

SILICON VALLEY CREATES

AUDITED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2026 and 2025

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Silicon Valley Creates
San Jose, California

Opinion

We have audited the financial statements of Silicon Valley Creates (a California non-profit corporation), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related 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 accompanying financial statements present fairly, in all material respects, the financial position of Silicon Valley Creates as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Silicon Valley Creates 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 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 Silicon Valley Creates' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Abbott, Stringham & Lynch

1901 S Bascom Avenue
Suite 105
Campbell, CA 95008

Main: 408-377-8700
Fax: 408-377-0821
Web: aslcpa.com

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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 Silicon Valley Creates' 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 Creates' 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.

Abbott, Stringham & Lynch

October 28, 2026

SILICON VALLEY CREATES

STATEMENTS OF FINANCIAL POSITION

Assets

	June 30, 2026	June 30, 2025
Current assets:		
Cash and cash equivalents	$ 788,073	$ 633,768
Cash held for grant reserve	53,555	52,855
Investments designated for operating reserves	720,035	655,378
Accounts receivable	8,238	800
Grants receivable	1,132,029	1,151,611
Prepaid expenses	4,837	3,980
Total current assets	2,706,767	2,498,392
Property and equipment, net of accumulated depreciation	3,517	7,134
Endowment investments	1,235,449	1,053,950
Grants receivable, net of current portion	210,000	-
Operating lease right-of-use asset	84,726	14,241
Security deposit	9,021	8,871
	$ 4,249,480	$ 3,582,588

Liabilities and Net Assets

Current liabilities:		
Accounts payable	$ 6,933	$ 13,727
Accrued liabilities	138,958	105,007
Deferred revenue	16,840	13,889
Operating lease liability	33,720	14,682
Total current liabilities	196,451	147,305
Operating lease liability, net of current portion	51,633	-
Net assets:		
Without donor restrictions	834,108	751,784
With donor restrictions:		
Restricted for specified purpose	1,379,160	1,384,307
Restricted to passage of time	552,679	245,242
Accumulated endowment gains	257,499	76,000
Endowment assets held in perpetuity	977,950	977,950
Total net assets with donor restrictions	3,167,288	2,683,499
Total net assets	4,001,396	3,435,283
	$ 4,249,480	$ 3,582,588

SILICON VALLEY CREATES

STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2026			Year Ended June 30, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Grants and contributions	$ 595,629	$ 2,144,908	$ 2,740,537	$ 485,777	$ 1,767,740	$ 2,253,517
Fees and service contracts	136,230	-	136,230	81,018	-	81,018
Contributions in-kind	120,000	-	120,000	120,000	-	120,000
Net investment income	74,488	247,617	322,105	76,214	118,655	194,869
Net assets released from restrictions	1,908,736	(1,908,736)	-	1,943,697	(1,943,697)	-
Total support and revenue	2,835,083	483,789	3,318,872	2,706,706	(57,302)	2,649,404
Functional Expenses:						
Program services	2,306,068	-	2,306,068	2,274,953	-	2,274,953
Management and general	330,801	-	330,801	421,228	-	421,228
Fundraising	114,863	-	114,863	115,943	-	115,943
Total functional expenses	2,751,732	-	2,751,732	2,812,124	-	2,812,124
Other operating items:						
Loss on disposal of property and equipment	1,027	-	1,027	-	-	-
Change in net assets	82,324	483,789	566,113	(105,418)	(57,302)	(162,720)
Net assets, beginning of year	751,784	2,683,499	3,435,283	857,202	2,740,801	3,598,003
Net assets, end of year	$ 834,108	$ 3,167,288	$ 4,001,396	$ 751,784	$ 2,683,499	$ 3,435,283

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

SILICON VALLEY CREATES

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30, 2026				Year Ended June 30, 2025			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel expenses:								
Salaries	$ 462,919	$ 103,823	$ 77,950	$ 644,692	$ 444,744	$ 139,601	$ 80,110	$ 664,455
Employee benefits	60,470	20,729	8,867	90,066	69,560	20,238	8,589	98,387
Payroll taxes	36,141	8,773	5,827	50,741	34,839	10,661	5,657	51,157
Total personnel expenses	559,530	133,325	92,644	785,499	549,143	170,500	94,356	813,999
Grant and contract expense	1,167,315	-	-	1,167,315	1,077,822	-	-	1,077,822
Professional services	280,763	141,512	1,826	424,101	345,179	172,082	1,640	518,901
Donated rent	87,600	21,600	10,800	120,000	74,400	34,800	10,800	120,000
Printing and publications	69,076	3,673	-	72,749	63,616	100	-	63,716
Occupancy	44,323	10,791	5,465	60,579	35,033	16,406	5,135	56,574
Conferences and meetings	37,872	5,676	22	43,570	73,911	3,598	-	77,509
Miscellaneous	12,129	3,598	1,119	16,846	17,780	2,890	755	21,425
Insurance	6,873	3,128	847	10,848	6,252	8,506	916	15,674
Telephone	7,899	1,547	971	10,417	6,497	2,318	931	9,746
Postage and shipping	9,536	106	-	9,642	6,307	65	19	6,391
Supplies	6,996	834	417	8,247	3,747	1,597	491	5,835
Membership dues	5,467	2,186	-	7,653	5,709	1,048	-	6,757
Training	4,864	80	-	4,944	2,449	19	-	2,468
Depreciation	3,220	793	397	4,410	4,602	2,155	675	7,432
Bank fees	780	1,952	355	3,087	1,097	4,627	225	5,949
Advertising	1,825	-	-	1,825	1,409	517	-	1,926
Total expenses	$ 2,306,068	$ 330,801	$ 114,863	$ 2,751,732	$ 2,274,953	$ 421,228	$ 115,943	$ 2,812,124
Percentage of total	84%	12%	4%	100%	81%	15%	4%	100%

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

SILICON VALLEY CREATES

STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2026	Year Ended June 30, 2025
Cash flows from operating activities:		
Change in net assets	$ 566,113	$ (162,720)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,410	7,432
Non-cash operating lease expense	35,668	34,425
Loss on disposal of property and equipment	1,027	-
Net realized and unrealized gain on investments	(274,838)	(135,402)
Changes in operating assets and liabilities:		
Accounts receivable	(7,438)	147,321
Grants receivable	(190,418)	(53,159)
Prepaid expenses	(857)	8,113
Security deposit	(150)	500
Accounts payable	(6,794)	11,800
Accrued liabilities	33,951	21,533
Deferred revenue	2,951	(1,460)
Operating lease liability	(35,482)	(35,029)
Net cash provided by (used in) operating activities	128,143	(156,646)
Cash flows from investing activities:		
Proceeds from sale of investments	507,021	172,948
Purchases of investments	(478,339)	(141,785)
Proceeds from certificate of deposit	-	300,000
Purchase of property and equipment	(1,820)	(3,407)
Net cash provided by investing activities	26,862	327,756
Net increase in cash and cash equivalents	155,005	171,110
Cash and cash equivalents, beginning of year	686,623	515,513
Cash and cash equivalents, end of year	$ 841,628	$ 686,623
Reconciliation of cash and cash equivalents at end of year:		
Cash and cash equivalents	$ 788,073	$ 633,768
Cash held for grant reserve	53,555	52,855
Cash and cash equivalents at end of year	$ 841,628	$ 686,623
Non-cash financing activities:		
Operating lease right-of-use asset obtained in exchange for operating lease liability	$ 104,122	$ -

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

SILICON VALLEY CREATES

Notes to Financial Statements

June 30, 2026 and 2025

Note 1 - Nature of operations

Silicon Valley Creates (the "Organization") envisions a vibrant, equitable, and just community fueled by a dynamic and diverse arts and culture ecosystem that: 1) has the power to heal, transform lives and drive social change; 2) connects us to our heritage, humanity and each other; 3) helps shape and define our community; 4) fuels creativity, innovation and self-expression; and 5) is vital to our social and economic well-being and integral to the healthy development of our children.

The mission of the Organization is to elevate Silicon Valley's creative culture through programs and initiatives that build the capacity of our arts and culture ecosystem, raise the visibility and voice of our creative sector, and increase access to arts and creativity.

The Organization's role is that of resource builder, investor, incubator, and steward of Silicon Valley's unique arts ecosystem. The Organization primarily serves Santa Clara County arts organizations and secondarily serves Silicon Valley's larger ecosystem of creative talent, opinion leaders, and consumers of the arts.

Note 2 - Program services

Silicon Valley Creates has a series of mission-aligned programs and initiatives that build the capacity of the creative sector, raise its visibility and voice, and increase access to arts and creativity.

The Organization builds the creative sector's capacity by: 1) providing grants, workshops, and management tools to local arts organizations and artists; 2) nurturing the next generation of leaders through programs such as SVMindshare and genARTS; 3) conducting research studies of relevance to civic and arts leaders; and 4) championing and supporting the development of below market space solutions for the arts.

The Organization raises the visibility and voice of the creative sector by: 1) publishing Content Magazine and producing related events; 2) promoting arts and cultural events through social media; 3) showcasing local artists through the Artist Laureate and Poet Laureate programs; and 4) playing an active leadership role in advocating for arts public policy and funding.

The Organization increases access to arts and creativity by: 1) delivering art classes in court and community schools through the Studio program; 2) connecting teachers to arts education offerings through ArtsEdConnect; 3) providing Arts Access Grants to organizations serving high need communities; and 4) coordinating the national Poetry Out Loud program in Santa Clara County.

Note 3 - Summary of significant accounting policies

Basis of presentation

The financial statements of the Organization are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Note 3 - Summary of significant accounting policies (continued)

Financial statement presentation

Under GAAP, 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. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

> *Without donor restrictions* - net assets that are not subject to donor-imposed restrictions. Includes the Operating Fund (undesignated) and reserves designated by the Board of Directors for specific purposes. These funds record the net assets over which the Board of Directors has discretionary control, and which are used to carry out operations of the Organization in accordance with its bylaws.
>
> *With donor restrictions* - net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Includes resources currently available for use, but expendable only for those operating purposes specified by the donor or funding source. Resources of this fund originate from gifts, grants, and bequests. Also included in this category are the endowment funds, which consist of gifts and bequests accepted with the donor stipulation that the principal be restricted in perpetuity. Investment income from these assets is recorded within this category until appropriated for expenditure by the Organization.

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include the allowance for doubtful grants receivable, allowance for credit losses, and functional expense allocations. It is at least reasonably possible that the significant estimates used will change within the next year.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less, and exclude amounts designated for long-term purposes. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Cash held for grant reserve

In 2023, the Organization established a Board designated grant reserve with the intention of building a reserve fund to supplement annual grantmaking in future years when external circumstances, lack of available funding or other situational occurrences might indicate a supplement is warranted. Additions and withdrawals from this reserve fund are at the discretion of the Organization’s Board of Directors.

Note 3 - Summary of significant accounting policies (continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Fair value measurements

The Organization measures and discloses fair value measurements as required by the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, FASB establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value. The three-tiers are defined as follows:

> Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. The Organization's valuation methodology for Level 1 is based upon quoted market prices. Inputs are obtained from various sources including market participants, dealers, brokers, and financial institutions.
>
> Level 2 - inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.
>
> Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurements.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Accounts receivable and allowance for credit losses

The Organization measures and records credit losses in accordance with FASB ASC Topic 326*, Financial Instruments - Credit Losses*. Accounts receivable consist primarily of amounts billed for services provided and are stated at the amounts management expects to collect on outstanding balances. The Organization extends unsecured credit in the ordinary course of operations and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on management's assessment of the status of individual accounts. Balances that are still outstanding after management has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Note 3 - Summary of significant accounting policies (continued)

Accounts receivable and allowance for credit losses (continued)

The allowance estimate is derived from a review of the Organization's historical losses and is adjusted for management assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's customer base has remained consistent in the past years. Management has determined the allowance for credit losses was immaterial at June 30, 2026 and 2025.

Grants receivable

The Organization records grants receivable when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was made and received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Unconditional promises to give that are expected to be collected in future years are recognized at fair value based on discounted cash flows. The discount on these amounts is computed using the rate applicable in the year the promises were received. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the original contribution. The Organization had $210,000 in long-term grants receivable at June 30, 2026, which is expected to be collected in May 2028. The Organization did not have any long-term grants receivable at June 30, 2025. Management believes that discounts on long-term grants receivable at June 30, 2026 and 2025 are immaterial to the financial statements.

The Organization records an allowance for doubtful grants receivables based on specifically identified amounts that it believes are uncertain as to collectability. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. At June 30, 2026 and 2025, the Organization did not record a provision for uncollectible grants receivable.

Grants payable

Grants are recognized as an expense when all significant conditions are met by grantees, all due diligence has been completed, and they are approved by staff or board committee. Conditional grants are expensed and considered payable only in the period the conditions are substantially satisfied.

Revenue recognition and deferred revenue

Service and fee contracts - Revenue from service and fee contracts is recognized when promised services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those services by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligation in the contract(s)
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract, and
- Recognize revenue when, or as, the Organization satisfies a performance obligation.

Note 3 - Summary of significant accounting policies (continued)

Revenue recognition and deferred revenue (continued)

The Organization enters into contracts where it is obligated to deliver multiple products and/or services (multiple performance obligations). In these contracts, the total transaction price for the contract is allocated to each performance obligation based on a relative standalone selling price. The Organization determines the standalone selling price using the adjusted market method. The service and fee revenue is recognized during the period in which services are performed.

All service and fee revenue is derived from services delivered in Silicon Valley. All of these revenue streams are short-term in nature and do not have any significant financing components as payments are generally received shortly after the services are provided.

Contract liabilities

Contract liabilities (deferred revenue) represent amounts received in advance for which the services have not yet been performed.

The following represents the Organization's opening and ending balances of accounts receivable and contract liabilities (deferred revenue):

	July 1, 2024	June 30, 2025	June 30, 2026
Accounts receivable	$ 148,121	$ 800	$ 8,238
Contract liabilities (deferred revenue)	$ 15,349	$ 13,889	$ 16,840

Grants and contributions and contributions in-kind

Grants and contributions are recognized when the donor makes a pledge to give, that is, in substance, an unconditional promise. Grants and contributions are recorded as with or without donor restrictions depending upon donor restrictions, if any. Restricted grants and contributions are reported as increases in net assets with donor restrictions. When the restriction is met, the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions.

Contributions in-kind are recognized when received. Donated equipment and other goods are recorded at their estimated fair market value as of the date of the donation. Contributed professional services are recognized if the services received a) create or enhance long-lived assets or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation and are recorded at the estimated fair market value at the time the services are rendered. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses, or in the case of long-term assets, over the period benefited.

Note 3 - Summary of significant accounting policies (continued)

Property and equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over $1,000 are capitalized. The cost of repairs and maintenance, which do not improve or extend the lives of the respective assets is expensed currently. Depreciation is charged to the activity benefiting from the use of the property or equipment. Depreciation is computed using the straight-line method over the estimated useful lives of the underlying assets as follows:

Furniture and equipment	3 - 7 years

Functional Expense allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Indirect expense allocations are based on salary expense. Allocation methodology is reviewed annually.

Advertising

The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expenses for the years ended June 30, 2026 and 2025 were $1,825 and $1,926, respectively.

Income taxes

The Organization is a nonprofit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is exempt from state tax under State of California Revenue and Taxation Code Section 23701(d). Only unrelated business income is subject to federal and state income tax. Since all the Organization's income is related to its exempt purpose, no provision for income taxes has been made in the accompanying financial statements.

The Organization has adopted the accounting standard related to uncertainties in income taxes. The Organization evaluates uncertain tax positions through its review of the source of revenue to identify unrelated business income and certain other matters, including those which may affect its tax-exempt status. Management believes its estimates related to income tax uncertainties are appropriate based on the current facts and circumstances.

The Organization’s federal Returns of Organization Exempt from Income Tax (Form 990) for years ended June 30, 2023 and after are subject to examination by the IRS, generally for three years after they are filed. The Organization’s state returns (Form 199) for the years ended June 30, 2022 and after could be subject to examination by state (California) taxing authorities, generally for four years after they are filed.

Note 3 - Summary of significant accounting policies (continued)

Leases

The Organization measures and records lease transactions using FASB ASC Topic 842, *Leases*.

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets and operating lease liabilities on the statements of financial position. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate, management uses the risk free interest rate based on the information available at the commencement date in determining the present value of the lease payments. The Organization has elected the short-term lease practical expedient for all leases with a term of 12 months or less at commencement and as such, the Organization does not recognize a right-of-use (ROU) asset or lease liability on the statement of financial position. Variable lease payments that do not depend on an index or a rate are excluded from the lease liability and are recognized in the period in which the obligation for those payments is incurred. The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Subsequent events

In preparing its financial statements, the Organization has evaluated subsequent events through October 28, 2026, which is the date the financial statements were available to be issued.

Note 4 - Liquidity and availability of resources

The following table reflects the Organization's financial assets as of June 30, 2026 and 2025, reduced by amounts not available for general expenditure within one year from these dates. Financial assets are considered to be unavailable when illiquid or not readily convertible to cash within one year.

Financial assets available to meet cash needs for general expenditures within one year are as follows:

	June 30, 2026	June 30, 2025
Financial assets:		
Cash and cash equivalents	$ 841,628	$ 686,623
Investments designated for operating reserves	720,035	655,378
Accounts receivable	8,238	800
Grants receivable	1,132,029	1,151,611
Endowment investments	1,235,449	1,053,950
Financial assets	3,937,379	3,548,362
Less: amounts unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:		
Accounts payable and accrued liabilities	(145,891)	(118,734)
Restricted for a specific purpose	(1,379,160)	(1,384,307)
Endowment assets held in perpetuity	(977,950)	(977,950)
Accumulated endowment gains	(257,499)	(76,000)
	(2,760,500)	(2,556,991)
Total financial assets and liquidity resources available within one year	$ 1,176,879	$ 991,371

Note 5 - Property and equipment

Property and equipment consisted of the following:

	June 30, 2026	June 30, 2025
Furniture and equipment	$ 22,603	$ 24,394
Less: accumulated depreciation	(19,086)	(17,260)
	$ 3,517	$ 7,134

Depreciation expense for the years ended June 30, 2026 and 2025 was $4,410 and $7,432, respectively.

Note 6 - Investments and fair value measurement

Investments consisted of the following:

	June 30, 2026	June 30, 2025
Investments designated for operating reserves	$ 720,035	$ 655,378
Endowment investments	1,235,449	1,053,950
	$ 1,955,484	$ 1,709,328

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2026 and 2025:

	Assets at Fair Value as of June 30, 2026			
	Level 1	Level 2	Level 3	Fair Value
Cash held for investments	$ 137,148	$ -	$ -	$ 137,148
Money market funds	10,274	-	-	10,274
Fixed income	108,734	-	-	108,734
Exchange-traded funds	1,699,328	-	-	1,699,328
	$ 1,955,484	$ -	$ -	$ 1,955,484

	Assets at Fair Value as of June 30, 2025			
	Level 1	Level 2	Level 3	Fair Value
Cash held for investments	$ 120,054	$ -	$ -	$ 120,054
Equity funds	111,111	-	-	111,111
Fixed income	109,655	-	-	109,655
Exchange-traded funds	1,368,508	-	-	1,368,508
	$ 1,709,328	$ -	$ -	$ 1,709,328

The Organization did not hold any Level 2 or Level 3 investments during the years ended June 30, 2026 and 2025.

Note 7 - Accrued liabilities

Accrued liabilities consisted of the following:

	June 30, 2026	June 30, 2025
Vacation	$ 25,299	$ 35,014
Payroll and related expenses	25,813	4,985
Fiscal sponsorship	55,904	39,860
Other	31,942	25,148
	$ 138,958	$ 105,007

Note 8 - Net assets with donor restrictions

Net assets with donor restrictions consisted of the following:

	June 30, 2026	June 30, 2025
Community grants program	$ 1,379,160	$ 1,384,307
Endowment investments held in perpetuity	977,950	977,950
General operating support in future periods	552,679	245,242
Accumulated endowment gains	257,499	76,000
	$ 3,167,288	$ 2,683,499

Net assets released from donor restrictions by incurring expenses satisfying donor restricted purposes or by the passage of time are as follows:

	June 30, 2026	June 30, 2025
Community grants program	$ 1,597,376	$ 1,549,883
General operating support released from time restriction	245,242	328,018
Appropriations of endowment funds	66,118	65,796
	$ 1,908,736	$ 1,943,697

Note 9 - Endowment

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 9 - Endowment (continued)

Interpretation of relevant law

The Board of Directors of the Organization has interpreted the California version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the California version of UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the permanent value of the endowed funds. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions.

As a result of market gains, there were no endowment funds with deficiencies at June 30, 2026 and 2025.

Return objectives and risk parameters

The Organization has adopted investment policies for endowment assets to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the Organization.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Note 9 - Endowment (continued)

Spending policy

For the purpose of making distributions, the fund shall make use of a total-return-based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments.

The Board may, at its discretion, authorize disbursement each year up to 7% of the fair market value (determined on the average fair market value of the prior 12 quarters through the fiscal year preceding the fiscal year in which the distribution is planned) from donor-restricted endowment funds. In the event that income from a donor-restricted endowment fund exceeds 5% in any given year, the Board shall have the discretion whether to appropriate for expenditure such excess up to an amount not to exceed seven percent (7%) of the donor-restricted endowment fund's average fair market value of the prior 12 quarters as described above. For the purposes of this paragraph the term "income" shall include, but not be limited to interest, dividends, and appreciation of assets within the donor-restricted endowment fund. The Board may also at its discretion authorize appropriations above the 7% if special circumstances arise. However, no appropriation should impair the fair value of the original gift. The provisions herein shall at all times be subject to the donor's restrictions, unless modified as provided in UPMIFA, and shall at all times be subject to the prudence standards of UPMIFA. The Organization’s investment committee will review its spending assumptions annually for the purpose of deciding whether any changes require amending the fund's spending policy, its target asset allocation, or both.

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2026 and 2025 is as follows:

	2026	2025
Original donor-restricted amount required to be held in perpetuity	$ 977,950	$ 977,950
Accumulated endowment gains	257,499	76,000
	$ 1,235,449	$ 1,053,950

Note 9 - Endowment (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2026 and 2025 is as follows:

	With Donor Restrictions
Balance, June 30, 2024	$ 1,001,091
Investment return	
Interest and dividends	24,233
Net realized and unrealized gain	102,010
Investment fees	(7,588)
Appropriations	(65,796)
Balance, June 30, 2025	1,053,950
Investment return	
Interest and dividends	26,869
Net realized and unrealized gain	229,096
Investment fees	(8,348)
Appropriations	(66,118)
Balance, June 30, 2026	$ 1,235,449

Note 10 - Contributions in-kind

The following table summarizes the categories of contributed non-financial assets and other required qualitative disclosures:

	Utilization in Programs/Activities	Valuation Techniques and Inputs	Revenue Recognized Year ended June 30, 2026	2025
Donated rent	Utilized in program support	Valuation is provided annually by the donor and is based on comparable rental prices in San Jose Bay Area real estate market.	$ 120,000	$ 120,000
			$ 120,000	$ 120,000

Note 11 - Pro-bono support provided to other arts groups

In addition to direct grants, the Organization provides pro-bono promotional support to local arts organizations by providing free promotional space in the Organization's magazine, called Content Magazine. This promotional support is not reported in the financial statements since it does not meet the criteria for recognition. During the years ended June 30, 2026 and 2025, the total estimated pro-bono support provided was valued at $90,720 and $73,710, respectively.

Note 12 - Leases

On July 24, 2019, the Organization entered into a lease agreement for its office space in San Jose, California, commencing on August 27, 2019, and ending on August 31, 2020, after which the lease became monthly. The base rent is recognized as in-kind revenue and expense, which amounted to a total of $120,000 for both June 30, 2026 and 2025.

In January 2023, the Organization entered into an agreement to assume the remaining lease of another entity that expired in November 2025. Effective December 2025, the lease was amended to extend the expiration through November 2028. Monthly lease payments were $2,957 for the years ended June 30, 2026 and 2025.

Rental expense, other than in-kind rent, for the years ended June 30, 2026 and 2025 was $60,579 and $56,574 respectively, which includes the Organization's portion of utilities, janitorial services, and other operating expenses of the property.

Other information related to the operating lease (excluding the in-kind lease) are as follows:

	June 30,	
	2026	2025
Operating cash flows from operating leases	$ 35,482	$ 35,029
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	$ 104,122	$ -
Weighted-average remaining lease term in years for operating leases	2.42	0.42
Weighted-average discount rate for operating leases	3.55%	4.18%

Note 12 - Leases (continued)

Future minimum lease payments are as follows:

For the Years Ending June 30,	Amount
2027	$ 36,103
2028	37,186
2029	15,684
Total undiscounted cash flows	88,973
Less: present value discount	(3,620)
Total operating lease liability	85,353
Less: current portion of operating lease liability	(33,720)
	$ 51,633

Note 13 - Retirement plan

The Organization has a defined contribution plan for all full-time employees who have completed one year of service and all part-time employees who have completed 1,000 hours of service. Benefit payments are calculated based on the employees' compensation. The funding policy of the Organization is to make monthly contributions. Employer contributions totaling $29,038 and $29,963 were made for the year ended June 30, 2026 and 2025, respectively.

Note 14 - Contingencies

Grants and contracts awarded to the Organization are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged and are subject to audit under such terms, regulations, and criteria. Occasionally, such audits may determine that certain costs incurred in connection with the grants do not comply with the established criteria that govern them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to a reduction of future funding in the amount of the costs.

Management does not anticipate any material questioned costs for the contracts and grants administered during the period. The Organization would be responsible for the absorption of any over-expenditure of its restricted grants which cannot be covered by additional grant funds or contributions from other sources.

Note 15 - Concentrations

Silicon Valley Creates relies on funding received from the County of Santa Clara Transient Occupancy Tax ("TOT"). The voters in Santa Clara County by Measure A, ratified in 1988, directed TOT funds to promote art and culture in the county. Guests generate this tax when staying in hotels in the unincorporated areas of the county. Nationally and in California, these funds support local art and culture. For the years ended June 30, 2026 and 2025, funding received as a result of TOT revenue consisted of 34% and 30% of total support and revenue, respectively.

The Organization had grants and contributions revenue from two donors representing 66% of the total grants and contributions revenue for the year ended June 30, 2026. The Organization had grants receivable from two donors representing 97% at June 30, 2026.

The Organization had grants and contributions revenue from one donor representing 36% of the total grants and contributions revenue for the year ended June 30, 2025. The Organization had grants receivable from two donors representing 100% at June 30, 2025.

Note 16 - Arts partners endowment fund trust

Silicon Valley Creates (formerly Arts Council Silicon Valley) is the recipient of investment earnings on approximately $500,000 of endowment funds held in trust by the Arts Partners Endowment Fund (at Silicon Valley Community Foundation) as of June 30 2026 and 2025. The Organization does not exercise control over these endowment funds, and as such, they are not reflected in the accompanying statement of financial position. The trust was established with funds from the National Endowment for the Arts, the Community Foundation, the David and Lucile Packard Foundation, the William and Flora Hewlett Foundation and other contributors. During the years ended June 30, 2026 and 2025, distributions received from these endowment funds totaled $33,435 and $32,478, respectively, and were reported as grants and contributions in the statements of activities.

Note 17 - Related party transactions

The Organization received $11,700 and $19,175 in contributions from members of the Board of Directors for the years ended June 30, 2026 and 2025, respectively. As of June 30, 2026 and 2025, there were no outstanding contributions receivable from members of the Board of Directors.

Note 18 - Risks and uncertainties

Various uncertainties exist in the current global, economic, and political environment. Domestic and international economies continue to face uncertainty related to geopolitical tensions and economic and financial market instability, including the evolving legal matters affecting tariffs. The extent of the impact of these uncertainties on the Organization's operational and financial performance and on its employees and vendors will depend on future developments that cannot be predicted. At this point, the extent to which such uncertainties may impact the Organization's financial condition, or results of operations is uncertain.