

JEWISH FAMILY SERVICES OF SILICON VALLEY

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2016

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Jewish Family Services of Silicon Valley:

### Report on the Financial Statements

We have audited the accompanying financial statements of Jewish Family Services of Silicon Valley (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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, 2016, and the changes in its net assets and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited Jewish Family Services of Silicon Valley's June 30, 2015 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated October 7, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been obtained.



Pleasanton, California  
September 1, 2016

JEWISH FAMILY SERVICES of SILICON VALLEY  
STATEMENT of FINANCIAL POSITION  
At June 30, 2016 with Comparative Totals at June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Summarized 2015</u>
<b>ASSETS</b>				
Cash	\$163,044	\$83,050	\$246,094	\$343,623
Certificate of deposit	103,153		103,153	103,112
Donations, grants & awards receivable	160,571	45,000	205,571	162,054
Pledges receivable, current, net		79,449	79,449	12,839
Inventory	7,920		7,920	6,309
Prepaid expenses	1,682		1,682	1,434
	<hr/>			
TOTAL CURRENT ASSETS	436,370	207,499	643,869	629,371
	<hr/>			
Pledges receivable, long term, net		37,557	37,557	81,184
Investments	51,529		51,529	
Property and equipment, net	3,961		3,961	4,512
	<hr/>			
TOTAL OTHER ASSETS	55,490	37,557	93,047	85,696
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TOTAL ASSETS	\$491,860	\$245,056	\$736,916	\$715,066
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<b>LIABILITIES</b>				
Accounts payable				\$2,241
Deferred revenue				8,537
Refundable advances				2,962
Accrued compensation	\$37,901		\$37,901	36,691
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TOTAL LIABILITIES	37,901		37,901	50,431
	<hr/>			
<b>NET ASSETS</b>				
Unrestricted	453,959		453,959	406,759
Temporarily restricted		\$245,056	245,056	257,876
	<hr/>			
TOTAL NET ASSETS	453,959	245,056	699,015	664,635
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TOTAL LIABILITIES & NET ASSETS	\$491,860	\$245,056	\$736,916	\$715,066
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See Independent Accountant's Audit Report and Notes to Financial Statements.

JEWISH FAMILY SERVICES of SILICON VALLEY  
STATEMENT of ACTIVITIES  
For the Year Ended June 30, 2016 with Comparative Totals For the year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total 2016	Summarized 2015
Support and revenue				
Support				
Contracts & awards	\$849,219		\$849,219	\$800,023
Grants	56,082	\$193,000	249,082	216,909
Jewish Federation		70,000	70,000	71,500
United Way				50,000
Donations	194,210	28,984	223,194	369,851
In-kind donations	173,789		173,789	138,832
Special events	137,187		137,187	88,879
Revenue				
Program fees	156,262		156,262	132,701
Interest & investment income	1,634		1,634	90
Other income	220		220	602
Unrelated advertising income	740		740	485
Net assets released from temporary restrictions				
Expiration of time & purpose restrictions	304,804	(304,804)		
Total revenue & other support	1,874,147	(12,820)	1,861,327	1,869,872
Expenses				
Program services				
Resettlement & Vocational	664,009		664,009	606,614
Senior Services	580,943		580,943	507,736
Adult & Family	205,650		205,650	198,378
Supporting services				
Management & general	247,197		247,197	226,602
Fund-raising	129,148		129,148	112,840
Total expenses	1,826,947		1,826,947	1,652,170
INCREASE (DECREASE) IN NET ASSETS	47,200	(12,820)	34,380	217,702
NET ASSETS AT BEGINNING OF YEAR	406,759	257,876	664,635	446,933
NET ASSETS AT END OF YEAR	\$453,959	\$245,056	\$699,015	\$664,635

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

JEWISH FAMILY SERVICES of SILICON VALLEY  
STATEMENT of FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2016 with Comparative Totals For the year Ended June 30, 2015

	Program Services				Supporting Services			Total	Summarized
	Resettlement & Vocational	Senior Services	Adult & Family	Total	Management & General	Fund Raising	Total	2016	2015
Salaries & wages	\$318,815	\$132,192	\$116,640	\$567,647	\$147,744	\$62,208	\$209,952	\$777,599	\$711,945
Payroll taxes	27,117	11,243	9,920	48,280	12,566	5,291	17,857	66,137	60,735
Employee benefits	49,476	20,515	18,101	88,092	22,928	9,654	32,582	120,674	109,822
Subtotal Compensation	395,408	163,950	144,661	704,019	183,238	77,153	260,391	964,410	882,502
Advertising	1,336	1,336	1,336	4,008				4,008	1,435
Bad debts expense					1,000		1,000	1,000	
Conferences & meetings	5,072	2,454	1,424	8,950	359	151	510	9,460	8,894
Dues, fees, & other charges	863	358	316	1,537	4,391	168	4,559	6,096	5,445
Insurance	2,280	946	834	4,060	1,057	445	1,502	5,562	4,823
Maintenance & repair	2,295	951	840	4,086	1,063	448	1,511	5,597	3,907
Postage						5,404	5,404	5,404	4,978
Printing & publications						8,103	8,103	8,103	6,668
Professional services	3,787	4,712	2,642	11,141	13,336	352	13,688	24,829	21,169
Rent / occupancy	79,676	33,036	29,150	141,862	36,923	15,547	52,470	194,332	166,513
Special events						18,523	18,523	18,523	17,487
Specific assistance	163,021	368,696	19,023	550,740				550,740	502,809
Supplies	4,715	2,201	1,992	8,908	3,255	1,770	5,025	13,933	12,478
Telephone & internet	5,102	2,115	1,866	9,083	2,364	995	3,359	12,442	10,564
Volunteers			1,400	1,400				1,400	905
Total before depreciation	663,555	580,755	205,484	1,449,794	246,986	129,059	376,045	1,825,839	1,650,577
Depreciation	454	188	166	808	211	89	300	1,108	1,593
Total Expenses	\$664,009	\$580,943	\$205,650	\$1,450,602	\$247,197	\$129,148	\$376,345	\$1,826,947	\$1,652,170

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

JEWISH FAMILY SERVICES of SILICON VALLEY  
STATEMENT of CASH FLOWS  
For the Year Ended June 30, 2016 with Comparative Totals For the year Ended June 30, 2015

	<u>Total 2016</u>	<u>Summarized 2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets:	\$34,380	\$217,702
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,108	1,593
Interest earned on certificate of deposit	(41)	(49)
Interest earned on investment held at JF	(1,529)	
(Increase) decrease in operating assets		
Grants & awards receivable	(43,517)	72,764
Pledges receivable	(22,984)	(94,022)
Inventory	(1,611)	(2,458)
Prepaid expenses	(248)	(24)
Increase (decrease) in operating liabilities		
Accounts payable	(2,241)	2,241
Deferred revenue	(8,537)	2,537
Refundable advances	(2,962)	92
Accrued compensation	1,210	2,297
<b>NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES</b>	<u>(46,972)</u>	<u>202,673</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(50,000)	
Capital asset additions	(557)	(2,847)
<b>NET CASH PROVIDED / (USED) BY INVESTING ACTIVITIES</b>	<u>(50,557)</u>	<u>(2,847)</u>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	(97,529)	199,826
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>343,623</u>	<u>143,797</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$246,094</u>	<u>\$343,623</u>

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

JEWISH FAMILY SERVICES of SILICON VALLEY  
NOTES TO FINANCIAL STATEMENTS

NOTE A – 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 B – 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 Resettlement Services: comprises vocational services, career services, pre-arrival planning, initial life necessities, financial assistance, resource referrals, orientation & integration, acculturation services; English as a Second Language classes, job search assistance, and career counseling.

NOTE C – 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.

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.



JEWISH FAMILY SERVICES of SILICON VALLEY  
NOTES TO FINANCIAL STATEMENTS

NOTE C – SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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, 2016 and June 30, 2015 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.

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.

JEWISH FAMILY SERVICES of SILICON VALLEY  
NOTES TO FINANCIAL STATEMENTS

NOTE C – SIGNIFICANT ACCOUNTING POLICIES - continued

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:

Year Ended 6/30/2016	Fair Value	Level 1	Level 3
Certificates of Deposit	\$103,153	\$103,153	
Investments held at JF	\$51,529		\$51,529
Year Ended 6/30/2015	Fair Value	Level 1	
Certificates of Deposit	\$103,112	\$103,112	

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with Generally Accepted Accounting Principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was obtained.

NOTE D – RECEIVABLES

At June 30, 2016 donations, grants and awards receivable consist of unrestricted \$160,571, and temporarily restricted \$45,000, net of \$0 allowance for doubtful collection, all are due within one year. At June 30, 2015 grants and awards receivable consist of unrestricted \$67,087, and temporarily restricted \$95,000, net of \$0 allowance for doubtful collection, all are due within one year.

At June 30, 2016 pledges receivable are as follows:

Pledges Receivable	Gross	Allowance	Discount	Net, FY16
Current	\$88,277	(\$8,828)	\$0	\$79,449
Long Term, 2 - 4 years	\$42,680	(\$4,268)	(\$855)	\$37,557
Total	<u>\$130,957</u>	<u>(\$13,096)</u>	<u>(\$855)</u>	<u>\$117,006</u>

At June 30, 2015 pledges receivable are as follows:

Pledges Receivable	Gross	Allowance	Discount	Net FY15
Current	\$14,265	\$1,427	\$0	\$12,839
Long Term, 2 - 4 years	\$94,502	\$9,450	\$3,868	\$81,184
Total	<u>\$108,767</u>	<u>\$10,877</u>	<u>\$3,868</u>	<u>\$94,022</u>

JEWISH FAMILY SERVICES of SILICON VALLEY  
NOTES TO FINANCIAL STATEMENTS

NOTE E – CERTIFICATES OF DEPOSIT

The Organization holds a certificate of deposit, bearing interest at .05% 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 \$103,153 on June 30, 2016 and at \$103,112 on June 30, 2015.

NOTE F – INVESTMENTS HELD AT JEWISH FEDERATION SILICON VALLEY

Investments consist of equity funds held at the Jewish Federation of Silicon Valley and are valued at \$51,529 at June 30, 2016. Investment income consists of interest. Change in investment value is as follows:

Balance Beginning of the Year	\$0
Contributions into fund	\$50,000
Interest Income	<u>\$1,529</u>
Balance at End of the Year	<u><u>\$51,529</u></u>

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation is as follows:

	6/30/2016	6/30/2015
Furniture & Equipment	\$23,567	\$23,010
Accumulated Depreciation	<u>(\$19,606)</u>	<u>(\$18,498)</u>
Equipment, net book value	<u><u>\$3,961</u></u>	<u><u>\$4,512</u></u>

Depreciation expense for the year ending June 30, 2016 is \$1,108 and for the year ending June 30, 2015 is \$1,593.

NOTE H – 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 I – LEASE COMMITMENTS

The Organization leases office space under a non-cancellable, fifteen year lease agreement, expiring in February 2020, with two, five year 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 day notice of any such increase.

Monthly common area costs currently required are \$3,887. Rent expense for the year ending June 30, 2016 is \$194,332, which includes an in-kind adjustment of \$147,720 representing the difference between actual payments made and the facilities fair market value. Rent expense for the year ending June 30, 2015, \$166,513, includes an in-kind adjustment of \$122,162.

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: \$4,999 for the year ending June 30, 2017 and \$3,162 for the year ending June 30, 2018.

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 JEWISH FAMILY SERVICES of SILICON VALLEY  
 NOTES TO FINANCIAL STATEMENTS

NOTE J – IN-KIND DONATIONS

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

	6/30/2016	6/30/2015
Office Space	\$147,720	\$122,162
Gift Card Inventory	\$16,423	\$6,112
Direct Assistance	<u>\$9,646</u>	<u>\$10,558</u>
Total In-kind Donations	<u>\$173,789</u>	<u>\$138,832</u>

NOTE K – RESTRICTIONS ON NET ASSETS

For the year ended June 30, 2016 the Organization's temporary restricted net asset activity is as follows:

<u>Purpose</u>	<u>Beginning</u>	<u>Additions</u>	<u>Released</u>	<u>Ending</u>
Capstone Campaign	\$5,252		(\$684)	\$4,568
Connections to Work		\$6,000	(\$6,000)	
Food Program		\$18,000	(\$18,000)	
Low Income Seder Program		\$25,000	(\$25,000)	
Project Noah	\$46,250	\$105,000	(\$92,500)	\$58,750
ESL Services	\$15,000	\$70,000	(\$67,500)	\$17,500
Scholarship Fund	\$2,352		(\$120)	\$2,232
Time Restricted	<u>\$189,022</u>	<u>\$67,984</u>	<u>(\$95,000)</u>	<u>\$162,006</u>
Total	<u>\$257,876</u>	<u>\$291,984</u>	<u>(\$304,804)</u>	<u>\$245,056</u>

NOTE L – 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, 2016 are \$34,203, and for the year ended June 30, 2015 are \$31,771.

NOTE M – 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, 2016, the Organization's uninsured cash is \$0. At June 30, 2015, the Organization's uninsured cash is \$226,894.

For the year ending June 30, 2016 HIAS comprises 32% of the contracts awarded and for the year ending June 30, 2015 HIAS comprises 34% 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.

NOTE N – NEWSLETTER ADVERTISING

The Organization produces a monthly newsletter that includes advertising space. Advertising income for the year ending June 30, 2016 is \$740 and for the year ending June 30, 2015 is \$485.

JEWISH FAMILY SERVICES of SILICON VALLEY  
NOTES TO FINANCIAL STATEMENTS

NOTE O – 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, 2016 the Organization received a distribution of \$28,930 from the Segall Fund and \$47,082 from the Weinberg Foundation. For the year ending June 30, 2015 the Organization received a distribution of \$50,643 from the Weinberg Foundation.

NOTE P – SUBSEQUENT EVENTS

Management has reviewed the results of the Organization's operations for the period of time from its year end, June 30, 2016, through September 1, 2016, 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.

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 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, which comprise the statement of financial position as of June 30, 2016, 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 September 1, 2016.

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 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 over financial reporting 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 of 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*.

This 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pleasanton, California  
September 1, 2016