

**JEWISH FAMILY SERVICES OF SILICON VALLEY
(A CALIFORNIA NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2017

JEWISH FAMILY SERVICES OF SILICON VALLEY

TABLE OF CONTENTS

JUNE 30, 2017

FINANCIAL SECTION

Independent Auditor's Report on the Financial Statements	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6

COMPLIANCE and INTERNAL CONTROL

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15
---	----

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
JEWISH FAMILY SERVICES OF SILICON VALLEY

We have audited the accompanying financial statements of Jewish Family Services of Silicon Valley (a California nonprofit corporation), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Family Services of Silicon Valley as of June 30, 2017, 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.



Oakland, California
August 22, 2017

JEWISH FAMILY SERVICES OF SILICON VALLEY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
Cash	\$ 145,147	\$ 238,514	\$ 383,661
Certificate of deposit	103,195	-	103,195
Donations, grants & awards receivable	30,177	117,006	147,183
Pledges receivable, current, net	31,124	-	31,124
Inventory	9,377	-	9,377
Prepaid expenses	<u>1,620</u>	<u>-</u>	<u>1,620</u>
TOTAL CURRENT ASSETS	<u>320,640</u>	<u>355,520</u>	<u>676,160</u>
Pledges receivable, long term, net	109,866	-	109,866
Investments	56,115	-	56,115
Property and equipment, net	<u>4,652</u>	<u>-</u>	<u>4,652</u>
TOTAL OTHER ASSETS	<u>170,633</u>	<u>-</u>	<u>170,633</u>
TOTAL ASSETS	<u>\$ 491,273</u>	<u>\$ 355,520</u>	<u>\$ 846,794</u>
LIABILITIES			
Accounts payable	\$ 520	\$ -	\$ 520
Deferred revenue	-	-	-
Refundable advances	-	-	-
Accrued compensation	<u>47,026</u>	<u>-</u>	<u>47,026</u>
TOTAL LIABILITIES	<u>47,546</u>	<u>-</u>	<u>47,546</u>
NET ASSETS			
Unrestricted	443,727	-	443,727
Temporarily restricted	<u>-</u>	<u>355,520</u>	<u>355,520</u>
TOTAL NET ASSETS	<u>\$ 443,727</u>	<u>\$ 355,520</u>	<u>\$ 799,248</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 491,273</u>	<u>\$ 355,520</u>	<u>\$ 846,794</u>

See Independent Accountant's Audit Report and Notes to Financial Statements

**JEWISH FAMILY SERVICES OF SILICON VALLEY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Support			
Contracts & awards	\$ 602,455	\$ -	\$ 602,455
Grants	341,624	368,144	709,768
Donations	194,756	-	194,756
In-kind donations	252,489	-	252,489
Special events	150,878	-	150,878
Revenue			
Program fees	51,522	-	51,522
Interest & investment income	6,221	-	6,221
Other income	2,251	-	2,251
Unrelated advertising income	445	-	445
Net assets released from temporary restrictions			
Expiration of time & purpose restrictions	257,680	(257,680)	-
	1,860,321	110,464	1,970,785
 Total revenue & other support			
 Expenses			
Program services			
Resettlement & Vocational	700,924	-	700,924
Senior Services	480,686	-	480,686
Adult & Family	309,422	-	309,422
Supporting services			
Management & general	251,637	-	251,637
Fund-raising	127,863	-	127,863
	1,870,551	-	1,870,551
 Total expenses			
 Increase (decrease) in net assets	(10,230)	110,464	100,234
 Net assets, beginning of year	453,959	245,056	699,016
 Net assets, end of year	\$ 443,729	\$ 355,520	\$ 799,248

See Independent Accountant's Audit Report and Notes to Financial Statements

**JEWISH FAMILY SERVICES OF SILICON VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017**

Program Services

Supporting Services

	Refugee Services	Senior Services	Adult & Family	Total	Management & General	Fund- raising	Total
Salaries & wages	\$ 310,592	\$ 154,165	\$ 153,650	\$ 618,407	\$ 154,680	\$ 63,315	\$ 217,995
Payroll taxes	25,397	12,606	12,564	50,567	12,648	5,177	17,825
Employee benefits	46,859	23,259	23,181	93,299	23,336	9,552	32,888
Subtotal Compensation	<u>382,848</u>	<u>190,030</u>	<u>189,394</u>	<u>762,273</u>	<u>190,665</u>	<u>78,044</u>	<u>268,708</u>
Advertising	1,103	1,103	1,102	3,308	-	-	-
Bad debts expense	-	-	-	-	-	2,915	2,915
Conferences & meetings	5,076	1,292	1,003	7,371	319	131	450
Dues, fees, & other charges	429	213	212	854	2,577	87	2,664
Insurance	2,407	1,195	1,191	4,793	1,199	491	1,690
Maintenance & repair	2,294	1,139	1,135	4,567	1,142	468	1,610
Postage	2,241	1,112	1,108	4,461	1,116	457	1,573
Printing & publications	832	413	411	1,656	3,564	3,344	6,908
Professional services	2,031	1,008	46,155	49,149	10,011	414	10,425
Rent / occupancy	74,087	36,774	36,651	147,512	36,897	15,103	52,000
Special events	-	-	-	-	-	23,237	23,237
Specific assistance	218,898	241,923	25,345	486,166	-	-	-
Supplies	4,096	2,209	2,203	8,508	1,865	2,237	4,102
Telephone & internet	4,152	2,062	2,055	8,270	2,068	847	2,915
Volunteers	-	-	1,264	1,264	-	-	-
	-	-	-	-	-	-	-
Total before depreciation	<u>700,494</u>	<u>480,473</u>	<u>309,229</u>	<u>1,490,198</u>	<u>251,423</u>	<u>127,775</u>	<u>379,197</u>
Depreciation	430	213	213	855	214	88	302
Total Expenses	<u>\$ 700,924</u>	<u>\$ 480,686</u>	<u>\$ 309,422</u>	<u>\$ 1,491,053</u>	<u>\$ 251,637</u>	<u>\$ 127,863</u>	<u>\$ 379,499</u>

See Independent Accountant's Audit Report and Notes to Financial Statements

**JEWISH FAMILY SERVICES OF SILICON VALLEY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017**

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets:	\$ 100,234
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	1,157
Interest earned on certificate of deposit	(42)
Interest earned on investment held at JF	(3,259)
 (Increase) decrease in operating assets	
Grants & awards receivable	58,388
Pledges receivable	(23,984)
Inventory	(1,457)
Prepaid expenses	62
Increase (decrease) in operating liabilities	
Accounts payable	520
Deferred revenue	0
Refundable advances	0
Accrued compensation	9,125
	140,743
 Net cash provided/(used) by operating activities	 140,743
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(1,328)
Capital asset additions	(1,848)
	(3,176)
 Net cash provided/(used) by investing activities	 (3,176)
 Net increase/(decrease) in cash & cash equivalents	 137,567
 Beginning cash and cash equivalents	 246,095
 Ending cash and cash equivalents	 \$ 383,661

See Independent Accountant's Audit Report and Notes to Financial Statements

**JEWISH FAMILY SERVICES OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF ACTIVITIES

Jewish Family Services of Silicon Valley (the Organization) is a public benefit, non-profit organization, incorporated in California in 1978. The Organization's mission is to empower individuals and families facing life's challenges by providing quality human services inspired by Jewish values. The Organization carries out this mission by providing a unique combination of multilingual and culturally sensitive services.

NOTE 2 – PROGRAM SERVICES

The Organization provides services to the community in three major programs: Adult & Family Services: consists of counseling, case management, resource referrals, consultation, Project N.O.A.H. emergency assistance (food & related assistance) and volunteer opportunities; Senior Services: includes case management, care giver support, geriatric assessments, care plans, home visits, referral services, emergency assistance, home care and social services for Holocaust survivors; and Refugee Services: comprises pre-arrival planning and resettlement services, vocational services, English as a second language classes, initial life necessities, cultural orientation, acculturation services, financial assistance, and connection to resources

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies that follow enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the Organization is required to present a statement of cash flows. Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Temporarily restricted net assets include those subject to donor restrictions not met at the end of the current reporting period. Permanently restricted net assets include those subject to non-expiring donor restrictions, such as an endowment. The Organization currently does not have any permanently restricted net assets.

**JEWISH FAMILY SERVICES OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS**

NOTE 3– SIGNIFICANT ACCOUNTING POLICIES – continued

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Indirect Expense Allocations

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated to the various functional areas based on work assignments of personnel and facility square footage allocations, as estimated by management.

Investments

The Organization carries investments in certificates of deposit held at a local financial institution and in equities held at the Jewish Federation of Silicon Valley, both with readily determinable fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income is reported as an increase in unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash accounts and highly liquid investment accounts, with a maturity of three months or less, to be cash equivalents.

Contributions

The Organization accounts for contributions received and contributions made in accordance with accounting standards for not-for-profit organizations. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Restricted contributions are reported as an increase in temporarily or permanently restricted net assets. When the restriction is met, the amount is shown as a reclassification from restricted net assets to unrestricted net assets.

**JEWISH FAMILY SERVICES OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – 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. During the years ending June 30, 2017 the Organization received a significant amount of donated services from unpaid volunteers who assist in fundraising and program services that do not satisfy the criteria for recognition under generally accepted accounting principles.

Revenue Recognition

The Organization recognizes revenue on the accrual basis of accounting. Cost reimbursable awards are recognized as revenue in the period in which the service is provided. Grants are recognized as revenue when unconditional and awarded in writing. The Organization's primary revenue sources are grants and awards from local governments and foundations, and donations from individuals and corporations.

Allowance for Doubtful Accounts

The Organization does not maintain an allowance on donations or grants receivable, as reimbursements from these funding sources are likely to be received. Management maintains a ten percent allowance on current and long-term pledges. Long term pledges have been discounted using the average US Treasury market rate, of two percent, for the current year and adding one percent for credit risk and adding one percent for valuation risk.

Inventory

Inventory consists of various gift cards donated to the Organization by members of the community. Gift cards are valued at their face value as reported on the gift card. Gift cards are distributed to clients as necessary. Gift cards are recorded as an in-kind donation when received and expensed to direct assistance upon their distribution.

Income Taxes

The Organization is not classified as a private foundation and is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Code. The Organization is considered a publicly supported organization. The Financial Accounting Standards Boards prescribes a recognition threshold and a measurement attribute for financial statement recognition of tax positions taken or expected to be taken on a tax return. Management has evaluated its uncertain tax positions and related income tax contingencies and does not believe any material uncertain tax positions exist. The Organization's federal and state informational returns for the years ending June 30, 2012 through June 30, 2015 are subject to examination by regulatory agencies; generally, for three years after they have been filed.

**JEWISH FAMILY SERVICES OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES – continued

Property, Equipment and Depreciation

Property and equipment is recorded at cost when purchased or, if contributed, at estimated fair market value when donated. It is the Organization's policy to capitalize items costing more than \$500. Depreciation is computed using the straight-line method over the assets estimated useful life, which ranges from three to five years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

Fair Value Measurements

Fair value is defined 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. A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date. Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for an asset or a liability at the measurement date.

The Organization's assets measured and reported at fair value are as follows:

	Fair Value		Level 1		Level 3
Certificates of Deposit	\$ 103,195	\$	103,195	\$	
Investments held at JF	56,115				56,115

Fair values for Certificates of Deposit are determined by reference to quoted market prices and other relevant information generated by market transactions.

Fair values for long-term investment held in Jewish Federation of Silicon Valley are determined based on quoted prices for identical or similar assets in markets that are not active and was provided by investment management firm.

**JEWISH FAMILY SERVICES OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – RECEIVABLES

At June 30, 2017 donations, grants and awards receivable consist of unrestricted \$30,177, and temporarily restricted \$117,006, net of allowance for doubtful collection, all are due within one year.

At June 30, 2017 pledges receivable are as follows:

Pledges Receivable	<u>Gross</u>	<u>Allowance</u>	<u>Discount</u>	<u>Net</u>
Current	\$ 34,582	\$ 3,458	\$ -	\$ 31,124
Long Term, 2 - 4 years	<u>123,275</u>	<u>12,328</u>	<u>1,081</u>	<u>109,866</u>
Total	<u><u>157,857</u></u>	<u><u>15,786</u></u>	<u><u>1,081</u></u>	<u><u>140,990</u></u>

NOTE 5 – CERTIFICATES OF DEPOSIT

The Organization holds a certificate of deposit, bearing interest at .04% and a maturity of six months, with penalties for early withdrawal. Any penalties incurred for early withdrawal would not have a material effect on the financial statements. The certificate is valued at \$103,195 on June 30, 2017.

NOTE 6 – INVESTMENTS HELD AT JEWISH FEDERATION SILICON VALLEY

Investments consist of equity funds held at the Jewish Federation of Silicon Valley and are valued at \$56,115 at June 30, 2017. Investment income consists of interest. Change in investment value is as follows:

Balance Beginning of the Year	\$ 51,529
Unrealized Gain	3,259
Interest Income	<u>1,327</u>
Balance at End of the Year	<u><u>\$ 56,115</u></u>

Management fees were \$602 for the year ended June 30, 2017.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation is as follows:

Furniture & Equipment	\$ 25,415
Accumulated Depreciation	<u>(20,763)</u>
Equipment, Net Book Value	<u><u>\$ 4,652</u></u>

Depreciation expense for the year ending June 30, 2017 is \$1,157.

JEWISH FAMILY SERVICES OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – CONTINGENCIES

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 that certain costs incurred against the grants may not comply with the established criteria governing them. In such cases, Organization management could be held responsible for repayments to the funding agency for disallowed costs 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 9 – LEASE COMMITMENTS

The Organization leases office space under a non-cancellable, fifteen years lease agreement, expiring in February 2020, with two, five years renewal options. After the first ten years of the lease term, and during any renewal periods, the lessor may, in its discretion, increase the rent payable each year by an amount equal to twenty cents per square foot, or \$722 per month. The lessor is required to provide lessee with a one hundred and eighty days' notice of any such increase.

Monthly common area costs currently required are \$3,890. Rent expense for the year ending June 30, 2017 is \$199,512, which includes an in-kind adjustment of \$151,620 representing the difference between actual payments made and the facilities fair market value.

In addition, the Organization leases a photocopier under a non-cancellable agreement expiring in May 2018. Future minimum payments under this agreement are as follows \$3,162 for the year ending June 30, 2018.

NOTE 10 – IN-KIND DONATIONS

The Organization received and recognized the following in-kind donations:

Office space	\$	151,620
Gift card Inventory		16,494
Food and goods donation		33,895
Legal services to customers		45,150
Vehicle		5,330
Total In-kind donations	\$	<u>252,489</u>

**JEWISH FAMILY SERVICES OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 – RESTRICTIONS ON NET ASSETS

For the year ended June 30, 2017 the Organization's temporary restricted net asset activity is as follows:

Purpose	Beginning	Additions	Released	Ending
Refugee Program	\$ -	\$ 165,644	\$ -	\$ 165,644
Capstone Campaign	4,568		1,430	3,138
Connections to Work	-	70,000	70,000	-
Food Program	-	47,500	27,500	20,000
Low Income Seder Program	-	25,000	25,000	-
Project Noah	76,250	60,000	88,750	47,500
Scholarship Fund	2,232	-	-	2,232
Time Restricted	162,006	-	45,000	117,006
Total	\$ 245,056	\$ 368,145	\$ 257,680	\$ 355,520

NOTE 12 – RETIREMENT PLAN

The Organization sponsors a defined contribution plan covering all employees with at least one year of service. The Organization makes contributions equal to 5% of the employee's compensation. Employer contributions to this plan for the year ended June 30, 2017 are \$31,753.

NOTE 13 – FINANCIAL INSTRUMENTS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and contracts / grants awarded.

The Organization maintains a majority of their cash in bank deposit accounts that, at times, may exceed federally insured limits of \$250,000. The organization has not experienced any losses in such accounts. Management believes the organization is not exposed to any significant credit risk related to cash. At June 30, 2017, the Organization's uninsured cash is \$268,285.

For the year ending June 30, 2017 HIAS comprises 50% of the contracts awarded. The ability of certain contracts to continue to provide amounts comparable with prior years may be dependent upon current and future economic conditions and budget constraints. While the board of directors believes, the Organization has the resources to continue current and future programs, its ability to do so, and the extent to which it does, may be dependent on the above factors.

**JEWISH FAMILY SERVICES OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 – NEWSLETTER ADVERTISING

The Organization produces a monthly newsletter that includes advertising space. Advertising income for the year ending June 30, 2017 is \$445.

NOTE 15 – BENEFICIAL INTEREST IN TRUST

The Organization is the beneficiary of two endowment funds, the Lorien Yehuda Segall Fund and the Harry and Jeanette Weinberg Foundation, both administered by the Jewish Federation of Silicon Valley, who has been granted variance power. The terms of the trusts mandate perpetual control of the corpus to the named trustee. The Organization it is entitled to receive annually the lesser of; 5% of the average fund's principal balance, based on the fund's previous twelve months, or the fund's total earnings for the prior year. Any excess earnings will be applied towards the principal balance for future distribution. For the year ending June 30, 2017 the Organization received a distribution of \$11,232 from the Segall Fund and \$49,274 from the Weinberg Foundation.

NOTE 16 – SUBSEQUENT EVENTS

Management has reviewed the results of the Organization's operations for the period of time from its year end, June 30, 2017 , through August 22, 2017 , the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

NOTE 17 – SPECIAL EVENTS

As the year end of June 30, 2017 , the Organization had one fundraising event, Good Morning JFS! Held on March 15, 2017. The revenue for the event was derived from donation and grants. The revenue and expenses of the event were as follows:

<u>Revenue</u>	<u>Expenses</u>
\$ 150,878	\$ 23,237

**JEWISH FAMILY SERVICES OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS**

NOTE 18 –DONATED SERVICES AND OTHER IN-KIND CONTRIBUTION

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 foundation.

During the year ended June 30, 2017 the Organization received a significant amount of donated services from unpaid volunteers who assist in Jewish Family Services of Silicon Valley service that do not satisfy the criteria for recognition under *FASB ASC 958-605-25-16*.

The management estimated that about 6,000 hours from 662 volunteers were provided Jewish Family Services of Silicon Valley for assembling Embrace-A-Family boards, wrapping Embrace-A-Family gifts, Friendly Visitors, Chaplain Aides, clerical (newsletters, front desk, mailing assistance), Knitzvah knitting for good, assembling backpacks, delivering supplies and similar nonprofessional services.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
JEWISH FAMILY SERVICES OF SILICON VALLEY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jewish Family Services of Silicon Valley (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 22, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jewish Family Services of Silicon Valley's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jewish Family Services of Silicon Valley's internal control. Accordingly, we do not express an opinion on the effectiveness of Jewish Family Services of Silicon Valley's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jewish Family Services of Silicon Valley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script, appearing to read "D. J. Smith", is positioned above the date and location text.

Oakland, California
August 22, 2017