539
Less: current portion	2,357,290
Less: interest	268,525
Present value of lease liabilities	$ 2,316,724

Rent expense under the operating leases for the years ended December 31, 2024 and 2023 was approximately $2,811,000 and $3,072,000, respectively.

As of December 31, 2024 and 2023, the weighted average of remaining lease terms for these leases were 2.65 and 2.30 years, respectively, and the weighted average discount rate was 3.92 and 3.68 percent, respectively.

NOTE J – LEASES

Subleases: Goodwill subleases one of these locations and receives rental income related to the lease. The sublease expires in the year ended December 31, 2026. Rental income expected to be received from non-cancelable operating lease are as follows:

Year ending December 31,		
2025	$	39,574
2026		33,934
	$	73,508

Rent income recognized under the sublease and other month-to-month subleases for the years ended December 31, 2024 and 2023 was approximately $217,000 and $232,000, respectively.

NOTE K - RETIREMENT PLANS AND EMPLOYEE BENEFITS

Defined Benefit Pension Plan: The Organization had a defined benefit pension plan, which provided 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) were based on years of service and final compensation as defined in the provisions of the Plan. Contributions were intended to provide benefits attributed to service to the date the plan was frozen.

The Organization accounted for its defined benefit pension plan (the Plan) in accordance with ASC 715-10. ASC 715-10 required 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 required 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.

NOTE K - RETIREMENT PLANS AND EMPLOYEE BENEFITS (CONTINUED)

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

Change in benefit obligation:	2024	2023
Projected benefit obligation at end of year	$ (25,902)	$ (1,019,523)
Fair value of plan assets at beginning of year	-	2,328,674
Actual return on plan assets (pension plan investment loss)	-	163,225
Payment to Midland Annuity	-	(2,276,000)
Payment to PBGC (participants>$5K)	-	(231,631)
Benefits paid	-	(910,517)
Investment fees	-	(21,226)
Administration fees	(25,902)	(97,950)
Fair value of plan assets at end of year	(25,902)	(1,045,425)
Accrued estimated plan closing fees	-	-
Funded status	$ -	$ (25,902)

	2024	2023
Accrued pension costs, net	$ -	$ 25,902

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, 2024, with respect to claims related to 2024 and prior years. The amount accrued for unemployment benefits at December 31, 2024 and 2023 was $36,870 and $44,355, respectively. These amounts are included in "Accrued payroll and benefits" in the accompanying consolidated 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 ($23,000 for 2024 and $22,500 for 2023). The Organization made no matching contributions to the 403(b) for the years ended December 31, 2024 and 2023.

NOTE L - 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.

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, 2024:

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 for the years ended December 31, 2024 and 2023, respectively.

NOTE L - FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2024:

	Level 1	Level 2	Level 3	Total
Investments	$ 41,152,569	$ 3,051,954	$ -	$ 44,204,523

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Investments	$ 32,371,533	$ 3,535,600	$ -	$ 35,907,133

NOTE M - 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 former 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 K). To avoid conflicts of interest, the board member in question recused 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.

NOTE N - 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, 2024

	Federal Assistance Listings	Pass-through Grantor's Number/ Grant Number	Grant Period/ Period In Current Fiscal Year	Award Amount	Revenue	Expenditure	Cluster	Type of Program
FEDERAL ASSISTANCE								
US Department of Veterans Affairs								
Direct Program:								
Supportive Services for Veteran Families	64.033	12-CA-013	04/01/23 - 03/31/24	$ 485,976	$ 16,571	$ 16,571		Major
Supportive Services for Veteran Families	64.033	12-CA-013SS	09/01/21 - 09/30/23	395,339	339,957	339,957		Major
Supportive Services for Veteran Families	64.033	12-CA-013	10/01/23 - 12/31/24	892,982	402,090	402,090		Major
Supportive Services for Veteran Families	64.033	12-CA-013LT	08/19/22 - 09/30/26	242,988	12,373	12,373		Major
Total US Department of Veterans Affairs				2,017,285	770,991	770,991		
US Department of Agriculture Food and Nutrition Service								
Cluster Program:								
Supplemental Nutrition Assistance Program (SNAP)								
Pass Through:								
Santa Clara County Social Services	10.551	PO# 4300014822	10/01/23 - 09/30/24	724,011	385,336	385,336	X	Non Major
Total US Dept of Agriculture Food and Nutrition Service				724,011	385,336	385,336		
US Department of the Treasury								
American Rescue Plan Act (ARPA) and Housing Trust Fund (HTF)								
Pass Through:								
City of San Jose - Housing Department	21.027	646218	07/01/24 - 12/31/24	2,000,000	698,397	698,397		Major
City of San Jose - Housing Department	21.027	646218	07-01/23 - 06/30/24	2,850,000	742,334	742,334		Major
Total US Dept of the Treasury				4,850,000	1,440,731	1,440,731		
TOTAL FEDERAL ASSISTANCE				$ 7,591,296	$ 2,597,058	$ 2,597,058		

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, 2024 AND 2023

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, 2024, 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 16, 2025.

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

Petrinovich Pugh & Company, LLP

San Jose, California
April 16, 2025

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, 2024. 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, 2024.

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 Auditors' 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 these 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, 2024, and have issued our report thereon dated April 16, 2025, 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

Petrinovich Pugh & Company, LLP

San Jose, California
April 16, 2025

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, 2024

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

CFDA Number	*Name of Federal Program or Cluster*
64.033	Supportive Service for Veteran Families
21.027	American Rescue Plan Act

Dollar threshold used to distinguish between Type A and Type B Programs:	$750,000
Auditee qualified as a low-risk auditee under OMB Uniform Guidance?	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2024

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, 2024

There were no prior year findings from the previous audit reports requiring follow up during the year ended December 31, 2024.