

Jewish Silicon Valley

Financial Statements

June 30, 2021



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Silicon Valley
Los Gatos, California

We have audited the accompanying financial statements of Jewish Silicon Valley (a California nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of June 30, 2021, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity'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 Silicon Valley as of June 30, 2021, 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.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
San Jose, California

September 18, 2023

Jewish Silicon Valley
Statement of Financial Position
June 30, 2021

ASSETS

| | |
|--|----------------------|
| Current assets | |
| Cash and cash equivalents | \$ 3,665,922 |
| Investments | 8,983,555 |
| Grants and contributions receivable, net | 343,216 |
| Other receivables | 9,683 |
| Prepaid expenses | <u>226,415</u> |
| Total current assets | <u>13,228,791</u> |
| | |
| Non-current assets | |
| Property and equipment, net | 1,129,167 |
| Hatikvah house, net | 817,028 |
| Investments held for other organizations | 590,378 |
| Endowment investments | <u>3,532,055</u> |
| Total non-current assets | <u>6,068,628</u> |
| | |
| Total assets | <u>\$ 19,297,419</u> |

LIABILITIES AND NET ASSETS

| | |
|--|----------------------|
| Current liabilities | |
| Accounts payable | \$ 222,419 |
| Accrued liabilities | 634,561 |
| Deferred revenue | 919,292 |
| Jewish Community Response and Impact Fund loan, current portion | 109,090 |
| Paycheck Protection Program forgivable loan | <u>1,084,700</u> |
| Total current liabilities | <u>2,970,062</u> |
| | |
| Long-term liabilities | |
| Jewish Community Response and Impact Fund loan, net of current portion | 490,910 |
| Investments held for other organizations | <u>590,378</u> |
| Total long-term liabilities | <u>1,081,288</u> |
| Total liabilities | <u>4,051,350</u> |
| | |
| Net assets | |
| Without donor restrictions | |
| Undesignated | 4,771,357 |
| Board designated for operating reserve | <u>696,569</u> |
| Total without donor restrictions | <u>5,467,926</u> |
| With donor restrictions | |
| Restricted for a specified purpose | 6,246,088 |
| Subject to appropriation and spending policy | 836,118 |
| Held in perpetuity (donor restricted endowment corpus) | <u>2,695,937</u> |
| Total without donor restrictions | <u>9,778,143</u> |
| Total net assets | <u>15,246,069</u> |
| | |
| Total liabilities and net assets | <u>\$ 19,297,419</u> |

The accompanying notes are an integral part of these financial statements.

Jewish Silicon Valley
Statement of Activities
For the Year Ended June 30, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|----------------------|
| Revenue and support | | | |
| Program service fees | \$ 2,345,546 | \$ - | \$ 2,345,546 |
| Membership dues | 1,698,303 | - | 1,698,303 |
| In-kind contributions | 1,596,507 | - | 1,596,507 |
| Grants and contributions | 1,330,528 | 127,502 | 1,458,030 |
| Forgiveness of Paycheck Protection Program loan | 1,232,700 | - | 1,232,700 |
| Investment income, net | 240,080 | 716,315 | 956,395 |
| Other revenue | 422,278 | - | 422,278 |
| Special events | 214,226 | - | 214,226 |
| Less: event expense | (13,092) | - | (13,092) |
| Rental income - Hatikvah House | 18,000 | - | 18,000 |
| Less: direct expense | (12,146) | - | (12,146) |
| Net assets released from restrictions | <u>271,103</u> | <u>(271,103)</u> | <u>-</u> |
| Total revenue and support | <u>9,344,033</u> | <u>572,714</u> | <u>9,916,747</u> |
| Functional expenses | | | |
| Program services | | | |
| Youth and family engagement | 2,925,571 | - | 2,925,571 |
| Health and wellness | 3,412,072 | - | 3,412,072 |
| Community engagement | 365,992 | - | 365,992 |
| Community relations | 558,637 | - | 558,637 |
| Total program services | <u>7,262,272</u> | <u>-</u> | <u>7,262,272</u> |
| Support services | | | |
| Management and general | 1,528,568 | - | 1,528,568 |
| Membership development | 275,365 | - | 275,365 |
| Fundraising | 426,180 | - | 426,180 |
| Total support services | <u>2,230,113</u> | <u>-</u> | <u>2,230,113</u> |
| Total functional expenses | <u>9,492,385</u> | <u>-</u> | <u>9,492,385</u> |
| Change in net assets, before acquisition | (148,352) | 572,714 | 424,362 |
| Inherent contribution from acquisition (see Note 14) | <u>3,855,014</u> | <u>7,895,327</u> | <u>11,750,341</u> |
| Change in net assets | 3,706,662 | 8,468,041 | 12,174,703 |
| Net assets, beginning of year | <u>1,761,264</u> | <u>1,310,102</u> | <u>3,071,366</u> |
| Net assets, end of year | <u>\$ 5,467,926</u> | <u>\$ 9,778,143</u> | <u>\$ 15,246,069</u> |

The accompanying notes are an integral part of these financial statements.

Jewish Silicon Valley
Statement of Functional Expenses
For the Year Ended June 30, 2021

| | Youth and Family Engagement | Health and Wellness | Community Engagement | Community Relations | Total Program Services | Management and General | Membership Development | Fundraising | Total |
|--|-----------------------------------|------------------------|-------------------------|------------------------|---------------------------|---------------------------|---------------------------|-------------------|---------------------|
| Personnel expenses | | | | | | | | | |
| Salaries and wages | \$ 1,630,769 | \$ 1,232,166 | \$ 243,764 | \$ 138,640 | \$ 3,245,339 | \$ 602,221 | \$ 211,397 | \$ 214,432 | \$ 4,273,389 |
| Payroll taxes | 169,681 | 128,207 | 25,365 | 14,426 | 337,679 | 62,660 | 21,996 | 22,311 | 444,646 |
| Employee benefits | 217,735 | 111,613 | 14,066 | 11,914 | 355,328 | 29,142 | 17,121 | 9,545 | 411,136 |
| Total personnel expenses | 2,018,185 | 1,471,986 | 283,195 | 164,980 | 3,938,346 | 694,023 | 250,514 | 246,288 | 5,129,171 |
| Occupancy, in-kind | 394,018 | 882,070 | 12,772 | 5,907 | 1,294,767 | 293,598 | 3,991 | 4,151 | 1,596,507 |
| Occupancy | 274,346 | 591,152 | 8,560 | 3,959 | 878,017 | 196,764 | 2,675 | 2,782 | 1,080,238 |
| Grants to others | - | - | - | 373,453 | 373,453 | - | - | - | 373,453 |
| Repairs and maintenance | 79,371 | 177,105 | 3,104 | 1,125 | 260,705 | 55,926 | 760 | 791 | 318,182 |
| Depreciation | 40,341 | 108,166 | 11,773 | 305 | 160,585 | 15,151 | 206 | 214 | 176,156 |
| Legal and professional fees | 14,203 | 5,371 | 5,371 | 2,148 | 27,093 | 102,889 | 2,148 | 42,127 | 174,257 |
| Office services | 9,388 | 11,926 | 3,729 | 680 | 25,723 | 59,676 | 6,503 | 9,936 | 101,838 |
| Bank charges | 30,948 | 52,866 | 893 | - | 84,707 | 9,194 | - | 6,511 | 100,412 |
| Allocations to beneficiary agencies | - | - | - | - | - | - | - | 85,934 | 85,934 |
| Software and licenses | 267 | 289 | 560 | - | 1,116 | 68,614 | 420 | 7,212 | 77,362 |
| Supplies and program fees | 43,332 | 2,223 | 30,294 | 939 | 76,788 | - | - | 54 | 76,842 |
| Marketing and advertising | 6,087 | 19,861 | 16,218 | 3,310 | 45,476 | - | 7,945 | 17,602 | 71,023 |
| Wellness program expenses | 8 | 61,616 | - | - | 61,624 | - | - | - | 61,624 |
| Insurance | 12,204 | 27,321 | 396 | 183 | 40,104 | 9,094 | 124 | 129 | 49,451 |
| Dues and subscriptions | 2,873 | 120 | 239 | 1,648 | 4,880 | 23,639 | 79 | 2,449 | 31,047 |
| Event expense | - | - | - | - | - | - | - | 13,092 | 13,092 |
| Hatikvah house expense | - | - | 1,034 | - | 1,034 | - | - | - | 1,034 |
| Total | 2,925,571 | 3,412,072 | 378,138 | 558,637 | 7,274,418 | 1,528,568 | 275,365 | 439,272 | 9,517,623 |
| Less: expenses reported in revenue section of statement of activities | - | - | (12,146) | - | (12,146) | - | - | (13,092) | (25,238) |
| | <u>\$ 2,925,571</u> | <u>\$ 3,412,072</u> | <u>\$ 365,992</u> | <u>\$ 558,637</u> | <u>\$ 7,262,272</u> | <u>\$ 1,528,568</u> | <u>\$ 275,365</u> | <u>\$ 426,180</u> | <u>\$ 9,492,385</u> |
| Percentage of total | <u>30.8 %</u> | <u>35.9 %</u> | <u>3.9 %</u> | <u>5.9 %</u> | <u>76.5 %</u> | <u>16.1 %</u> | <u>2.9 %</u> | <u>4.5 %</u> | <u>100.0 %</u> |

The accompanying notes are an integral part of these financial statements.

Jewish Silicon Valley
Statement of Cash Flows
For the Year Ended June 30, 2021

| | |
|--|----------------------------|
| Cash flows from operating activities | |
| Change in net assets | \$ 12,174,703 |
| Adjustments to reconcile change in net assets to net cash used in operating activities | |
| Depreciation expense | 176,156 |
| Forgiveness of Paycheck Protection Program loan | (1,232,700) |
| Donated stock | (18,557) |
| Net realized and unrealized gains on investments | (901,621) |
| Inherent contribution from acquisition (see Note 14) | (11,750,341) |
| Changes in operating assets and liabilities | |
| Grants and contributions receivable, net | (16,284) |
| Other receivables | (4,447) |
| Prepaid expenses | (168,596) |
| Accounts payable | 19,510 |
| Accrued liabilities | 189,315 |
| Deferred revenue | 486,207 |
| Net cash used in operating activities | <u>(1,046,655)</u> |
| Cash flows from investing activities | |
| Proceeds from sale of investments | 590,666 |
| Purchase of investments | (777,206) |
| Cash received from acquisition (see Note 14) | <u>1,405,195</u> |
| Net cash provided by investing activities | <u>1,218,655</u> |
| Cash flows from financing activities | |
| Proceeds from Paycheck Protection Program loan | 1,084,700 |
| Proceeds from Jewish Community Response and Impact Fund loan | <u>600,000</u> |
| Net cash provided by financing activities | <u>1,684,700</u> |
| Net increase in cash and cash equivalents | 1,856,700 |
| Cash and cash equivalents, beginning of year | <u>1,809,222</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 3,665,922</u></u> |

The accompanying notes are an integral part of these financial statements.

Jewish Silicon Valley
Notes to Financial Statements
June 30, 2021

1. NATURE OF OPERATIONS

Jewish Silicon Valley (the "Organization" or "JSV") (formerly Addison-Penzak Jewish Community Center of Silicon Valley) is a California nonprofit public benefit corporation incorporated in 1973. The Organization serves the Jewish and general community of the Santa Clara Valley with programs providing social, cultural, educational and recreational programming for its members and non-member community. As of September 2005, The Organization has been located in the Levy Family Campus in Los Gatos, California.

On February 11, 2021, Addison-Penzak Jewish Community Center of Silicon Valley acquired certain assets and liabilities from and took over certain portions of the operations of Jewish Federation of Silicon Valley to better serve the community through educational, social, recreational and wellness programs that meet the needs of people of every age, along with providing philanthropic support through grants to partner nonprofit agencies in exchange for no consideration (see Note 14). Subsequent to the acquisition, the Addison-Penzak Jewish Community Center of Silicon Valley was renamed Jewish Silicon Valley. In addition, subsequent to the acquisition, Jewish Federation of Silicon Valley was renamed Levy Family Campus ("LFC"). Through the acquisition, the Organization seeks to further its new mission, of "harnessing the power of community to improve lives, build bridges of understanding and strengthen the Jewish people here, in Israel and around the world."

2. PROGRAM SERVICES

JSV offers the following program services:

Youth and Family Engagement

Early Childhood Education

JSV operates a preschool of children 1.5 to 5 years old, which included extended afternoon care, enrichment programs, and summer camp. Approximately 150 children attend the preschool.

The preschool is licensed by the State of California and meets licensing requirements.

On March 13, 2020, the preschool closed due to COVID-19 and reopened in mid-July 2020 but in a much smaller format of about 60 children. In order to adhere to safety protocols for children and staff members, JSV has operated with increased costs and fewer children in order to maintain health and safety standards.

Youth Enrichment Programs and Day Camps

During the year ended June 30, 2021, JSV served more than 1,000 children, ages 3.5 years to 12 years old in its various programs most notably the summer day camp. These programs are based in Jewish themes and values, and welcome children of every background and belief.

JSV also offered afterschool enrichment classes for school-age children.

Enrichment classes were suspended in March 2020 and resumed after health and safety mandates put in place to mitigate COVID-19 risk were lifted.

Jewish Silicon Valley
Notes to Financial Statements
June 30, 2021

2. PROGRAM SERVICES (continued)

Community Engagement

JSV offered a variety of arts and cultural programs during the year to people of all ages, featuring many special events and community collaborations through JSV for Community Jewish Life and Learning ("CJLL"). Among the programming offerings are those specific to Russian and Israeli speaking communities. CJLL also provided a variety of programs targeting seniors.

Community Relations

A key element of JSV's mission is to provide programming and resources that are meaningful and impactful to the local Jewish community. Often partnering with other organizations, JSV offers a variety of educational programs, holiday celebrations, community service opportunities, lectures, and other elements to build community within the local Jewish population.

Health and Wellness

The Fitness and Aquatics Departments offered health, wellness and fitness programming along with ancillary services such as pilates, personal training and massage therapy. The Wellness Department offered more than 90 weekly group fitness classes. Most of the membership revenue was associated with the success of this program. Other recreational offerings, such as tennis and soccer, were offered for all youth age groups.

Providing Support for Jewish Communities

Several activities performed by the Jewish Federation of Silicon Valley prior to the acquisition continue to thrive, including fundraising through annual, capital, and endowment campaigns, funding and supporting beneficiary agencies and programs, endowment development and programs to increase the Endowment Fund, and providing Affinity Groups for the Jewish community serving young families, women, young adults and high tech professionals.

Impact of COVID-19 on Programming

JSV was forced to shut down its operations on March 16, 2020 due to Santa Clara County orders related to the COVID-19 pandemic. Some programs were able to move to online, virtual video conferencing platforms, however, JSV's ability to operate and its revenue streams were significantly reduced during the year ended June 30, 2021. Despite these constraints, JSV managed to support the health and well-being of all of its members and families through regular outreach and interactions. JSV implemented online group fitness and personal training, parent and family support groups, and programs for older adults.

Jewish Silicon Valley
Notes to Financial Statements
June 30, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of JSV have been prepared on the accrual basis of accounting.

JSV follows standards of accounting and financial reporting for nonprofit organizations. In accordance with accounting principles generally accepted in the United States of America, JSV reports its financial position and operating activities in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor restrictions. Net assets without donor restrictions include those assets over which the Board of Directors has discretionary control in carrying out the operations of JSV. Under this category, JSV maintains an operating fund plus any net assets designated by the Board for specific purposes.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed restrictions, include those assets for which the applicable restriction was not met at the end of the current reporting period or are subject to a non-expiring donor restriction, such as endowments.

Acquisition

The acquisition of certain assets and liabilities and certain portions of the operations of Jewish Federation of Silicon Valley in exchange for no consideration has been accounted for under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-805, *Not-for-Profit Entities - Business Combinations*. In accordance with ASC 958-805 the acquirer measures and recognizes the fair value of individual assets acquired and liabilities assumed as an inherent contribution in the statement of activities as of the acquisition date.

In determining the classification of the inherent contribution, the acquirer considers any donor-imposed restrictions on the assets of the acquiree before the acquisition.

Adoption of new accounting principle

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606), which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. GAAP. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Organization adopted ASU 2014-09 with a date of the initial application of July 1, 2020, using the modified retrospective method.

Jewish Silicon Valley
Notes to Financial Statements
June 30, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new accounting principle (continued)

The adoption of ASU 2014-09 did not have a significant impact on the Organization's financial position, result of operations, or cash flows. Based on the Organization's evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenue as a result of the adoption of this standard.

Cash and cash equivalents

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

Investments

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

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 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 asset based on market data obtained from sources independent of JSV. Unobservable inputs reflect JSV'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 and liabilities in active markets accessible at the measurement date.
- *Level 2* - Inputs include 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.

Jewish Silicon Valley
Notes to Financial Statements
June 30, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

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

Grants and contributions receivable, net

Grants and contributions receivable are stated at the amount management expects to collect from outstanding balances. The Organization uses the reserve method of accounting for doubtful accounts based on historical experience and management's evaluation of outstanding grants and contributions at the end of each year. As of June 30, 2021, the allowance for doubtful accounts for grants and contributions receivable was \$7,355.

Property and equipment

Property and equipment are recorded at cost or, if contributed, at the estimated fair value when donated. Equipment purchases over \$2,000 are capitalized. Depreciation is computed using the straight-line method over estimated useful lives, which range from three to fifty 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.

Revenue recognition

JSV recognizes revenue and support on the accrual basis of accounting. Program service fees are recognized as revenue in the period in which the services are provided or the event has taken place.

Membership dues

Membership dues are collected on a monthly basis and are recognized as revenue in the period to which they relate.

Jewish Silicon Valley
Notes to Financial Statements
June 30, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and contributions

JSV recognizes revenue from grants and contributions in accordance with Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Grants and contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Grants and contributions are recorded as net assets without donor restrictions or net assets with donor restrictions. Restricted grants and contributions are reported as increases in net assets with donor restrictions. When the restriction is met the amount is shown as a reclassification of net assets with donor restrictions to net assets without donor restrictions. If the restriction is met in the same year, contributions are presented as increases in net assets without donor restrictions.

In-kind contributions

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

Use of estimates

In accordance with accounting principles generally accepted in the United States of America, management has made estimates and assumptions that affect certain amounts and disclosures which could differ from actual results.

Functional expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Expenses related to more than one function are charged to program and support services on the basis of revenue and square footage.

Marketing and advertising costs

Marketing and advertising costs are charged to operations when incurred, and are included in marketing and advertising expenses. Marketing and advertising costs for the year ended June 30, 2021 was \$71,023.

Jewish Silicon Valley
Notes to Financial Statements
June 30, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued vacation

Accrued vacation represents vacation earned, but not taken as of June 30. The maximum vacation time that can be accrued and carried over to the next year is 240 hours. The accrued vacation balance as of June 30, 2021 was \$215,172 and is included in "accrued liabilities" on the statement of financial position.

Income tax status

JSV is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes have been made in the accompanying statements. In addition, JSV qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by JSV in its federal and state exempt organization tax returns are more-likely-than-not to be sustained upon examination.

JSV's federal returns could be subject to examination by federal taxing authorities, generally for 3 years after they are filed. JSV's state returns could be subject to examination by state taxing authorities, generally for 4 years after they are filed.

Subsequent events

Management of the Organization has evaluated events and transactions subsequent to June 30, 2021 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the year ended June 30, 2021. Subsequent events have been evaluated through September 18, 2023, the date which the financial statements were available to be issued.

4. INVESTMENTS

Investments consisted of the following:

| | |
|---|----------------------|
| Investments | \$ 8,983,555 |
| Investments held for other organizations (see Note 8) | 590,378 |
| Endowment investments | <u>3,532,055</u> |
| | <u>\$ 13,105,988</u> |

Jewish Silicon Valley
Notes to Financial Statements
June 30, 2021

4. INVESTMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2021:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Fair Value</u> |
|-----------------------------|---------------------|----------------|----------------|---------------------|
| Domestic mutual funds | \$ 5,035,049 | \$ - | \$ - | \$ 5,035,049 |
| International mutual funds | 2,989,159 | - | - | 2,989,159 |
| Domestic bond funds | 2,763,165 | - | - | 2,763,165 |
| International bond funds | 1,207,623 | - | - | 1,207,623 |
| Real estate funds | 144,697 | - | - | 144,697 |
| Common stock equities | 533 | - | - | 533 |
| Other | 7,345 | - | - | 7,345 |
| Cash and money market funds | <u>958,417</u> | <u>-</u> | <u>-</u> | <u>958,417</u> |
| | <u>\$13,105,988</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$13,105,988</u> |

Investment income, net during the year consisted of the following:

| | |
|------------------------------------|-------------------|
| Realized and unrealized gains, net | \$ 901,621 |
| Interest and dividends | <u>103,308</u> |
| | 1,004,929 |
| Investment expenses | <u>(48,534)</u> |
| | <u>\$ 956,395</u> |

5. PREPAID EXPENSES

Prepaid expenses consisted of the following:

| | |
|--------------|-------------------|
| Summer camps | \$ 185,548 |
| Insurance | 22,715 |
| Other | <u>18,152</u> |
| | <u>\$ 226,415</u> |

Jewish Silicon Valley
Notes to Financial Statements
June 30, 2021

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

| | |
|--------------------------|---------------------|
| Leasehold improvements | \$ 1,974,303 |
| Fitness equipment | 932,045 |
| Furniture and fixtures | 709,004 |
| Computer and software | <u>88,397</u> |
| | 3,703,749 |
| Accumulated depreciation | <u>(2,574,582)</u> |
| | <u>\$ 1,129,167</u> |

Depreciation expense for the year ended June 30, 2021 was \$165,044 for operating activities and \$11,112 for the Hatikvah House (see Note 7).

7. HATIKVAH HOUSE

In October of 2013 JSV received an in-kind contribution of a house appraised at a market value of \$900,000. The house, named Hatikvah House, is a group home for adults with special needs. The home is managed by a separate nonprofit that collects rent from the residents and pays JSV \$1,500 per month in rent. JSV is also providing programming for the six residents of Hatikvah House and offers free membership to the full-time staff and residents. Programming includes access to social and cultural programs at JSV, in addition to use of the fitness center and specialized personal training with a trainer certified in working with adults who have special needs. In accordance with donor restrictions, JSV will operate the house for at least fifteen years and then reassess the use of the house.

Hatikvah House carrying value consisted of the following:

| | |
|---|-------------------|
| Contribution of Hatikvah House fair value | \$ 900,000 |
| Escrow fees | 2,220 |
| Less: accumulated depreciation | <u>(85,192)</u> |
| | <u>\$ 817,028</u> |

Jewish Silicon Valley
Notes to Financial Statements
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7. HATIKVAH HOUSE (continued)

The future scheduled minimum rental income under the lease terms is as follows:

| <u>Year ending June 30,</u> | |
|-----------------------------|--------------------------|
| 2022 | \$ 18,000 |
| 2023 | 18,000 |
| 2024 | 18,000 |
| 2025 | 18,000 |
| 2026 | 18,000 |
| Thereafter | <u>42,000</u> |
| | <u><u>\$ 132,000</u></u> |

8. INVESTMENTS HELD FOR OTHER ORGANIZATIONS

Investments held for other organizations consisted of the following:

| | |
|--|--------------------------|
| Jewish Family Services | \$ 185,861 |
| Levy Family Campus | 394,410 |
| Silicon Valley Holocaust Remembrance Association | <u>10,107</u> |
| | <u><u>\$ 590,378</u></u> |

9. DEFERRED REVENUE

Deferred revenue consists of service fees received for program services to be provided after the end of the year.

Deferred revenue consisted of the following:

| | |
|---------------------|--------------------------|
| Summer camps | \$ 826,218 |
| Other | 90,347 |
| Fitness memberships | <u>2,727</u> |
| | <u><u>\$ 919,292</u></u> |

10. TRANSACTIONS WITH JEWISH FEDERATION OF SILICON VALLEY (RENAMED LEVY FAMILY CAMPUS)

In addition to the acquisition of certain assets from Jewish Federation of Silicon Valley (later renamed Levy Family Campus) on February 11, 2021 (see Note 14) JSV had the following transactions with the Jewish Federation of Silicon Valley / Levy Family Campus a related/separate corporate entity.

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Notes to Financial Statements
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10. TRANSACTIONS WITH JEWISH FEDERATION OF SILICON VALLEY (RENAMED LEVY FAMILY CAMPUS) (continued)

- JSV received other direct support from the Jewish Federation of Silicon Valley for the year ended June 30, 2021 in the amount of \$37,500.
- JSV paid its share of "shared operating expenses" and 100% of all of its "specific operating expenses" to Jewish Federation of Silicon Valley / Levy Family Campus for the year ended June 30, 2021 totaling \$1,080,238.
- JSV received donated base rent for the space located at 14855 Oka Road, Los Gatos, California. The donated base rent for the year ended June 30, 2021, is valued at \$1,596,507, (see Note 15).

11. RETIREMENT PLAN

JSV maintains a tax deferred 403(b) retirement plan (the "Plan") to provide retirement benefits for all eligible employees. The Plan provides for discretionary employer contributions. JSV contributions vest immediately. JSV contributions for the year ended June 30, 2021 was \$25,086. All of the costs of the Plan's administration were paid for by participants.

12. BOARD DESIGNATED NET ASSETS

Board designated operating reserve

JSV maintains a reserve to stabilize cash flow, cover unexpected support or revenue shortfalls, cover unexpected expenses, help fund significant equipment repairs and replacement as well as address future increased capacity or expansion. The reserve as of June 30, 2021 is \$696,569 and is included on the statement of financial position as net assets without donor restrictions.

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Notes to Financial Statements
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13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

| | Beginning of Year | Inherent Contribution from Acquisition (see Note 14) | Grants and Contributions | Investment Income, Net | Releases | End of Year |
|---|----------------------|--|-----------------------------|---------------------------|---------------------|---------------------|
| Restricted for a specified purpose | | | | | | |
| Hatikvah House | \$ 828,140 | \$ - | \$ - | \$ - | \$ (11,112) | \$ 817,028 |
| CEO housing assistance | 100,000 | - | - | - | - | 100,000 |
| Senior program fund | 19,998 | - | 55,000 | - | (32,260) | 42,738 |
| Dianne Portnoy memorial fund | 33,615 | - | - | - | - | 33,615 |
| Adult special needs program | 31,317 | - | - | - | - | 31,317 |
| Preschool teachers' fundraising | 21,028 | - | 9,107 | - | (11,140) | 18,995 |
| Teen program | 18,620 | - | - | - | - | 18,620 |
| Russian speaking Jewish programming | 12,000 | - | 40,000 | - | (40,000) | 12,000 |
| Judy Kaplan jewbilee fund | 8,714 | - | - | - | - | 8,714 |
| Addison scholarship fund | 14,179 | - | - | - | (14,179) | - |
| Preschool teachers / classroom fund | 8,013 | - | - | - | (8,013) | - |
| Preschool general operation fund | 4,546 | - | - | - | (4,546) | - |
| Swim lessons scholarship fund | 540 | - | - | - | (540) | - |
| Philanthropic funds | - | 4,480,974 | 22,345 | 496,964 | (79,964) | 4,920,319 |
| Susan Gavens scholarship fund | - | 89,790 | 1,050 | 6,051 | - | 96,891 |
| Congregation Sinai | - | 87,102 | - | 5,858 | - | 92,960 |
| Gift of Israel | - | 52,891 | - | - | - | 52,891 |
| | <u>1,100,710</u> | <u>4,710,757</u> | <u>127,502</u> | <u>508,873</u> | <u>(201,754)</u> | <u>6,246,088</u> |
| Endowments | | | | | | |
| Cele Smith and Adele Smith Scholarship Fund Endowment | 145,600 | - | - | - | - | 145,600 |
| Reinhard Endowment | 50,337 | - | - | - | - | 50,337 |
| Weinberg Endowment for Jewish Family Services | - | 1,000,000 | - | - | - | 1,000,000 |
| Mel Cotton Endowment Fund | - | 1,000,000 | - | - | - | 1,000,000 |
| Lion of Judah Endowment (LOJE) | - | 400,000 | - | - | - | 400,000 |
| Endowment for Art Gallery | - | 100,000 | - | - | - | 100,000 |
| Endowment accumulated earnings - unappropriated | 13,455 | 684,570 | - | 207,442 | (69,349) | 836,118 |
| | <u>209,392</u> | <u>3,184,570</u> | <u>-</u> | <u>207,442</u> | <u>(69,349)</u> | <u>3,532,055</u> |
| | <u>\$ 1,310,102</u> | <u>\$ 7,895,327</u> | <u>\$ 127,502</u> | <u>\$ 716,315</u> | <u>\$ (271,103)</u> | <u>\$ 9,778,143</u> |

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14. ACQUISITION

On February 11, 2021, Addison-Penzak Jewish Community Center of Silicon Valley acquired certain assets and liabilities from and took over certain portions of the operations of Jewish Federation of Silicon Valley to better serve the community through educational, social, recreational and wellness programs that meet the needs of people of every age, along with providing philanthropic support through grants to partner nonprofit agencies in exchange for no consideration. Subsequent to the acquisition, the Addison-Penzak Jewish Community Center of Silicon Valley was renamed Jewish Silicon Valley. In addition, subsequent to the acquisition, Jewish Federation of Silicon Valley was renamed Levy Family Campus ("LFC"). Through the acquisition, the Organization seeks to further its new mission, of "harnessing the power of community to improve lives, build bridges of understanding and strengthen the Jewish people here, in Israel and around the world."

The following table summarizes the fair values of identifiable assets acquired and liabilities assumed at the acquisition date, February 11, 2021:

| | |
|---|----------------------|
| Cash and cash equivalents | \$ 1,405,195 |
| Investments | 10,841,474 |
| Grants and contributions receivable | 292,643 |
| Property and equipment, net | 18,701 |
| Accounts payable | (57,947) |
| Accrued liabilities | (161,597) |
| Paycheck Protection Program forgivable loan | (148,000) |
| Investments held for other organizations | <u>(440,128)</u> |
| | <u>\$ 11,750,341</u> |

On the statement of activities, the inherent contribution received was recognized as an increase to net assets as follows:

| | |
|----------------------------|----------------------|
| Without donor restrictions | \$ 3,855,014 |
| With donor restrictions | <u>7,895,327</u> |
| | <u>\$ 11,750,341</u> |

Jewish Silicon Valley
Notes to Financial Statements
June 30, 2021

15. COMMITMENTS AND CONTINGENCIES

Grants and contracts

Grants and contracts awarded to JSV are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged and are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants do not comply with the established criteria that govern them. In such cases, JSV could be held responsible for repayments to the funding agency for the costs or be subject to the reductions of future funding in the amount of the costs. Management does not anticipate any material questioned costs for the grants and contracts administered during the period.

Operating lease commitments

On July 15, 2003, JSV entered into a lease agreement with the Levy Family Campus (formerly Jewish Federation of Silicon Valley) (Lessor) to lease space located at 14855 Oka Road, Los Gatos, California after completion of construction. The initial term of the lease commenced on September 1, 2005 when JSV moved into the building. The term of the lease was for fifteen years with five successive options to extend the initial term. Each of the extension options is for a term of five years. The base rent for the first ten years of the initial term was \$0.00 per rentable square foot. During the next five years of the initial term and each extended term, the base rent could increase by an amount not to exceed \$0.20 per rentable square foot per month. The continued use of the space and donated or deeply discounted base rent is conditional on JSV using the space for the operation of a community center and related programs. The donated base rent for the year ended June 30, 2021 is valued at \$1,596,507. In addition to the donated base rent, the lease requires JSV to pay its share of "shared operating expenses" and 100% of all of its "specific operating expenses". Total "shared and specific operating expenses" for the year ended June 30, 2021 totaled \$1,080,238.

The lease was amended on February 11, 2021, to reflect lessor and lessee successor changes. The lessor became Levy Family Campus ("LFC"); and Addison-Penzak Jewish Community Center of Silicon Valley became Jewish Silicon Valley ("JSV"). The amendment is between JSV and LFC and extends the initial lease term to September 1, 2025 with 10 successive options to extend the initial term. Each of the extension options is for a term of 5 years. During the initial term and all successive extended terms, JSV shall pay no base rent.

16. ENDOWMENT

JSV's endowment consists of funds established for earnings thereon to support operations. Its endowment includes only donor-restricted endowment funds. As required by generally accepted accounting principles ("GAAP"), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Jewish Silicon Valley
Notes to Financial Statements
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16. ENDOWMENT (continued)

Interpretation of relevant law

JSV's Board of Directors has interpreted Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds with donor restrictions absent explicit donor stipulations to the contrary. As a result of this interpretation, JSV classifies net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment fund with donor restrictions that is not classified in net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by JSV in a manner consistent with the standard of prudence prescribed by UPMIFA.

Return objectives, risk parameters and strategies

JSV's investment objectives are the preservation and protection of JSV's assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities, by earning an appropriate return on investments. Endowment assets include those assets with donor restrictions that JSV must hold in perpetuity.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the net assets with donor restrictions balance. In accordance with Generally Accepted Accounting Principles ("GAAP"), deficiencies of this nature are required to be reported in net assets with donor restrictions. There were no such deficiencies as of June 30, 2021.

Spending policy and how the investment objectives relate to spending policy

JSV has a policy of appropriating for distribution each year an amount not to exceed 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar yearend preceding the fiscal year in which the distribution is planned. In establishing this policy, JSV considered the long-term expected return on its endowment. This is consistent with JSV's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Jewish Silicon Valley
Notes to Financial Statements
June 30, 2021

16. ENDOWMENT (continued)

Endowment composition

Changes in endowment net assets for the fiscal year ended June 30, 2021 is as follows:

| | Subject to Appropriation and Spending Policy | Held in Perpetuity | Total |
|---|---|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Balance, beginning of year | \$ 13,455 | \$ 195,937 | \$ 209,392 |
| Inherent contribution from acquisition (see Note 14) | 684,570 | 2,500,000 | 3,184,570 |
| Investment income, net | 207,442 | - | 207,442 |
| Appropriation of net assets | <u>(69,349)</u> | <u>-</u> | <u>(69,349)</u> |
| | <u>822,663</u> | <u>2,500,000</u> | <u>3,322,663</u> |
| Balance, end of year | <u>\$ 836,118</u> | <u>\$ 2,695,937</u> | <u>\$ 3,532,055</u> |

17. NEW ACCOUNTING PRONOUNCEMENTS

Recently Issued Accounting Guidance, Not Yet Adopted

ASU 2016-02 Leases (Topic 842) ("ASU 2016-02")

In February 2016, the FASB issued ASU 2016-02 which amends a number of aspects of lease accounting, including requiring lessees to recognize almost all leases with a term greater than one year as a right-of-use asset and corresponding liability, measured at the present value of the lease payments. ASU 2016-02 is effective beginning July 1, 2022 and is required to be adopted using a modified retrospective approach. Early adoption is permitted. JSV is evaluating the impact of the adoption of this standard on the financial statements and does not expect a material impact.

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18. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures within one year of the statement of financial position date, comprise the following at June 30, 2021:

| | |
|--|---------------------|
| Financial assets | |
| Cash and cash equivalents | \$ 3,665,922 |
| Investments | 8,983,555 |
| Grants and contributions receivable, net | 343,216 |
| Other receivables | 9,683 |
| Endowment investments | <u>3,532,055</u> |
| | <u>16,534,431</u> |
| Less amounts unavailable for general expenditure within one year | |
| Board designated for operating reserve | (696,569) |
| Net assets restricted for a specified purpose | (6,246,088) |
| Subject to appropriation and spending policy | (836,118) |
| Held in perpetuity | <u>(2,695,937)</u> |
| | <u>(10,474,712)</u> |
| | <u>\$ 6,059,719</u> |

Occasionally, the Board designates a portion of any excess cash to its operating and capital reserves, which total \$696,569 as of June 30, 2021. As part of JSV's liquidity management, financial assets are structured to be available as its general expenditures, liabilities and other obligations come due. Currently, cash in excess of daily requirements is invested in securities (investments).

19. PAYCHECK PROTECTION PROGRAM LOANS

On April 16, 2020, JSV obtained a loan under the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act in the aggregate amount of \$1,084,700 (the "PPP loan"). The PPP loan, which was in the form of a Note, was scheduled to mature on April 16, 2022 and bore interest at a rate of 1% per annum. The PPP loan may be forgiven provided the loan proceeds are only used for payroll costs, mortgage interest payments, lease payments, and utilities incurred during the 24-week period following the date of the loan. JSV applied for and received forgiveness of the full loan amount on March 9, 2021 and recognized as "forgiveness of Paycheck Protection Program loan" income in the statement of activities during the year ended June 30, 2021.

On January 24, 2021, JSV obtained an additional PPP loan under Division A, Title I of the CARES Act in the aggregate amount of \$1,084,700. The PPP loan, which was in the form of a Note, was scheduled to mature on January 24, 2026 and bore interest at a rate of 1% per annum. The PPP loan may be forgiven provided the loan proceeds are only used for payroll costs, mortgage interest payments, lease payments, and utilities incurred during the 24-week period following the date of the loan. JSV applied for and received formal forgiveness for this additional PPP loan subsequent to year end on December 13, 2021.

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19. PAYCHECK PROTECTION PROGRAM LOANS (continued)

On February 11, 2021, JSV acquired certain assets and liabilities from Jewish Federation of Silicon Valley (later renamed Levy Family Campus) including their PPP loan liability in the amount of \$148,000 (see Note 14). JSV applied for and received formal forgiveness for this acquired PPP on February 21, 2021 and recognized as "forgiveness of Paycheck Protection Program loan" income in the statement of activities during the year ended June 30, 2021.

20. JEWISH COMMUNITY RESPONSE AND IMPACT FUND LOAN

On October 23, 2020, JSV received a \$600,000 loan from Jewish Community Response and Impact Fund ("JCRIF"). Loan proceeds should be used to maintain services and/or meet payroll obligations in connection with delays or losses of revenue attributable to the COVID-19 pandemic. The unsecured loan is interest free. Equal quarterly payments of \$54,545 began on January 1, 2022, with the final payment due on July 1, 2024.

The future maturities of the loan payable are as follows:

| <u>Year ending June 30,</u> | |
|-----------------------------|--------------------------|
| 2022 | \$ 109,090 |
| 2023 | 218,180 |
| 2024 | 218,180 |
| 2025 | <u>54,550</u> |
| | 600,000 |
| Current portion | <u>(109,090)</u> |
| | <u><u>\$ 490,910</u></u> |

21. COVID-19

The global pandemic caused by COVID-19 developed rapidly in 2020 and resulted in a high level of uncertainty and volatility that impacted businesses in all sectors.

The impact to JSV's operations and financial results has been significant; JSV was forced to close its physical facility and transitioned to distance learning for many programs but has since been able to reopen and resume on site programming as permitted by governmental agencies. JSV continues to follow government measures and will monitor these requirements, adjusting accordingly.