



Report of Independent Auditors and
Financial Statements

Sunnyvale Community Services

June 30, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
Sunnyvale Community Services

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sunnyvale Community Services (a California nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2024, and the related statements activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sunnyvale Community Services as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sunnyvale Community Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Moss Adams LLP

Rancho Cordova, California
December 6, 2024

Financial Statements

Sunnyvale Community Services
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 968,769	\$ 3,266,145
Cash, restricted for Season for Sharing	767,801	791,109
Grants receivable, net	781,240	1,199,977
Pledges receivable, net of allowance	129,289	60,400
Investments	985,450	812,337
Inventory	354,606	393,615
Prepaid expenses	97,170	134,601
Total current assets	4,084,325	6,658,184
NONCURRENT ASSETS		
Property and equipment, net	18,643,285	22,537,011
Deposits	-	3,485
Total noncurrent assets	18,643,285	22,540,496
Total assets	\$ 22,727,610	\$ 29,198,680

See accompanying notes.

Sunnyvale Community Services
Statements of Financial Position (Continued)
June 30, 2024 and 2023

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 86,913	\$ 329,316
Accrued compensation	326,018	318,272
Agency transactions refundable	767,801	791,109
Total current liabilities	1,180,732	1,438,697
NONCURRENT LIABILITIES		
Forgivable loans	3,300,000	3,400,000
Note payable, net of financing costs	-	5,024,933
Total noncurrent liabilities	3,300,000	8,424,933
Total liabilities	4,480,732	9,863,630
NET ASSETS		
Net assets without donor restrictions		
Undesignated	16,564,641	17,041,595
Board-designated reserves	1,028,530	1,028,530
Total net assets without donor restrictions	17,593,171	18,070,125
Net assets with donor restrictions		
Purpose restrictions	653,707	958,925
Time-restricted for future periods	-	306,000
Total net assets with donor restrictions	653,707	1,264,925
Total net assets	18,246,878	19,335,050
Total liabilities and net assets	\$ 22,727,610	\$ 29,198,680

See accompanying notes.

Sunnyvale Community Services
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2024 and 2023

	Year Ended June 30, 2024			Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT						
Foundation and corporate grants	\$ 371,080	\$ 1,044,693	\$ 1,415,773	\$ 1,051,309	\$ 1,921,360	\$ 2,972,669
Government contracts	5,330,891	-	5,330,891	3,452,607	-	3,452,607
Contributions	2,173,623	513,462	2,687,085	2,933,178	503,957	3,437,135
In-kind donations	3,443,409	-	3,443,409	2,666,271	-	2,666,271
Special events	196,601	-	196,601	133,780	-	133,780
United Way Allocation	20,000	-	20,000	-	76,000	76,000
Fee for service	57,214	-	57,214	53,336	-	53,336
Gain from debt forgiveness	100,000	-	100,000	-	-	-
Interest income	7,069	-	7,069	18,462	-	18,462
Investment income	168,568	-	168,568	122,023	-	122,023
Gain on disposal of property and equipment	501,997	-	501,997	-	-	-
	<u>12,370,452</u>	<u>1,558,155</u>	<u>13,928,607</u>	<u>10,430,966</u>	<u>2,501,317</u>	<u>12,932,283</u>
Net assets released from restrictions	<u>2,169,373</u>	<u>(2,169,373)</u>	<u>-</u>	<u>3,035,803</u>	<u>(3,035,803)</u>	<u>-</u>
Total revenues, gains, and other support	<u>14,539,825</u>	<u>(611,218)</u>	<u>13,928,607</u>	<u>13,466,769</u>	<u>(534,486)</u>	<u>12,932,283</u>
EXPENSES						
Program services	12,537,295	-	12,537,295	10,575,335	-	10,575,335
Supporting services:						
Management and general	1,162,925	-	1,162,925	883,939	-	883,939
Fundraising	1,166,197	-	1,166,197	719,219	-	719,219
Capital campaign	150,362	-	150,362	639,063	-	639,063
Total expenses	<u>15,016,779</u>	<u>-</u>	<u>15,016,779</u>	<u>12,817,556</u>	<u>-</u>	<u>12,817,556</u>
CHANGES IN NET ASSETS	(476,954)	(611,218)	(1,088,172)	649,213	(534,486)	114,727
NET ASSETS, beginning of year	<u>18,070,125</u>	<u>1,264,925</u>	<u>19,335,050</u>	<u>17,420,912</u>	<u>1,799,411</u>	<u>19,220,323</u>
NET ASSETS, end of year	<u>\$ 17,593,171</u>	<u>\$ 653,707</u>	<u>\$ 18,246,878</u>	<u>\$ 18,070,125</u>	<u>\$ 1,264,925</u>	<u>\$ 19,335,050</u>

See accompanying notes.

Sunnyvale Community Services
Statements of Functional Expenses
Year Ended June 30, 2024

	Program	Supporting Services			2024 Total Expenses	
	Services Emergency Assistance	Management and General	Fundraising	Capital Campaign		Total
EXPENSES						
Salaries and wages	\$ 2,472,366	\$ 705,358	\$ 580,142	\$ 4,968	\$ 1,290,468	\$ 3,762,834
Payroll taxes	198,047	55,823	45,163	380	101,366	299,413
Fringe benefits	357,548	101,173	84,355	655	186,183	543,731
Total salaries and related expenses	3,027,961	862,354	709,660	6,003	1,578,017	4,605,978
Conference and meetings	15,315	1,753	17,306	-	19,059	34,374
Dues, fees, and other charges	181,705	61,268	40,528	-	101,796	283,501
Emergency assistance	4,637,257	-	-	-	-	4,637,257
Emergency assistance - food, household items, gift cards, and other	3,456,792	-	-	-	-	3,456,792
Insurance	44,741	11,537	10,968	-	22,505	67,246
Interest expense	5,547	1,855	1,163	56,286	59,304	64,851
Maintenance and repair	29,227	9,416	8,066	-	17,482	46,709
Merchant fees	-	411	12,775	-	13,186	13,186
Occupancy	165,015	26,197	22,590	-	48,787	213,802
Outside services	286,217	65,365	128,562	84,960	278,887	565,104
Postage	2,207	605	25,040	-	25,645	27,852
Printing	9,681	1,947	94,069	-	96,016	105,697
Property tax	2,272	-	-	-	-	2,272
Subcontractor payments	300,510	-	-	-	-	300,510
Supplies	31,468	12,756	10,955	-	23,711	55,179
Telephone	33,113	9,443	7,696	-	17,139	50,252
Training	3,062	1,099	46	-	1,145	4,207
Travel	11,926	2,049	4,155	3,113	9,317	21,243
Volunteer expense	14,192	547	814	-	1,361	15,553
Advertising	-	343	996	-	1,339	1,339
Bad debt expense	-	750	-	-	750	750
Total expenses before depreciation	12,258,208	1,069,695	1,095,389	150,362	2,315,446	14,573,654
Depreciation and amortization	279,087	93,230	70,808	-	164,038	443,125
Total expenses	<u>\$ 12,537,295</u>	<u>\$ 1,162,925</u>	<u>\$ 1,166,197</u>	<u>\$ 150,362</u>	<u>\$ 2,479,484</u>	<u>\$ 15,016,779</u>

See accompanying notes.

Sunnyvale Community Services
Statements of Functional Expenses (Continued)
Year Ended June 30, 2023

	Program Services	Supporting Services			2023 Total Expenses	
	Emergency Assistance	Management and General	Fundraising	Capital Campaign		Total
EXPENSES						
Salaries and wages	\$ 2,368,948	\$ 559,297	\$ 306,635	\$ 125,421	\$ 991,353	\$ 3,360,301
Payroll taxes	188,462	43,572	23,972	8,382	75,926	264,388
Fringe benefits	333,080	78,692	45,576	14,539	138,807	471,887
Total salaries and related expenses	2,890,490	681,561	376,183	148,342	1,206,086	4,096,576
Conference and meetings	8,678	1,368	7,672	-	9,040	17,718
Dues, fees, and other charges	133,119	29,384	18,811	-	48,195	181,314
Emergency assistance	3,603,563	-	-	-	-	3,603,563
Emergency assistance – food, household items, gift cards, and other	2,592,787	-	-	-	-	2,592,787
Insurance	36,178	8,889	5,937	-	14,826	51,004
Interest expense	-	-	-	248,192	248,192	248,192
Maintenance and repair	44,860	10,518	7,405	-	17,923	62,783
Merchant fees	-	-	14,659	-	14,659	14,659
Occupancy	181,212	14,844	10,532	-	25,376	206,588
Outside services	159,565	29,567	116,284	228,750	374,601	534,166
Postage	251	67	19,473	-	19,540	19,791
Printing	16,659	3,432	66,566	-	69,998	86,657
Property tax	1,772	495	192	-	687	2,459
Subcontractor payments	408,655	-	-	-	-	408,655
Sales tax	-	-	1,262	-	1,262	1,262
Supplies	65,524	9,621	8,247	-	17,868	83,392
Telephone	51,948	12,742	8,977	-	21,719	73,667
Training	12,531	1,175	977	-	2,152	14,683
Travel	7,633	644	2,298	13,779	16,721	24,354
Volunteer expense	3,755	104	397	-	501	4,256
Advertising	802	117	927	-	1,044	1,846
Total expenses before depreciation	10,219,982	804,528	666,799	639,063	2,110,390	12,330,372
Depreciation and amortization	355,353	79,411	52,420	-	131,831	487,184
Total expenses	<u>\$ 10,575,335</u>	<u>\$ 883,939</u>	<u>\$ 719,219</u>	<u>\$ 639,063</u>	<u>\$ 2,242,221</u>	<u>\$ 12,817,556</u>

See accompanying notes.

Sunnyvale Community Services
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (1,088,172)	\$ 114,727
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	443,125	487,184
Net realized and unrealized gain on investments	(141,024)	(80,328)
Gain from debt forgiveness	(100,000)	-
Donated inventory received	3,443,409	2,666,271
Donated inventory distributed	(3,456,792)	(2,592,787)
Gain on disposal of property and equipment	(501,988)	-
Changes in operating assets and liabilities:		
Grants receivable	418,737	150,611
Pledge receivable	(68,889)	97,351
Inventory	52,392	(9,332)
Prepaid expenses	37,431	(20,267)
Deposits	3,485	-
Accounts payable	(242,403)	219,280
Agency transactions refundable	(23,308)	40,433
Accrued compensation	7,746	(12,460)
	(1,216,251)	1,060,683
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(32,344)	(301,085)
Proceeds from sales of property and equipment	4,000,000	-
Purchases of investments	(341,667)	(882,680)
Sales of investments	309,578	890,338
	3,935,567	(293,427)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on finance lease	-	(12,376)
Principal payment on note payable	(5,040,000)	(1,000,000)
Proceeds from forgivable loan	-	1,000,000
	(5,040,000)	(12,376)
CHANGES IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(2,320,684)	754,880

See accompanying notes.

Sunnyvale Community Services
Statements of Cash Flows (Continued)
Years Ended June 30, 2023 and 2023

	2024	2023
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	4,057,254	3,302,374
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	\$ 1,736,570	\$ 4,057,254
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the year for interest	\$ 64,851	\$ 250,472
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Debt forgiveness	\$ 100,000	\$ -
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Cash and cash equivalents	\$ 968,769	\$ 3,266,145
Cash, restricted for Season for Sharing	767,801	791,109
	\$ 1,736,570	\$ 4,057,254

See accompanying notes.

Sunnyvale Community Services

Notes to Financial Statements

Note 1 – Nature of Operations

Agency overview – Founded in 1970, Sunnyvale Community Services (SCS or the Organization) is an independent nonprofit agency providing food, financial aid, and other emergency services to low-income families and individuals. The mission of SCS is to prevent homelessness and hunger in our local community. Our vision is a community where everyone has a home with food on their table. We assist over 10,500 unduplicated residents each year with one or more services.

SCS is one of seven Emergency Assistance Network (EAN) agencies in Santa Clara County. SCS is the designated safety-net agency for all ZIP codes in the city of Sunnyvale, along with the Alviso neighborhood of San Jose (ZIP code 95002). SCS also assists unhoused individuals and families. SCS is part of Santa Clara County's Homelessness Prevention Services (HPS) Program, assisting people from across the county with financial aid and case management. Our homeless services assist unhoused individuals with case management, temporary housing, move-in expenses, food, job training, and job placement.

Our theory of change – SCS believes that early intervention is the most effective way to prevent homelessness and hunger. The Organization does this by:

- Stabilizing families
- Connecting people to benefits and services
- Building skills to increase resiliency
- Advocating for policies to improve lives

SCS is the fiscal agent in Santa Clara County for the San Francisco Chronicle's annual Season of Sharing fundraising drive.

Facilities and building – In December 2019, SCS purchased a 36,000 square foot property at 1160 Kern Avenue. The new building has three times more space, enabling us to meet the growing need for safety net services in our local community for decades to come. The new facility offers twice as much warehouse space for food storage and distribution, double the room for client services, spacious volunteer work areas, training and meeting rooms, space for partner agencies to offer services, and ample, safe, and accessible parking.

Sunnyvale Community Services

Notes to Financial Statements

Note 2 – Program Services

Sunnyvale Community Services provides financial assistance, food aid, case management, referrals, and other services at no charge to clients. The Organization's clients are the homeless, working poor, and seniors or disabled persons living on fixed incomes. The organization serves all ethnic, racial, language, age, and abilities groups.

Case management and financial assistance programs

Financial assistance – SCS provides emergency financial aid for rent, utilities, car repairs, medications, and other urgent needs.

Intensive case management – SCS provides case management for individuals who need assistance more than once, including people with health-related issues or who are chronically homeless or at risk of eviction and need longer-term assistance. This can include financial coaching, housing search assistance, landlord negotiations and referrals. SCS puts an increased emphasis on case management because only by stabilizing families can the Organization improve their overall health, promoting long-term housing stability.

Benefits assistance – SCS staff conduct outreach and initial screening to connect clients with public benefits programs and services.

Workforce development and homeless services – The WorkFirst Sunnyvale program, our partnership with Downtown Streets Team, helps homeless individuals with job training and housing opportunities.

Community Navigator program – SCS trains residents to be local leaders in outreach, community service, and local advocates on housing, voter rights, and immigrant rights.

Displacement support – SCS also responds quickly to unexpected needs. Each year, SCS works with the City of Sunnyvale to assist residents who are suddenly displaced due to fire and other disasters.

Food and in-kind assistance programs for low-income children, adults, and seniors

Weekly food program – Since May of 2023, SCS has been distributing fresh produce and groceries four times a month. This program serves thousands of people each month.

Home food delivery – SCS volunteers deliver healthy groceries twice a month to elderly and disabled individuals including prepared meals from Loaves & Fishes with each delivery.

Unhoused self-select pantry – Since May 2023, the self-select pantry's primary goal is to provide our unhoused neighbors experiencing food insecurity the opportunity to shop for specific food choices to suit their individual needs. In addition to the scheduled Wednesday distribution, enrolled clients are permitted to visit the self-select pantry twice a week. This program was introduced in May of 2023.

School Snack pantry – In partnership with seven Sunnyvale schools, SCS provides a variety of healthy shelf-stable snacks to ensure that students can focus on learning rather than worrying about hunger. The goal of this partnership is to ensure that student challenges are immediately addressed if attributed to food insecurity. Families are then connected to SCS for additional supportive services.

Sunnyvale Community Services

Notes to Financial Statements

Back-to-school and children's summer nutrition programs – In addition to providing students with school supplies and gift cards for backpacks and new shoes, these programs gave kids and their families extra portions of healthy foods during summer months when schools were closed.

Holiday programs – During monthly food distributions in November and December 2022, SCS provided households with special holiday foods, plus grocery store and department store gift cards so that clients could buy additional food, presents for children and/or needed household items.

Other assistance – SCS also provides diapers and hygiene kits.

Note 3 – Summary of Significant Accounting Policies

Basis of accounting – The financial statements of Sunnyvale Community Services have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of presentation – The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations. The Organization reports its financial position and operating activities in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions:

Net assets without donor restrictions – Include those net assets which are available to support all activities of the Organization without restrictions and include those net assets whose use is not restricted by donors, even though their use may be limited in other respect, such as by contract or board designation (see Note 14).

Net assets with donor restrictions – Include contributions received from donors that are restricted for specific purposes or for subsequent periods. When a donor restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Net assets held in perpetuity include those assets which are subject to a nonexpiring donor restriction, such as endowments.

Adoption of accounting standards update – Effective July 1, 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which required the use of the current expected credit losses (CECL) impairment model for a broad scope of financial instruments, including financial assets measured at amortized cost (which includes loans, held-to-maturity debt securities, trade receivables), net investments in leases, and certain off balance sheet credit exposures. This ASU excludes grants and contributions receivable and financial assets measured at fair value through change in net assets. The CECL model required the immediate recognition of estimated expected credit losses over the life of the financial instrument. Under this standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The impact of the adoption was not considered significant to the financial statements and primarily resulted in enhanced disclosures only.

Sunnyvale Community Services

Notes to Financial Statements

Fair value measurements – The Organization’s financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy that gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

The levels of the fair value hierarchy are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities that the entity has the ability to access at the measurement date.

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; or 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 – Unobservable inputs for the asset or liability that are not corroborated by market data.

Cash and cash equivalents – Cash and cash equivalents consist of cash and highly liquid investment. For purpose of reporting cash flows, the Organization considers all investments with a maturity of 90 days or less highly liquid investments. Cash equivalents include money market funds.

Restricted cash – The Organization is required to hold the San Francisco Chronicle’s “Season of Sharing Fund” in a separate bank account for agency transactions refundable. At June 30, 2024 and 2023, the amount set aside was \$767,801 and \$791,109, respectively. SCS also holds cash balances for the purposes of the Season of Sharing Fund but are not part of the agency transactions refundable and are not included in restricted cash. At June 30, 2024 and 2023, the amount held in cash and cash equivalents was \$55,030 and \$60,798, respectively.

Concentration of credit risk – Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalents and investments. The Organization maintains cash and cash equivalents with commercial banks and other major financial institutions. These accounts are insured up to \$250,000 per depositor by an agency of the federal government. At times, such accounts might exceed Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The Organization’s investments have been placed with high quality financial institutions. The Organization monitors these investments and has not experienced significant credit losses. It is the management of the Organization’s opinion that it is not exposed to any significant credit risks.

Grants receivable, net – Grants receivables consists of amounts due to the Organization in conjunction with the Organization’s programs and grants awarded to the Organization yet received at year end. The Organization considers all grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. Grants receivable are expected to be fully collected within one year.

Sunnyvale Community Services

Notes to Financial Statements

Pledges receivable – Pledges receivable represents amounts pledged towards the Organization’s capital campaign. Unconditional promises to give are recognized as support in the period pledged. The Organization considers all unconditional promises to give to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. Pledges that are expected to be collected in greater than one year are recorded at the present value of expected future cash flows using a discount rate. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At June 30, 2024, pledges receivable are expected to be collected within one year.

Investments – Investments are stated at fair value based on quoted market prices and the net unrealized appreciation or depreciation on investments is included in the changes in net assets in the accompanying statements of activities and changes in net assets. Interest and dividend income are accrued when earned.

Interest and investment income – Realized and unrealized gains and losses and investment income derived from investment transactions are included as income in the year earned.

Inventory – Inventory consists of food, household items, and gift cards. The Organization receives, sorts, stores, and distributes donated goods from various sources and the USDA commodities program.

Donated food is valued at the weighted-average wholesale value of one pound of donated product based on the national per-pound price as proved by the Feeding America Product Valuation Survey. Feeding America is the national food bank network which sets the standards for fiscal operations of food banks. The Organization utilized the Feeding America valuations of \$1.74 and \$1.57 for donated USDA commodities and \$1.97 and \$1.93 per pound for donated non-USDA food for years ended June 30, 2024 and 2023, respectively. Donated inventories are expensed when distributed.

Purchased inventories are valued at the cost of products purchased as determined by the first-in, first-out method, and consist of food products purchased by the Organization and related to both grant and nongrant funded purchases. Purchased inventory is expensed when distributed.

Property and equipment, net – Property and equipment are recorded at cost or estimated fair value for donated items. All property and equipment with a cost greater than \$5,000 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed. Depreciation is computed on the straight-line method based on estimated useful lives of the assets, which range from 5 to 39 years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

Impairment of long-lived assets – The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. For the years ended June 30, 2024 and 2023, there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

Sunnyvale Community Services

Notes to Financial Statements

Accrued vacation – Accrued vacation represents vacation earned, but not taken as of June 30, and is included in accrued compensation in the statements of financial position. The accrued vacation balances as of June 30, 2024 and 2023, was \$178,809 and \$177,501, respectively.

Agency transactions refundable – The Organization serves as Santa Clara County's fiscal agent for the San Francisco Chronicle's Season of Sharing Fund. These funds are maintained in a separate custodial account and are held for use in accordance with the fiscal agent agreement. These funds are partly for the Organization's emergency services, which are recorded as with donor restrictions until distributed, and partly for another organization's emergency assistance, which are recorded as agency refundable until distributed.

Revenue recognition – SCS records certain revenue from contracts with customers in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* (ASC 606). Under ASC 606, SCS must identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) SCS satisfies a performance obligation.

Revenue from exchange transactions and program fees are recognized as revenue in the period in which the service is provided. Certain sources of revenue are derived from interest and dividends earned on investment securities that are not within the scope of ASC 606. Donated services are recognized as in-kind donations if the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

SCS used the following methods to recognize revenue:

Government contracts – The Organization receives cost reimbursement contract revenue as well as fixed rate contract revenue. Under cost reimbursement contracts, revenue is recognized when applicable expense is incurred and the corresponding service has been provided according to the agreement, subject to the contract limit, if any. Under fixed rate contracts, the Organization agrees to provide certain services in specified quantities at a prescribed rate per unit of service provided.

Grants – The Organization receives grants from various federal, state, local governmental funding sources, and from private donors. These funds are to be spent for specific purposes. Many of the grants are subject to annual budget negotiations and availability of funds. Revenue from grants and agreements that are nonreciprocal is treated like contributions. If the grant or agreement is conditional, a barrier to entitlement exists. Revenue is recognized and there is an increase to net assets without donor restrictions when the barrier is considered overcome. Allowable expenditures under such agreements are incurred and decrease net assets without donor restrictions. Consequently, revenues for these transactions are recognized as the expenditures are incurred. Any difference between expenses incurred and the total funds received (not to exceed the grant maximum) is recorded as advances on conditional grants. Amounts received in advance of services performed are recognized as advances on conditional grants and are recognized as revenues in future periods as services are performed.

Sunnyvale Community Services

Notes to Financial Statements

Contributions – Contributions are recognized when the donor makes a promise to the Organization, that is, in substance, unconditional. Contributions are recorded with or without donor restrictions depending on the existence and nature of donor restrictions. When the time or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

In-kind donations – Donated food, household items, gift cards, and other assets are recorded as contributions at their estimated value or per-pound value on the date of the donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions as net assets are released from restrictions. In-kind donations are used for operations and not monetized.

Special events – Special events revenue is recognized upon the event taking place.

Functional expense allocation – The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. Salaries and fringe benefits are allocated on a percentage basis between functional categories based on historical time studies. Costs related to facilities are allocated based upon square footage. All other costs have been allocated among the programs and supporting services benefited.

Advertising – The Organization's policy is to expense advertising costs as the costs are incurred. The advertising expense for the years ended June 30, 2024 and 2023, was \$1,339 and \$1,846, respectively.

Income taxes – Sunnyvale Community Services is 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 financial 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.

As of June 30, 2024 and 2023, the Organization had no unrecognized tax positions or uncertain tax positions requiring accrual. Unrelated business tax, if any, is insignificant. No provision for income taxes has been provided in the financial statements.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Sunnyvale Community Services

Notes to Financial Statements

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before the financial statements are available to be issued.

The Organization has evaluated subsequent events through December 6, 2024, which is the date the financial statements are available to be issued.

Note 4 – Liquidity and Availability of Funds

The following is a quantitative disclosure which reflects assets and liquid resources as of June 30, 2024 and 2023, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other considerations of nonliquid assets are donor restricted assets for specific expenditures, contractual reserve requirements, or governing board designations.

	2024	2023
Cash and cash equivalents	\$ 968,769	\$ 3,266,145
Cash, restricted for Season for Sharing	767,801	791,109
Grants receivable, net	781,240	1,199,977
Pledges receivable, net of allowance	129,289	60,400
Investments	985,450	812,337
Deposits	-	3,485
Total financial assets	3,632,549	6,133,453
Less financial assets held to meet donor-imposed restrictions		
Agency transaction refundable	(767,801)	(791,109)
Purpose-restricted net assets	(653,707)	(958,925)
Time-restricted net assets	-	(306,000)
Less financial assets not available within one year		
Collateral for mortgage loan held with lender	(1,000,000)	(1,000,000)
Deposits	-	(3,485)
Total unavailable for general expenditures within one year	(2,421,508)	(3,059,519)
Amount available for general expenditures within one year	\$ 1,211,041	\$ 3,073,934

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Sunnyvale Community Services

Notes to Financial Statements

Note 5 – Grants Receivable, Net

Grants receivable, net, include amounts earned but not received from the following as of June 30:

	2024	2023
Corporate entities	\$ -	\$ 125,000
Private foundations	371,948	361,000
Federal	-	263,177
City and county	364,948	426,650
Other	44,344	24,150
Total grants receivable, net	\$ 781,240	\$ 1,199,977

Note 6 – Investments

The table below presents the assets measured at fair value at June 30:

	2024	2023
Investments (Level 1):		
Equities	\$ 985,450	\$ 812,337
Total investments	\$ 985,450	\$ 812,337

Equities – Equities are listed on a national market or exchange and are valued at the last sales price, or if there is no sale and the market is still considered active, at the mean of the last bid and asked prices on such exchange. The securities are adjusted to fair value as of the close of the fiscal year and the difference in market value from one year to the next is recorded as unrealized gain or loss in the statements of activities and changes in net assets. Such securities are classified within Level 1 of the valuation hierarchy.

Note 7 – Inventory

Inventory consisted of the following at June 30:

	2024	2023
Vouchers and gift cards	\$ 37,398	\$ 9,306
Household items	18,266	60,017
Food	298,942	324,292
Total inventory	\$ 354,606	\$ 393,615

Sunnyvale Community Services Notes to Financial Statements

Note 8 – Property and Equipment, Net

The cost and related accumulated depreciation of the property and equipment, net consisted of the following as of June 30:

	2024	2023
Land	\$ 6,010,229	\$ 7,171,626
Building	12,631,753	15,072,671
Building improvements	272,366	245,084
Equipment and furniture	655,122	650,069
Vehicles	359,124	359,124
	19,928,594	23,498,574
Less accumulated depreciation	(1,285,309)	(961,563)
Property and equipment, net	\$ 18,643,285	\$ 22,537,011

Depreciation expense for the years ended June 30, 2024 and 2023 was \$428,059 and \$485,870, respectively.

During the year ended June 30, 2024, the Organization sold a percentage of its building and land located at 1160 Kern Avenue to City of Sunnyvale, which resulted in a gain on sale of \$501,988. The proceeds of the sale were used to repay the Organization's loan with Silicon Valley Bank (see Note 10).

Note 9 – Agency Transactions Refundable

The Organization serves as Santa Clara County's fiscal agent for the San Francisco Chronicle's Season of Sharing Fund. These funds are maintained in a separate custodial account and are held for use in accordance with the fiscal agent agreement. These funds are partly for the Organization's emergency services, which are recorded as with donor restrictions until distributed, and partly for another organization's emergency assistance, which are recorded as agency refundable until distributed. At June 30, 2024 and 2023, the agency refundable amount was \$767,801 and \$791,109, respectively.

Note 10 – Forgivable Loans

Forgivable loans at June 30, 2024 and 2023, is reported as follows:

City of Sunnyvale (CDBG Loan) – City of Sunnyvale funds of \$900,000 with a term of five years (local requirement) or sale or other transfer of the property, whichever occurs first. The funds were provided on December 16, 2019, bearing 0% interest. The loan is secured by the real property located at 1160 Kern Avenue, Sunnyvale, CA 94085. Payments shall be fully deferred for the first five years. Any remaining balance at the end of the note term shall be forgiven. The principal outstanding balance as of June 30, 2024 and 2023, was \$900,000.

Sunnyvale Community Services Notes to Financial Statements

The loan contains a restriction requiring the building to be used for the purposes of providing comprehensive emergency assistance for the initial five years (local requirement), unless otherwise approved by the City of Sunnyvale. In addition, the CDBG requirements in 24 CFR 570.503, the reversion of assets clause requires the property to be used for CDBG-eligible activities for an additional five-year period (federal requirement) following the end of the note term.

City of Sunnyvale (General Fund) – City of Sunnyvale funds of \$1,500,000 requiring the funds to be used for the improvements of the property located at 1160 Kern Avenue, Sunnyvale, CA 94085. The funds were provided on July 28, 2021, bearing 0% interest. The note term is either ten years or sale or other transfer of any full or partial ownership interest of the property (unless with the City's prior written approval), whichever occurs first. No monthly installment payments shall be due and the entire loan amount shall be forgiven at the end of the note term. The principal outstanding balance as of June 30, 2024 and 2023, was \$1,500,000.

County of Santa Clara – County of Santa Clara funds of \$1,000,000 with a term of ten years. The loan was funded on January 1, 2023, bearing 0% interest. The loan was used to help repay a portion of a building loan with Silicon Valley Bank, which was fully repaid in October 2023. The loan is secured by the real property located at 1160 Kern Avenue, Sunnyvale, CA 94085. The principal outstanding balance as of June 30, 2024 and 2023, was \$900,000.

The conditions of the loan forgiveness are that \$100,000 of the loan balance will be forgiven annually over 10 years as long as the Organization continues to own the Property and the Property has been continuously used to provide services to vulnerable residents located in the County of Santa Clara.

Note 11 – Note Payable, Net

Note payable, net at June 30 is as follows:

	2024	2023
Silicon Valley Bank - The Organization borrowed \$6,040,000 for the purchase of the new building located at 1160 Kern Avenue, Sunnyvale, CA 94085, on November 27, 2019, maturing on November 27, 2034, with a variable interest rate of 4.37% as of June 30, 2023. Interest is charged for the initial 60 months until December 2024 ("Interest Only Period"). Repaid in full in 2024.	\$ -	\$ 5,040,000
Less deferred financing costs	-	(15,067)
Note payable, net	\$ -	\$ 5,024,933

The Organization paid off all principal and interest of the note payable with Silicon Valley Bank during the year ended June 30, 2024.

Sunnyvale Community Services

Notes to Financial Statements

Note 12 – Contingent Liabilities

Conditions contained within the various contracts awarded to the Organization are subject to the funding agencies' criteria under which expenditures may be charged against and are subject to audit under such criteria. Occasionally, such audits may determine certain costs incurred against the grants may not comply with the established criteria governing them. In such cases, the Organization could be held responsible for repayments to the funding agency or be subject to reductions of future funding in the amount of such costs. Management does not anticipate any material questioned costs for the contracts and grants administered during the period.

The Organization has supplemental worker's compensation coverage for individual claims up to \$1,000,000 and aggregate annual claims up to \$1,000,000 based upon claims made. The Organization has general liability coverage for individual claims up to \$1,000,000 and aggregate annual claims up to \$2,000,000 based upon occurrence.

Note 13 – Employee Benefit Plan

The Organization offers a salary reduction plan under Internal Revenue Code Section 403(b) (the Plan). The Plan provides for employee retirement benefits through voluntary deferral of current salary at the election of the employee. All employees are eligible to enroll in the Plan immediately upon hire. Employees may contribute into the Plan up to the maximum allowed under the regulations. All employees are fully and immediately vested in their voluntary contributions. The Plan operates as a salary reduction plan only. The Organization contributed \$26,495 and \$21,704 to the Plan during the years ended June 30, 2024 and 2023.

Note 14 – Board-Designated Net Assets

At June 30, 2024 and 2023, the Board of Directors has designated \$1,028,530 of the Organization's net assets without donor restriction for general operating reserves.

Sunnyvale Community Services

Notes to Financial Statements

Note 15 – Net Assets with Donor Restrictions

Net assets with donor restrictions are expected to be released from restrictions by June 30, 2025, and consisted of the following as of June 30:

	2024	2023
Purpose by Program or Time Restriction		
Backpack day	\$ 278,502	\$ 118,303
Emergency assistance	130,031	160,871
COVID-19	-	345,635
Nutrition access/diabetes	15,000	-
Food	54,552	-
Toys	500	500
Capital campaign	170,552	310,981
Murphy pet fund	4,570	4,570
Sponsors/challenge holiday	-	17,315
Gift cards	-	750
Time restriction	-	306,000
	\$ 653,707	\$ 1,264,925
Total net assets with donor restrictions		

Net assets with donor restrictions released from restrictions during the years were as follows:

	2024	2023
Releases by Program or Time Restriction		
Backpack day	\$ 263,441	\$ 238,688
Case manager	207,000	197,000
Emergency assistance	560,906	905,606
COVID-19	345,635	56,654
Nutrition access/diabetes	-	7,500
Food	18,448	73,007
Capital campaign	198,231	909,278
Sponsors/challenge holiday	222,997	385,070
Gift cards	750	-
Admin/staffing	39,965	38,000
Social Impact Support DST Program	-	150,000
Time restriction	306,000	-
Senior resource fair	6,000	75,000
	\$ 2,169,373	\$ 3,035,803
Total net assets released from restrictions		

Sunnyvale Community Services

Notes to Financial Statements

Note 16 – In-Kind Donations

The Organization received a large volume of donated food, gift cards, supplies, other materials, and professional services for use in its emergency assistance programs. In-kind contributions consisted of the following for the years ended June 30:

	2024	2023
Food	\$ 3,405,012	\$ 2,590,649
Household	8,491	3,596
Gift cards	14,925	9,942
Assets (cars, equipment, etc.)	-	42,487
Toys	4,788	4,747
Other materials	10,193	11,150
Professional services	-	3,700
Total	\$ 3,443,409	\$ 2,666,271

The Organization receives various donation such as food and gift cards that are distributed and used as part of its essential services program. These donations are valued as follows:

- **Food** – For the food received from Second Harvest of Silicon Valley, it was valued at the weighted-average wholesale value of one pound of donated product based on the national per-pound price as proved by the Feeding America Product Valuation Survey. The Organization utilized the Feeding America valuations of \$1.74 and \$1.57 per pound for donated USDA commodities and \$1.97 and \$1.93 per pound for donated non-USDA food for years ended June 30, 2024 and 2023, respectively.
- **Household** – The in-kind contribution of household items was valued based on the market price for new and used items.
- **Gift cards** – The donated gift cards were valued at face value.
- **Assets** – The assets were valued at fair market value. Fair market value is defined as the price that would be received to sell an asset in an orderly transaction between market participants.
- **Toys** – The toys were valued based on the market price for new and used items.
- **Other materials** – The in-kind contribution of other materials was valued based on the market price for new and used items.
- **Professional services** – The in-kind contribution of donated professional services was valued based on the market price for similar type services provided when the services were rendered.

Sunnyvale Community Services

Notes to Financial Statements

Note 17 – Donated Services

The Organization received donated services from a variety of unpaid volunteers to help support the Organization's programs. The value of these services is not reflected in the accompanying financial statements since the services do not require specialized skills. During the years ended June 30, 2024 and 2023, volunteers donated approximately 17,783 and 14,106 hours of service with an estimated value of \$573,680 and \$448,571, respectively. These values were computed using hourly rate of \$32.26 and \$31.80, respectively, which are based on the average hourly earnings of volunteer time.

