



# **SILICON VALLEY URBAN DEBATE LEAGUE**

**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED DECEMBER 31, 2021**

**SILICON VALLEY URBAN DEBATE LEAGUE**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
SILICON VALLEY URBAN DEBATE LEAGUE

### Opinion

We have audited the accompanying financial statements of SILICON VALLEY URBAN DEBATE LEAGUE, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SILICON VALLEY URBAN DEBATE LEAGUE as of December 31, 2021, 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. 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 SILICON VALLEY URBAN DEBATE LEAGUE 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 SILICON VALLEY URBAN DEBATE LEAGUE 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 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, including omissions, 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 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 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 SILICON VALLEY URBAN DEBATE LEAGUE 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 SILICON VALLEY URBAN DEBATE LEAGUE 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.



*Tryna Accountancy Corporation*

Oakland, California  
May 23, 2022

**SILICON VALLEY URBAN DEBATE LEAGUE**

**STATEMENT OF FINANCIAL POSITION  
YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 136,942	\$ 36,333	\$ 173,275
Receivables	116,754	-	116,754
Investments	2,539	-	2,539
Other assets	<u>1,723</u>	<u>-</u>	<u>1,723</u>
Total current assets	257,958	36,333	294,291
Property and equipment	<u>9,892</u>	<u>-</u>	<u>9,892</u>
Total assets	<u>\$ 267,850</u>	<u>\$ 36,333</u>	<u>\$ 304,183</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 20,749	\$ -	\$ 20,749
Credit card payable	231	-	231
Accrued payroll benefits	<u>73,241</u>	<u>-</u>	<u>73,241</u>
Total liabilities	<u>\$ 94,221</u>	<u>\$ -</u>	<u>\$ 94,221</u>
<b>NET ASSETS</b>			
Without donor restrictions			
Undesignated	\$ 173,629	\$ -	\$ 173,629
With donor restrictions			
Purpose and time restrictions	<u>-</u>	<u>36,333</u>	<u>36,333</u>
Total net assets	<u>173,629</u>	<u>36,333</u>	<u>209,962</u>
Total liabilities and net assets	<u>\$ 267,850</u>	<u>\$ 36,333</u>	<u>\$ 304,183</u>

See independent auditor's report and accompanying notes to financial statements.

**SILICON VALLEY URBAN DEBATE LEAGUE**

**STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES AND SUPPORT</b>			
Grants	\$ 172,751	\$ 151,617	\$ 324,368
Donation and contributions	405,493	-	405,493
In-kind donations	42,510	-	42,510
Program revenue	85,613	-	85,613
Investment return	613	-	613
Net assets released from restrictions	250,951	(250,951)	-
Total revenues and support	957,931	(99,334)	858,597
<b>EXPENSES</b>			
Program services	701,999	-	701,999
General and administrative	89,668	-	89,668
Fundraising	149,519	-	149,519
Total expenses	941,186	-	941,186
Change in net assets	16,745	(99,334)	(82,589)
Net assets, beginning of year	156,884	135,667	292,551
Net assets, end of year	\$ 173,629	\$ 36,333	\$ 209,962

See independent auditor's report and accompanying notes to financial statements.

**SILICON VALLEY URBAN DEBATE LEAGUE**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021**

	<u>Program</u>	<u>Supporting</u>		<u>Total</u>
		<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries and wages	\$ 448,394	\$ 37,553	\$ 114,357	\$ 600,304
Payroll taxes	33,612	2,815	8,573	45,000
Employee benefits	36,755	3,078	9,374	49,207
Retirement plan	13,149	1,101	3,354	17,604
Workers' compensation	-	1,253	-	1,253
Contract services	101,156	24,200	11,770	137,126
Conferences and travel	3,019	483	37	3,539
Office expenses	6,182	4,446	807	11,435
Rent	21,599	3,929	303	25,831
Program support	25,944	3,474	810	30,228
Membership and dues	9,576	1,742	134	11,452
Advertisement expenses	2,550	-	-	2,550
Other expenses	63	5,594	-	5,657
<b>TOTAL EXPENSES</b>	\$ <u>701,999</u>	\$ <u>89,668</u>	\$ <u>149,519</u>	\$ <u>941,186</u>

See independent auditor's report and accompanying notes to financial statements.

**SILICON VALLEY URBAN DEBATE LEAGUE**

**STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (82,589)
Adjustments to reconcile changes in net assets to net cash provided/ (used) by operating activities:	
(Increase) decrease in operating assets:	
Receivables	21,683
Other assets	(587)
Increase (decrease) in operating liabilities:	
Accounts payable	18,395
Credit card payable	(567)
Accrued payroll benefits	13,067
Net cash provided /(used) by operating activities	<u>(30,598)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investment, net	(2,535)
Purchase of fixed assets	<u>(9,892)</u>
Net cash provided/(used) by investing activities	<u>(12,427)</u>
Net change in cash and cash equivalents	<u>(43,025)</u>
Cash and cash equivalents, beginning of the year	
Unrestricted cash and cash equivalents	206,300
Restricted cash and cash equivalents	<u>10,000</u>
Total and cash equivalents, beginning of the year	216,300
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Cash and cash equivalents, end of the year	
Unrestricted cash and cash equivalents	136,942
Restricted cash and cash equivalents	<u>36,333</u>
Cash and cash equivalents, end of the year	<u>\$ 173,275</u>

See independent auditor's report and accompanying notes to financial statements.



## SILICON VALLEY URBAN DEBATE LEAGUE

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Nature of Activities and Summary of Significant Accounting Policies**

##### *Nature of Activities*

SILICON VALLEY URBAN DEBATE LEAGUE (the Organization) is a California nonprofit public benefit corporation, founded in 2014. The mission of the Organization is to empower Silicon Valley students, regardless of their race or socioeconomic status, to reach their full potential to become professional and community leaders by teaching critical thinking and communication skills through Speech and Debate programming. All programs and other activities in connection with the foregoing as stated are lawful under the Nonprofit Public Benefit Corporation Law.

The Organization is in Milpitas, California.

##### *Basis of Accounting*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

##### *Adoption of New Accounting Pronouncement*

As of December 31, 2021, the Organization adopted a new Statement of Auditing Standard (SAS) No. 134, *Auditor Reporting and Amendments, including Amendment Addressing Disclosures in the Audit of Financial Statements* to enhance the communicative value and relevance of the auditor's report.

The standard does not have an effect on the accounting treatment presented in the financial statements.

##### *Revenue Recognition*

The Organization recognizes revenue on the accrual basis of accounting. Service income is recognized as revenue in the period in which the service is provided. Grants are recognized as revenue in the period in which they are awarded in writing, if not conditional. The Organization's primary revenue sources are grants, donations, and contributions.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

The Organization did not have conditional grants as of December 31, 2021, for which barriers were not met.

## **Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

### *Contributions and Contributions Receivable*

Contributions are recognized as revenue when received or unconditionally promised. Contributions received are recorded as contributions without donor restrictions, or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support with donor restrictions is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When the restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional pledges are recognized as receivables and revenue when the conditions on which they depend are substantially met.

Contributions receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization uses the allowance method to determine uncollectible receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The Organization charges off uncollectible contributions receivable when management determines amounts are not collectable.

### *Net Assets*

Financial statement presentation follows the requirement of the Financial Accounting Standard Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. There were no board-designated net assets as of December 31, 2021.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no donor-imposed restrictions perpetual in nature as of December 31, 2021.

### *Cash and Cash Equivalents*

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amount approximates fair value because of the short maturity of those instruments.

## **Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

### *Property and Equipment*

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions 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. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to five years.

### *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### *Functional Allocation of Expenses*

The costs of providing various program and other activities are summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Given the collaborative manner, in which the Organization delivers its programs, rents are allocated based on staff hours devoted to each program or function. Expenses, other than salaries and related expense, which are not directly identifiable by program or support services, are allocated based on the best management's estimate.

### *Income Taxes*

The Organization is a not-for-profit organization that is exempt from income taxes under Section §501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private organization. However, income from activities not directly related to the tax-exempt purpose is subject to taxation as unrelated business income. There was no tax on unrelated business income for the year ended December 31, 2021.

### *Advertising Expenses*

Non-direct-response advertising costs are expensed when the advertising first occurs. Advertising expenses for the year ended December 31, 2021 was \$2,550.

## Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

### *Investments*

The Organization carries investments in marketable securities with readily determinable fair values in the statement of financial position. Unrealized gains and losses, interest and dividends, realized changes and related fees are included in the change in net assets in the statement of activities.

The Organization has investments in various securities that can be exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's account balances and the amount reported in the statement of financial position.

### *Fair Value of Financial Instruments*

The Organization adopted the provisions for fair value measurements contained in the Accounting Standards Codification ASC 820, Fair Value Measurements and Disclosures. This standard applies to financial instruments and defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price)."

The standard establishes a consistent framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820, among other things, requires maximizing the use of observable inputs and to minimize the use of unobservable inputs when measuring fair value.

### *Fair Value Hierarchy*

ASC 820 discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The statement utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

*Level 1* – Valuation is based upon quoted prices for identical instruments traded in active markets.

*Level 2* – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model based valuation techniques for which all significant assumptions are observable in the market.

*Level 3* – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flows models and similar techniques.

The Organization's financial assets measured at fair value at December 31, 2021 as follows:

<u>Fair Value reported at Level 1 inputs</u>	
Money Market	\$ 3
Common Stock	<u>2,536</u>
Total	<u>\$ 2,539</u>

## **Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

### *Contributions In-kind*

Donated equipment and other donated goods are recorded at their estimated fair market value on the day of donation. Donated services are recognized as contributions if the services create or enhance a financial asset or require specialized skills which the donor has and would otherwise be purchased by the Organization.

## **Note 2. Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash and cash equivalents	\$	173,275
Receivables		116,754
Investments		2,539
Less those unavailable for general expenditures within one year due to donor restrictions		<u>(36,333)</u>
Financial assets available to meet cash needs for general expenditure within one year	\$	<u>256,235</u>

\$256,235 of financial assets are available to cover the Organization's liquidity needs. It is the Organization's liquidity management to structure its financial assets to be available for its general expenditures, liabilities, and other obligations come due. The Organization has a goal to maintain sufficient financial assets on hands, which consist of cash, receivables and short-term investments, to meet the total of next year's projected management and fundraising expenses, which are expected to be approximately \$239,187. Based on projected estimate, the Organization has sufficient liquid assets to cover its current liabilities.

## **Note 3. Concentration of Credit Risk**

FASB ASC 825 requires disclosure of significant concentrations of credit risk arising from all financial instruments. Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash deposits and investments.

At times, a portion of the cash balances may not be insured by FDIC. The potential concentration of credit risk pertaining to cash balances will vary throughout the year depending upon the level of cash deposits versus amounts insured. The Organization is maintaining all deposits in one high quality financial institution. As of December 31, 2021, deposits in amount \$14,773 were not FDIC insured.

## **Note 4. Contributions Receivable**

Contributions receivable represent donors' promises to give to the Organization. The balance of contributions receivable as of December 31, 2021 is \$116,754. All contributions receivable at December 31, 2021 are expected to be collected within one year.

The Organization uses the allowance method to determine uncollectible accounts receivable. The allowance is based on experience from prior years and management's analysis of specific accounts. An allowance for uncollectible accounts receivable was not deemed necessary at December 31, 2021 because the management believes that the amounts will be collected in full.

## Note 5. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of contributions and grants designated for specific purposes and unconditional pledges that will be received in the future. The composition of net assets with donor restrictions at December 31, 2021 and the changes in these net assets are as follows:

<u>Purpose/ Time Restrictions</u>	<u>12/31/2020</u>	<u>Additions</u>	<u>Releases</u>	<u>12/31/2021</u>
Time restricted	\$ 125,667	\$ -	\$ (89,334)	\$ 36,333
Coronavirus relief	-	15,000	(15,000)	-
Coaching	10,000	-	(10,000)	-
San Mateo County program	-	10,000	(10,000)	-
Technology	-	10,000	(10,000)	-
PPP Loan	-	116,617	(116,617)	-
Total	\$ <u>135,667</u>	\$ <u>151,617</u>	\$ <u>(250,951)</u>	\$ <u>36,333</u>

## Note 6. In-Kind Contributions and Volunteers

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Donated professional services and donated materials for the year end December 31, 2021 are as follows:

Professional services	\$ 14,146
Use of facilities	25,831
Others	<u>2,533</u>
Total	\$ <u>42,510</u>

During the year ended December 31, 2021, the Organization received a significant number of donated services from unpaid volunteers that do not satisfy the criteria for recognition under FASB ASC 958-605-25-16. The management estimated that about 2,038 hours from 87 volunteers provided for the Organization, which consist of conducting board services, judges and tournaments, mentors, events, and legal visits services.

## Note 7. Property and Equipment

Property, equipment, related accumulated depreciation, and depreciation expense as of the year ended December 31, 2021:

Equipment and Furniture	\$ 9,892
Accumulated Depreciation	<u>-</u>
Net book value	\$ <u>9,892</u>

There was no depreciation expense for the year ended December 31, 2021.

**Note 8. Retirement Plan**

The Organization has a defined contribution retirement plan, Simple IRA. All full-time employees are eligible to participate in the plan. For each calendar year, the employer matching contribution to each eligible employee's SIMPLE IRA equal to the employee's salary reduction contributions up to limit of 3% of the employee's compensation for the calendar year.

The Organization contributed \$17,604 to the plan in the year ended December 31, 2021.

**Note 9. Contingencies**

Conditions contained within the various contracts awarded to the Organization are subject to the funding agencies' criteria and regulations under which expenditures may be charged against and are subject to audit under such regulations and criteria. Occasionally, such audits may determine that 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. Management does not anticipate any material questioned costs for the contracts and grants administered during the period.

**Note 10. Payroll Protection Program (PPP) Loan**

The Paycheck Protection Program (PPP) Flexibility Act (the Flexibility Act) was signed into law on June 5, 2020, and extended the deferral payment period from six months after the loan disbursement date until the date on which the loan can be forgiven. A borrower could apply for the loan forgiveness if a borrower meets the criteria under which the loan can be forgiven. Once the loan is forgiven, a borrower recognizes the loan as a revenue.

On February 9, 2021, the Organization obtained the loan under PPP, which was provided by TMC Financing for \$116,617. The note carried a 1% interest rate. The loan was forgiven in full on July 20, 2021, and was recognized as a support for the year ended December 31, 2021.

**Note 11. Subsequent Events**

In accordance with ASC 855, Subsequent Events topic, the Organization evaluated subsequent events for recognition and disclosure through May 23, 2022, the date these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2021 that required recognition or disclosure in such financial statements.