

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

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2018

JEWISH FAMILY SERVICES OF SILICON VALLEY

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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 California nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, 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, 2018, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2018, on our consideration of Jewish Family Services of Silicon Valley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jewish Family Services of Silicon Valley's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jewish Family Services of Silicon Valley's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "D. M. S.", is positioned above the typed text.

Oakland, California
August 21, 2018

JEWISH FAMILY SERVICES OF SILICON VALLEY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS			
Cash	\$ 62,235	\$ 129,790	\$ 192,025
Certificate of deposit	103,236	-	103,236
Donations, grants and awards receivable	87,791	189,475	277,266
Pledges receivable, current, net	20,422	-	20,422
Inventory	13,751	-	13,751
Prepaid expenses	<u>2,168</u>	<u>-</u>	<u>2,168</u>
 TOTAL CURRENT ASSETS	 <u>289,603</u>	 <u>319,265</u>	 <u>608,868</u>
 Pledges receivable, long term, net		142,003	142,003
Investments	60,037	-	60,037
Property and equipment, net	<u>4,445</u>	<u>-</u>	<u>4,445</u>
 TOTAL OTHER ASSETS	 <u>64,482</u>	 <u>142,003</u>	 <u>206,486</u>
 TOTAL ASSETS	 <u>\$ 354,085</u>	 <u>\$ 461,268</u>	 <u>\$ 815,354</u>
 LIABILITIES			
Accounts payable	\$ 634	\$ -	\$ 634
Deferred revenue	-	-	-
Refundable advances	42,652	-	42,652
Accrued compensation	<u>45,117</u>	<u>-</u>	<u>45,117</u>
 TOTAL LIABILITIES	 <u>88,403</u>	 <u>-</u>	 <u>88,403</u>
 NET ASSETS			
Unrestricted	265,683	-	265,683
Temporarily restricted	<u>-</u>	<u>461,268</u>	<u>461,268</u>
 TOTAL NET ASSETS	 <u>\$ 265,683</u>	 <u>\$ 461,268</u>	 <u>\$ 726,951</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 354,086</u>	 <u>\$ 461,268</u>	 <u>\$ 815,354</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, 2018**

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Support	\$	\$	\$
Contracts and awards	408,620	-	408,620
Grants	319,993	451,147	771,140
Donations	210,448	-	210,448
In-kind donations	257,128	-	257,128
Special events	157,906	-	157,906
Revenue			
Program fees	31,765	-	31,765
Interest and investment income	4,021	-	4,021
Other income	5,675	-	5,675
Unrelated advertising income	275	-	275
Net assets released from temporary restrictions	345,399	(345,399)	-
	1,741,230	105,748	1,846,978
Expenses			
Program services			
Resettlement and Vocational	662,228	-	662,228
Senior Services	535,494	-	535,494
Adult and Family	305,005	-	305,005
Supporting services			
Management and general	246,041	-	246,041
Fundraising	170,806	-	170,806
	1,919,574	-	1,919,574
Increase (decrease) in net assets	(178,344)	105,748	(72,596)
Adjustment, beginning of year	299		299
Net assets, beginning of year	443,728	355,520	799,248
	265,683	461,268	726,951
Net assets, end of year	\$	\$	\$

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, 2018**

Program Services

	<u>Resettlement/ Vocational</u>	<u>Senior Services</u>	<u>Adult/ Family</u>	<u>Program Total</u>	<u>Management And General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries / wages	\$ 317,452	\$ 215,341	\$ 166,433	\$ 699,227	\$ 172,121	\$ 102,366	\$ 973,714
Payroll taxes	24,144	16,378	12,658	53,179	13,091	7,785	74,055
Employee benefits	50,710	34,399	26,587	111,696	27,495	16,352	155,543
Subtotal compensation	392,306	266,118	205,678	864,102	212,707	126,503	1,203,312
Advertising	714	714	715	2,143	-	-	2,143
Bad debts expense	-	-	-	-	2,719	-	2,719
Conferences / meetings	6,301	2,994	2,656	11,951	269	160	12,380
Dues, fees, and other charges	3,232	1,520	1,175	5,927	600	380	6,907
Insurance	2,140	1,452	1,122	4,714	1,160	690	6,564
Maintenance / repair	1,758	1,192	922	3,872	953	567	5,392
Postage	2,074	1,383	1,068	4,525	1,131	629	6,285
Printing / publications	2,867	1,912	1,477	6,256	1,564	869	8,689
Professional services	5,286	5,637	2,888	13,811	704	472	14,987
Rent / occupancy	79,320	43,626	39,660	162,606	19,830	15,864	198,300
Special events	-	-	-	-	-	23,192	23,192
Specific assistance	82,809	203,015	41,490	327,314	-	-	327,314
Supplies	6,410	2,396	3,329	12,135	1,915	-	14,050
IT services	4,047	2,745	2,122	8,915	2,194	1,305	12,414
Volunteers	72,420	420	420	73,260	-	-	73,260
Depreciation	543	368	285	1,196	294	176	1,666
Total expenses	\$ <u>662,228</u>	\$ <u>535,494</u>	\$ <u>305,005</u>	\$ <u>1,502,726</u>	\$ <u>246,041</u>	\$ <u>170,806</u>	\$ <u>1,919,574</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, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net assets:	\$	(72,596)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		1,666
Unrealized gain		(2,613)
(Increase) decrease in operating assets		
Grants and awards receivable		(130,083)
Pledges receivable		(21,435)
Inventory		(4,374)
Prepaid expenses		(548)
Increase (decrease) in operating liabilities		
Accounts payable		114
Deferred revenue		-
Refundable advances		42,652
Accrued compensation		(1,909)
		(189,126)
Net cash provided/(used) by operating activities		(189,126)

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of capital assets		(1,459)
Purchase of investments		(1,350)
		(2,809)
Net increase/(decrease) in cash and cash equivalents		(191,935)
Beginning cash and cash equivalents		383,661
Adjustment, beginning net assets		299
Ending cash and cash equivalents	\$	192,025

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.

Resettlement / Vocational: comprises pre-arrival planning and resettlement services, vocational English language training, English as a second language classes, initial life necessities, cultural orientation and acculturation services, financial assistance, connection to resources, and pro bono legal immigration clinic.

Senior Services: includes case management, caregiver support, geriatric assessments and care plans, home visits, referral services, emergency assistance, home care. Branch office at Chai House. Social services for Holocaust survivors.

Adult / Family Services: consists of counseling, case management, resource referrals, consultation, Project NOAH safety net assistance (emergency food, household & related assistance) and myriad volunteer opportunities.

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, 2018 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.

**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	\$ 103,236	\$	103,236	\$	-
Investments held at JF	\$ 60,037	\$	-	\$	60,037

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, 2018 donations, grants and awards receivable consist of unrestricted \$52,541, and temporarily restricted \$224,725, net of allowance for doubtful collection, all are due within one year.

At June 30, 2018 pledges receivable are as follows:

	<u>Gross</u>	<u>Allowance</u>	<u>Discount</u>	<u>Net</u>
Current	\$ 22,691	\$ 2,269	\$ -	\$ 20,422
Long term, 2 - 4 years	159,319	15,932	1,384	142,003
Total	<u>\$ 182,010</u>	<u>\$ 18,201</u>	<u>\$ 1,384</u>	<u>\$ 162,425</u>

NOTE 5 – CERTIFICATES OF DEPOSIT

The Organization holds a certificate of deposit, bearing interest at .04% and a maturity of nine 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 \$103,236 on June 30, 2018.

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 \$60,037 at June 30, 2018. Investment income consists of interest. Change in investment value is as follows:

Balance, 07/01/17	\$ 56,115
Unrealized gain	2,613
Interest income, net of fees	1,309
Balance, 06/30/18	<u>\$ 60,037</u>

Management fees were \$711 for the year ended June 30, 2018.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment and related accumulated depreciation is as follows:

Furniture and equipment	\$ 26,874
Accumulated depreciation	<u>(22,429)</u>
Equipment, net	<u>\$ 4,445</u>

Depreciation expense for the year ending June 30, 2018 is \$1,666.

**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, 2018 is \$198,300, which includes an in-kind adjustment of \$146,280 representing the difference between actual payments made and the facilities fair market value.

In addition, the Organization leases a photocopier under non-cancellable 5-year agreement starting December 2017. Future minimum payments under this agreement are below:

Year	Lease expense
2019	\$ 3,019
2020	3,019
2021	3,019
2022	3,019
2023	\$ 1,509

NOTE 10 – IN-KIND DONATIONS

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

Office space	\$	215,755
Gift card inventory		21,169
Food and goods donation		33,712
Professional services		72,000
Total in-kind donations	\$	342,636

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

NOTE 11 – RESTRICTIONS ON NET ASSETS

For the year ended June 30, 2018 the Organization's temporary restricted net asset activity is as follows:

Purpose	06/30/17	Additions	Released	06/30/18
Refugee Program	\$ 165,644	\$ -	\$ 75,398	\$ 90,246
Capstone Campaign	3,138	-	3,138	-
Connections to Work	17,500	-	17,500	-
Food Program	20,000	27,000	47,000	-
Low Income Seder Program	-	19,200	19,200	-
Project Noah	30,000	80,000	80,000	30,000
Scholarship Fund	2,232	-	-	2,232
Time Restricted	117,006	207,385	67,913	256,478
Senior Services	-	75,000	-	75,000
Resident Services	-	7,312	-	7,312
Kids Help	-	35,250	35,250	-
Total	\$ 355,520	\$ 451,147	\$ 345,399	\$ 461,268

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, 2018 are \$41,385.

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, 2018, the Organization did not have any uninsured balances.

For the year ending June 30, 2018, HIAS comprises 25% 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, 2018 is \$275.

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 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, 2018 the Organization received a distribution of \$8,000 from the Segall Fund and \$51,830 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, 2018, through August 21, 2018, 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, 2018, the Organization had one fundraising event, Good Morning JFS! Held on March 21, 2018. 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>
\$ 157,906	\$ 23,192

**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, 2018 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 5,900 hours from 656 volunteers were provided Jewish Family Services of Silicon Valley for assembling Embrace-A-Family boards, backpack drive, 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, 2018, 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 21, 2018.

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 black ink, appearing to read "D. J. [unclear]".

Oakland, California
August 21, 2018