

JEWISH FEDERATION OF SILICON VALLEY

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

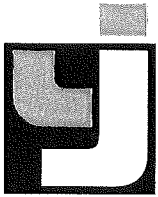
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INDEPENDENT AUDITORS' REPORT

JEWISH FEDERATION OF SILICON VALLEY

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Jewish Federation of Silicon Valley
Los Gatos, California

We have audited the accompanying statement of financial position of Jewish Federation of Silicon Valley (the Federation) as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Federation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Jewish Federation of Silicon Valley's 2009 financial statements and in our report dated September 28, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jewish Federation of Silicon Valley at June 30, 2010, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Johanson & Yau
Accountancy Corporation*

February 2, 2011

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JEWISH FEDERATION OF SILICON VALLEY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010
(With Comparative Totals as of June 30, 2009)

ASSETS

	2010	2009*
Current assets		
Cash	\$ 1,658,314	\$ 1,911,004
Marketable securities - Note 5	3,709,043	3,548,134
Pledges receivable, net of allowance for doubtful pledges of \$104,249 - Note 3	1,027,841	1,392,665
Other receivables - Note 11	299,464	67,758
Loans receivable, current maturities - Note 4	-	53,452
Prepaid expenses	34,519	4,117
Deposits	22,909	22,909
Total current assets	6,752,090	7,000,039
Property and equipment, net - Note 6	19,998,276	20,579,970
Loans receivable less current maturities - Note 4	428,265	264,061
	\$ 27,178,631	\$ 27,844,070

See accompanying notes to financial statements

*Derived from 2009 audited financial statements

JEWISH FEDERATION OF SILICON VALLEY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010
(With Comparative Totals as of June 30, 2009)

LIABILITIES AND NET ASSETS

	2010	2009*
Current liabilities		
Accounts payable and accrued expenses	\$ 186,439	\$ 119,328
Allocations payable from campaign	22,444	6,861
Donor designated funds payable	56,229	57,333
Loans payable, current maturities - Note 8	100,000	100,000
Total current liabilities	365,112	283,522
Line of credit - Note 8	-	1,458,231
Loans payable, less current maturities - Note 8	1,700,000	300,000
	2,065,112	2,041,753
Net assets		
Unrestricted - Note 9	21,032,939	21,501,188
Temporarily restricted - Note 10	1,939,305	2,196,421
Permanently restricted - Note 10	2,141,275	2,104,708
	25,113,519	25,802,317
	\$ 27,178,631	\$ 27,844,070

See accompanying notes to financial statements

*Derived from 2009 audited financial statements

JEWISH FEDERATION OF SILICON VALLEY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010
(With Comparative Totals For The Year Ended June 30, 2009)

	2010			2009*	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenues and support from operations					
Service revenue:					
Levy Family Campus					
occupancy receipts	\$ 3,107,484	\$ -	\$ -	\$ 3,107,484	\$ 3,107,484
Investment income (loss)	190,226	8,785	200,336	399,347	(591,668)
Jewish Community News - advertising and subscriptions	101,736	-	-	101,736	114,389
Program revenue	131,010	-	-	131,010	73,636
Total service revenue	3,530,456	8,785	200,336	3,739,577	2,703,841
Public support	36,946	1,774,576	-	1,811,522	2,884,133
	3,567,402	1,783,361	200,336	5,551,099	5,587,974
Satisfaction of restriction	2,204,246	(2,040,477)	(163,769)	-	-
Total support and revenue	5,771,648	(257,116)	36,567	5,551,099	5,587,974
Operating expenses					
Supporting services:					
General and administrative	361,559	-	-	361,559	355,111
Fund raising costs	300,823	-	-	300,823	384,031
Total supporting services	662,382	-	-	662,382	739,142
Program services:					
Allocations to beneficiary agencies	3,062,070	-	-	3,062,070	3,387,676
Other programs	2,515,445	-	-	2,515,445	2,683,490
Total program services	5,577,515	-	-	5,577,515	6,071,166
Total support service and program services	6,239,897	-	-	6,239,897	6,810,308
Change in net assets	(468,249)	(257,116)	36,567	(688,798)	(1,222,334)
Net assets, beginning of year	21,501,188	2,196,421	2,104,708	25,802,317	27,024,651
Net assets, end of year	\$ 21,032,939	\$ 1,939,305	\$ 2,141,275	\$ 25,113,519	\$ 25,802,317

See accompanying notes to financial statements

*Derived from 2009 audited financial statements

JEWISH FEDERATION OF SILICON VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010
(With Comparative Totals For The Year Ended June 30, 2009)

	2010			2009*	
	Program Services	Management & General	Fundraising	Total	Total
Salaries	\$ 591,926	\$ 120,885	\$ 131,477	\$ 844,288	\$ 920,677
Payroll taxes & benefits	128,507	26,244	28,544	183,295	220,944
 Total salaries and related expenses	 720,433	 147,129	 160,021	 1,027,583	 1,141,621
Allocations to beneficiary agencies	3,062,070	-	-	3,062,070	3,387,676
Audit, legal and accounting fees	12,842	26,073	-	38,915	33,751
Insurance	25,027	11,028	-	36,055	40,360
Supplies	64,321	7,893	2,008	74,222	51,435
Telephone	30,867	863	-	31,730	31,005
Repair and maintenance	119,882	10,253	-	130,135	179,789
Postage and mailing	16,286	5,876	1,158	23,320	20,995
Meetings	1,147	2,270	3,427	6,844	9,570
Conferences and travel	11,612	5,984	-	17,596	21,816
Computer	18,691	16,047	90	34,828	18,365
Campaign programs	11,207	620	65,356	77,183	108,308
Miscellaneous	2,253	2,719	-	4,972	1,233
Outside labor and consulting	43,890	13,400	-	57,290	39,974
Printing and composition	19,815	436	11,720	31,971	34,509
Advertising and publicity	15,360	2,115	7,258	24,733	23,015
Dues and subscriptions	26,816	1,803	300	28,919	34,549
Credit card and bank service fees	1,090	15,120	-	16,210	12,521
Bad debt expense	-	58,814	-	58,814	53,540
Levy Family Campus operations expense	742,362	-	-	742,362	859,074
Investment expenses	-	20,596	49,485	70,081	67,596
Loss from disposal of asset	-	-	-	-	2,113
Interest expense	62,370	-	-	62,370	46,753
 Total expenses before depreciation	 5,008,341	 349,039	 300,823	 5,658,203	 6,219,568
Depreciation and amortization	569,174	12,520	-	581,694	590,740
 Total functional expenses	 <u>\$ 5,577,515</u>	 <u>\$ 361,559</u>	 <u>\$ 300,823</u>	 <u>\$ 6,239,897</u>	 <u>\$ 6,810,308</u>

See accompanying notes to financial statements

*Derived from 2009 audited financial statements

JEWISH FEDERATION OF SILICON VALLEY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010
(With Comparative Totals For The Year Ended June 30, 2009)

	<u>2010</u>	<u>2009*</u>
Cash flows from operating activities		
Change in net assets	\$ (688,798)	\$ (1,222,334)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	581,694	590,740
Loss on disposal of property and equipment	-	2,113
Realized and unrealized net (gain) losses on investments	(262,421)	721,457
(Increase) decrease in assets and liabilities		
Pledges receivable	364,824	519,710
Other receivables	(231,706)	227,675
Prepaid and deposits	(30,402)	(4,117)
Accounts payable and accrued expenses	67,111	(71,638)
Allocations payable from campaign	15,583	(12,185)
Donor designated funds payable	(1,104)	48,262
Liability under charitable remainder trust	-	(38,629)
Net cash provided by (used for) operating activities	<u>(185,219)</u>	<u>761,054</u>
Cash flows from investing activities		
Repayments from notes receivable	50,000	53,284
Issuance of notes receivable	(160,752)	(80,110)
Purchase of property and equipment	-	(7,019)
Purchase of investments	(4,865,310)	(4,926,624)
Sales of investments	4,966,822	3,979,280
Net cash used for investing activities	<u>(9,240)</u>	<u>(981,189)</u>
Cash flows from financing activities		
Borrowing on line of credit	1,500,000	-
Repayment of debt	(1,558,231)	(150,000)
Net cash used for financing activities	<u>(58,231)</u>	<u>(150,000)</u>
Net decrease in cash	(252,690)	(370,135)
Cash, beginning of year	<u>1,911,004</u>	<u>2,281,139</u>
Cash, end of year	<u>\$ 1,658,314</u>	<u>\$ 1,911,004</u>
Supplemental cash flow information		
Interest paid during year	<u>\$ 62,370</u>	<u>\$ 46,753</u>

See accompanying notes to financial statements

*Derived from 2009 audited financial statements

JEWISH FEDERATION OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF ACTIVITIES

The Jewish Federation of Silicon Valley (the Federation) was established in 1930 and is a not-for-profit organization dedicated to strengthening and enriching the Jewish community locally, in Israel, and throughout the world. The Federation supports educational, social service and charitable programs that exemplify the Jewish values of K'lal Yisrael (taking responsibility for one another), Tzedakah (charity and righteousness), and Tikkun Olam (repairing the world). The Federation's activities are detailed as follows:

- Fund raising through annual, capital, endowment campaigns and designated giving
- Funding and supporting beneficiary agencies and programs which serve both the local community and Jews throughout the world
- Jewish resettlement - resettlement and absorption of Jewish émigrés to the United States and Israel
- Jewish Community News - a periodic local Jewish community newspaper
- Endowment development - to develop and implement solicitation programs to increase the Endowment Fund
- Affinity Groups - programs for the Jewish community specifically geared to health care, women, young adults, legal and high tech professionals
- Community Chaplain - Rabbinic services and counseling for hospitalized and marginalized Jews in the Silicon Valley; the Rabbi also serves as the community liaison to interfaith groups and local public servants
- Levy Family Campus fund raising, development and operations - efforts made to ensure the funding and prompt repayment of loans taken to build the facility at 14855 Oka Road, Los Gatos, California as well as overseeing the operations and maintenance of the facility

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Federation follows standards of accounting and financial reporting for not-for-profit organizations as prescribed by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board. The Federation reports its financial position and operational activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets which have restrictive covenants set by the donor.

- Unrestricted net assets are those assets over which the Board of Directors (the Board) has discretionary control in carrying out the operations of the Federation. Under this category, the Federation maintains Philanthropic Funds plus any net assets designated by the Board for specific purposes. The Federation reports as an increase in unrestricted net assets any restricted support received in the same period for which the restrictions are met.

JEWISH FEDERATION OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Temporarily restricted net assets are pledges and unconditional promises which are subject to donor restrictions usually released with the passage of time or a use requirement being met.
- Permanently restricted net assets are those assets which are subject to donor restrictions which never expire nor can ever be removed. Such permanent restrictions generally represent endowments for which the original principal may never be reduced except by investment losses in certain cases.

Revenue recognition - The Federation recognizes public support, as well as program revenue, interest income and Jewish Community News advertising and subscription revenue on the accrual basis of accounting. Public support is recordable on a net realizable value basis. Program revenue is recognized in the period in which services are provided.

Contributions are recognized when the donor makes an unconditional promise to give. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature of donor restrictions and depending on whether the restrictions are met in the current period. Restricted contributions are reported as increases in unrestricted net assets if the restrictions have been met in the current fiscal period. If the restriction has not been met by fiscal year end, the amount is reported as an increase in temporarily or permanently restricted net assets. When the restriction is met on a contribution received in a prior fiscal period, the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Installments are allowed for campus pledges of \$5,000 or more. Such installments are expected to be collected by 2013. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows based upon installment periods as advised by the donor. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Conditional promises to give are not included as support until the conditions are substantially met.

The allowance for doubtful pledges receivable is based upon historical collection experience, age of pledges receivable and current economic conditions that may affect a donor's ability to pay. In addition, specific allowances are provided for any pledge receivable which management determines in their judgment to be impaired beyond the level of general allowance.

JEWISH FEDERATION OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions-in-kind - Donated equipment and other donated goods are recorded at their estimated value at the date of donation. Contributed services, which require a specialized skill and which the Federation would have paid for if not donated, are recorded at the estimated fair value at the time of services rendered. The Federation also receives donated services that do not require specific expertise but which are nonetheless central to the Federation's operations. These contributed services are not reflected in the financial statements.

Cash - Cash consists of deposits with a bank which often exceed federally insured limits.

Investments - Investments in marketable securities with readily determinable fair value and debt securities are stated at market value. Dividends and interest are accrued as earned and recorded as unrestricted revenue unless income is restricted by the donor.

Generally accepted accounting principles establish a hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the assets based on market data obtained from sources independent of the Federation. Unobservable inputs reflect the Federation's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

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 or liabilities in active markets accessible at the measurement date.

Level 2- Inputs included in quoted prices for similar assets or liabilities in active markets, quoted prices 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. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3- Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Federation's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

JEWISH FEDERATION OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment - Property and equipment are recorded at cost, or if contributed, at the estimated fair value when donated. Depreciation and amortization are computed using the straight-line method over estimated useful lives of three to thirty-five years. Depreciation is recorded as a decrease in unrestricted net assets and the expense is charged to the activity benefiting from the use of the facilities or equipment.

Long-lived assets - The Federation reviews long lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No such impairments have been identified to date.

Indirect expense allocations - Indirect expense allocations are based on actual salaries allocated to an applicable program and supporting activity.

Income taxes - The Federation is exempt from federal and state income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code and similar state provisions and has been determined to be an organization which is not a private foundation.

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

Concentration of credit risk - Financial instruments that potentially subject the Federation to concentration of credit risk consist principally of cash, pledges receivable, grants receivable and investments, line of credit and loans payable . Cash is deposited in local reputable banks and marketable securities are in custody with a large financial institution. The credit risk in the pledge and grants receivables are mitigated by the fact that pledges are made by predominately local, repeat donors and are evaluated by the Federation based on personal contact and knowledge of the donors. The credit risk in investments described in Note 5 is mitigated by the fact that the Federation regularly reviews the investments and uses an outside investment manager. The line of credit and majority of loans payable as described in Note 8 are with one reputable financial institution.

**JEWISH FEDERATION OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30, 2010:

General Campaign	
2010	\$ 693,277
2009	61,559
2008	71,194
2007	31,337
2006 and prior	<u>40,537</u>
Total General Campaign	897,904
Levy Family Campus Campaign	<u>242,230</u>
	1,140,134
Less: discount at 3.75%, based on approximate current borrowing rates	(8,044)
Less: allowance for doubtful accounts	<u>(104,249)</u>
Total pledges receivable	<u><u>\$ 1,027,841</u></u>

NOTE 4 - LOANS RECEIVABLE

Loans receivable consisted of the following at June 30, 2010:

Hillel of Silicon Valley, Inc., interest only payments monthly at 5%, due August 2013	\$ 179,813
Yavneh Day School, a beneficiary agency, interest only at prime plus 1% until July 2011, at which time the loan will be converted into a six year term loan with interest at the same rate the Federation pays on its First Republic Bank line of credit.	<u>248,452</u>
Total loans receivable	<u><u>\$ 428,265</u></u>

JEWISH FEDERATION OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 5 - INVESTMENTS IN MARKETABLE SECURITIES

The cost and fair market value of the Federation's investments in marketable securities consisted of the following at June 30, 2010:

	<u>Cost</u>	<u>Fair market Value</u>	<u>Unrealized gains (losses)</u>
Fixed income securities:			
Government obligations	\$ 861,053	\$ 878,956	\$ 17,903
International obligations	2,640	3,476	836
Domestic mutual funds	330,155	365,256	35,101
Israel bonds	5,000	5,000	-
Publicly traded equity securities:			
Domestic mutual funds	78,706	84,060	5,354
International mutual funds	109,655	83,575	(26,080)
International equities	445,565	485,202	39,637
Financials	195,246	219,708	24,462
Information technology	269,090	344,710	75,620
Health care	163,682	172,270	8,588
Consumer staples	79,004	91,448	12,444
Industrials	142,857	164,620	21,763
Consumer discretionary	184,731	218,810	34,079
Energy	104,867	118,867	14,000
Telecommunications	26,407	26,811	404
Materials	30,272	36,815	6,543
Utilities	29,635	32,423	2,788
Real estate investment trusts	16,361	18,951	2,590
Real asset funds	165,879	176,289	10,410
Other	201,092	181,796	(19,296)
	<u>3,441,897</u>	<u>3,709,043</u>	<u>267,146</u>
Total investments	<u>\$ 3,441,897</u>	<u>\$ 3,709,043</u>	<u>\$ 267,146</u>

The fair market value of marketable securities is based upon quoted market prices for identical assets (Level 1 input).

**JEWISH FEDERATION OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

NOTE 5 - INVESTMENTS IN MARKETABLE SECURITIES (Continued)

Investment loss included in the statement of activities for the year ended June 30, 2010 consisted of the following:

Dividend and interest income	<u>\$ 136,926</u>
Net realized gain	183,316
Net unrealized gain	<u>79,105</u>
Net realized and unrealized gain on investments	<u>262,421</u>
Total investment gain	<u><u>\$ 399,347</u></u>

Investment expenses for the year ended June 30, 2010 were \$39,956.

NOTE 6 - PROPERTY AND EQUIPMENT

The components of property and equipment are as follows for the year ended June 30, 2010:

Real estate and improvements:	
Levy Family Campus	\$ 18,200,374
Land	4,200,000
Office equipment, furniture and computer software	<u>513,610</u>
	22,913,984
Less: accumulated depreciation and amortization	<u>(2,915,708)</u>
Total	<u><u>\$ 19,998,276</u></u>

NOTE 7 - LEVY FAMILY CAMPUS

The Federation provides and maintains facilities at the Levy Family Campus for the benefit of itself and certain beneficiary agencies. For any occupants who are Jewish not-for-profit agencies, the Federation will not charge rent in excess of common area operating expenses for a minimum of ten years following completion of the campus in 2005. Operating expenses for the property, grounds and management and reasonable reserves are prorated among the Federation and the tenants based on square footage. Total operating expenses collected from tenants was approximately \$1,321,500 for the year ended June 30, 2010. The Federation has recognized \$1,785,936 of rental income for

**JEWISH FEDERATION OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

NOTE 7 - LEVY FAMILY CAMPUS (Continued)

the year ended June 30, 2010 to reflect the market value of free rent provided to tenants of the building. This rent is based upon the fair market value of comparable commercial space in the area, and is also reported as additional program service expense in the Statement of Activities.

NOTE 8 - FINANCING ARRANGEMENTS

Line of credit - In July 2009, the Federation entered into a line of credit agreement with First Republic Bank to provide working capital. The credit limit is \$1,500,000 with interest at the bank's index rate, but not less than 5% per year (rate was 5% at June 30, 2010). The line is subject to certain financial covenants, all of which were in compliance at the balance sheet date. The line expires in October 2011 and amounts withdrawn are secured by cash, securities, receivables, real and personal property and by tenant leases. There was no outstanding balance at June 30, 2010.

Letter of credit- The Federation has secured a standby letter of credit equal to the outstanding principal amount of the Avi Chai loan (\$300,000 at June 30, 2010). The amount available under the letter of credit is reduced by the payments made on the loan. Interest is charged on any advances at the rate of prime plus 5 percent per year (rate was 8.25% at June 30, 2010). The agreement renews automatically each year until 2013, when the Avi Chai loan is due. There was no outstanding balance at June 30, 2010.

Loan payable- In July 2009, the Federation refinanced its previous line of credit from Bank of America into a term loan with First Republic Bank. The total amount repaid was \$1,458,231.

Long term debt is summarized as follows:

Note payable to First Republic Bank, secured by cash, securities, receivables, real and personal property and lease income, payable in interest only monthly payments at bank's prime rate, (currently 3.75%), due July 2012	\$ 1,500,000
Note payable to Avi Chai Foundation, unsecured, non-interest bearing, quarterly principal payments of \$25,000 each, due 2013.	<div style="border-top: 1px solid black; display: inline-block; width: 100px; margin-left: 50px;">300,000</div>
	1,800,000
Less current portion	<div style="border-top: 1px solid black; display: inline-block; width: 100px; margin-left: 50px;">100,000</div>
Long term portion	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px; margin-left: 50px;">\$ 1,700,000</div>

**JEWISH FEDERATION OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

NOTE 8 - FINANCING ARRANGEMENTS (Continued)

Maturities of long-term debt for the next five years are as follows:

Year ended June 30,		
2011	\$	100,000
2012		100,000
2013		<u>1,600,000</u>
	<u>\$</u>	<u>1,800,000</u>

Total interest incurred under these loans was \$56,250.

NOTE 9 - BOARD DESIGNATED AMOUNTS

Unrestricted net assets were designated by the Board of Directors for the following programs at June 30, 2010:

Contingency reserve for Levy Family Campus	\$	313,434
Maintenance reserve for Levy Family Campus		295,036
Leadership development		20,851
Silicon Valley Holocaust Survivor Association		29,928
PJ Library		16,698
Other (less than \$10,000 each)		<u>17,793</u>
Total	<u>\$</u>	<u>693,740</u>

Included in unrestricted net assets at June 30, 2010 was approximately \$1,109,011 of designated Philanthropic Funds.

**JEWISH FEDERATION OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

NOTE 10 - RESTRICTED NET ASSETS

The Federation's donor restricted net assets at June 30, 2010 consisted of:

Temporarily restricted:

2010 Annual Campaign	\$ 1,733,153
Endowment for Art Gallery	113,801
Gift of Israel	52,891
2011 Annual Campaign	29,470
Other	<u>9,990</u>
 Total	 <u><u>\$ 1,939,305</u></u>

Net assets released from restrictions according to terms specified by the donor are as follows for the year ended June 30, 2010:

Annual Campaign	\$ 2,008,215
Endowment distributions	<u>196,031</u>
 Total	 <u><u>\$ 2,204,246</u></u>

Permanently restricted net assets are as follows at June 30, 2010:

Mel Cotton Endowment Fund	\$ 1,008,451
Weinberg Endowment for Jewish Family Services	853,997
Lion of Judah Endowment (LOJE)	<u>278,827</u>
 Total	 <u><u>\$ 2,141,275</u></u>

JEWISH FEDERATION OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 11 - RELATED PARTY TRANSACTIONS

The Federation shares some common board members with the Addison-Penzak Jewish Community Center (APJCC), Congregation Shir Hadash, Yavneh Day School, Silicon Valley Jewish Film Festival, Congregation Sinai, and Hillel of Silicon Valley. The APJCC and Yavneh Day School are tenants of the Levy Family Campus owned by the Federation. The Federation received approximately \$1,274,800 from these agencies for facility expenses described in Note 7 for the year ended June 30, 2010. The Federation paid approximately \$330,000 in support to these related entities.

The Federation guaranteed a \$1,200,000 bank loan to Yavneh Day school as described in Note 12. In addition to the outstanding loan described in Note 4, the Federation also provided a non-interest bearing advance to Yavneh of \$200,000 included in other receivables. As of February 2, 2011 the loan and the receivable are still outstanding and considered fully collectible. The Federation expects these amounts to be fully repaid from the bank financing described in Note 12 prior to June 30, 2011.

Donations from Federation board members totaled approximately \$59,800 for the year ended June 30, 2010.

See Note 4 regarding a note receivable from the Addison - Penzak Jewish Community Center.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The Federation has elected to be self insured for California unemployment insurance. Amounts contingently payable under this arrangement are deemed immaterial.

The Federation guaranteed the obligations of the APJCC, a related party described in Note 11, under a \$1,000,000 equipment lease purchase agreement with a 60-month term. As of June 30, 2010 the APJCC had a balance outstanding under the lease of approximately \$186,000.

The Federation also agreed to either provide or guarantee a revolving debt facility to the APJCC in the amount of \$500,000 based on current commercial borrowing rates. There was no balance as of June 30, 2010.

In May 2010, the Federation guaranteed a \$1,200,000 bank loan to Yavneh Day School (Yavneh), a related party described in Note 11. The loan is to be repaid in monthly installments beginning September 2011 and ending in August 2016. The loan is subject to certain financial covenants of Yavneh. In addition to the Federation's guarantee, the Yavneh board and two individuals have also guaranteed up to \$750,000 of the Yavneh bank loan. As of June 30, 2010 there was no outstanding balance on this loan. As of this report date the total outstanding balance on the loan was \$60,000.

The Federation is prohibited from pledging any of its assets on future loan transactions without the permission of its lender First Republic Bank.

**JEWISH FEDERATION OF SILICON VALLEY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

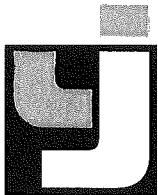
NOTE 13 - RETIREMENT PLANS

The Federation maintains a defined contribution retirement plan covering substantially all employees meeting minimum age and service requirements. The plan allows for discretionary employer contributions up to 7% of eligible compensation. The amount contributed by the Federation for the year ended June 30, 2010 was approximately \$54,900. The Federation also maintains a 401(k) plan which provides for employee contributions without matching contributions from the Federation.

NOTE 14 - SUBSEQUENT EVENTS

Subsequent events were evaluated through February 2, 2011.

SUPPLEMENTARY INFORMATION



JOHANSON & YAU
ACCOUNTANCY CORPORATION

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FREDERICK U. LEONARD
SHERYL L. HINSHAW
BYRON J. ISHIWATA
SARA E. KELLEY

ANTHONY S. C. YAU
Of Counsel

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
Jewish Federation of Silicon Valley
Los Gatos, California

Our report of the basic financial statements of Jewish Federation of Silicon Valley as of June 30, 2010 and the year then ended appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Johanson & Yau
Accountancy Corporation*

February 2, 2011

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**JEWISH FEDERATION OF SILICON VALLEY
SCHEDULE OF
LEVY FAMILY CAMPUS OPERATIONS
YEAR ENDED JUNE 30, 2010**

Income	
Revenue at fair market value	\$ 1,785,936
CAM reimbursements	1,369,896
Reimbursements paid by Jewish Federation	<u>(48,348)</u>
	<u>3,107,484</u>
Expenses	
Rent reductions as in-kind donation to beneficiary agencies	1,785,936
Security	362,196
Utilities-facilities	286,775
Professional staff salaries	226,866
Repairs and maintenance	120,191
Cleaning	80,478
Supplies	39,930
Telephone	29,969
Insurance	24,777
Property taxes	13,717
Pest control service	2,551
Dues and subscriptions	653
Bank service charges	<u>655</u>
	<u>2,974,694</u>
Total expenses before depreciation	<u>2,974,694</u>
Income before depreciation	132,790
Depreciation and amortization	<u>530,676</u>
Net loss	<u><u>\$ (397,886)</u></u>

See accountants' report on supplementary information