

JEWISH FUNDERS NETWORK
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010



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JEWISH FUNDERS NETWORK

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jewish Funders Network
150 West 30th Street, Suite 900
New York, New York 10001

We have audited the accompanying statements of financial position of Jewish Funders Network ("JFN") as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of JFN's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JFN's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 JFN as of December 31, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Cerini & Associates LLP

Bohemia, New York
May 21, 2012

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

2011

2010

ASSETS		
Current Assets:		
Cash and cash equivalents (Notes 2 and 5).....	\$ 1,469,028	\$ 917,563
Investments (Notes 2 and 4).....	1,985,837	4,015,239
Accounts receivable.....	1,142,568	962,721
Prepaid expenses and other current assets.....	147,629	50,771
TOTAL CURRENT ASSETS	4,745,062	5,946,294
Restricted cash (Notes 2, 4, and 5).....	18,355	18,896
Restricted investments (Note 2).....	89,379	99,796
Accounts receivable.....	-	300,000
Property and equipment, net of accumulated depreciation (Note 3).....	13,680	28,981
Other assets.....	32,832	33,770
TOTAL ASSETS	\$ 4,899,308	\$ 6,427,737
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 124,328	\$ 108,255
Grants payable (Note 7).....	2,376	55,543
Deferred revenue.....	311,369	159,555
Other current liabilities.....	-	819
TOTAL LIABILITIES	438,073	324,172
Commitments and contingencies (Notes 2, 4, 5, 6, 7, 8, and 9)		
Net Assets:		
Unrestricted.....	1,397,594	1,265,098
Temporarily restricted (Notes 2, 4, and 9).....	2,955,907	4,719,775
Permanently restricted (Notes 2, 4 and 9).....	107,734	118,692
TOTAL NET ASSETS	4,461,235	6,103,565
TOTAL LIABILITIES AND NET ASSETS	\$ 4,899,308	\$ 6,427,737

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Grants (Note 4).....	\$ 403,439	\$ 9,662,772	\$ -	\$ 10,066,211
Contributions (Note 4).....	418,000	1,136,454	-	1,554,454
Membership dues.....	582,056	-	-	582,056
Conference	314,738	-	-	314,738
Conference sponsorships.....	213,300	-	-	213,300
Program fees.....	345,980	-	-	345,980
Investment income (Note 2).....	7,847	1,557	254	9,658
Other income.....	15,050	-	-	15,050
Net assets released from restriction (Note 4).....	12,575,863	(12,564,651)	(11,212)	-
TOTAL SUPPORT AND REVENUE	14,876,273	(1,763,868)	(10,958)	13,101,447
EXPENSES				
Program services.....	2,280,989	-	-	2,280,989
Grants to not-for-profit organizations (Note 4).....	11,635,376	-	-	11,635,376
Management and general.....	578,955	-	-	578,955
Fundraising.....	248,457	-	-	248,457
TOTAL EXPENSES	14,743,777	-	-	14,743,777
CHANGE IN NET ASSETS	132,496	(1,763,868)	(10,958)	(1,642,330)
Net assets, beginning of year.....	1,265,098	4,719,775	118,692	6,103,565
Net assets, end of year.....	<u>\$ 1,397,594</u>	<u>\$ 2,955,907</u>	<u>\$ 107,734</u>	<u>\$ 4,461,235</u>

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Grants (Note 4).....	\$ -	\$ 5,316,095	\$ -	\$ 5,316,095
Contributions (Note 4).....	374,941	243,564	-	618,505
Membership dues.....	510,861	-	-	510,861
Conference	219,652	-	-	219,652
Conference sponsorships.....	238,500	-	-	238,500
Program fees.....	354,385	-	-	354,385
Investment income (Note 2).....	625	2,875	358	3,858
Other income.....	5,789	-	-	5,789
Net assets released from restriction (Note 4).....	7,481,394	(7,470,603)	(10,791)	-
TOTAL SUPPORT AND REVENUE	9,186,147	(1,908,069)	(10,433)	7,267,645
EXPENSES				
Program services.....	2,201,053	-	-	2,201,053
Grants to not-for-profit organizations (Note 4).....	6,032,860	-	-	6,032,860
Management and general.....	584,537	-	-	584,537
Fundraising.....	278,766	-	-	278,766
TOTAL EXPENSES	9,097,216	-	-	9,097,216
CHANGE IN NET ASSETS	88,931	(1,908,069)	(10,433)	(1,829,571)
Net assets, beginning of year.....	1,176,167	6,627,844	129,125	7,933,136
Net assets, end of year.....	<u>\$ 1,265,098</u>	<u>\$ 4,719,775</u>	<u>\$ 118,692</u>	<u>\$ 6,103,565</u>

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

2011

2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets.....	\$ (1,642,330)	\$ (1,829,571)
<u>Adjustments to reconcile change in net assets</u>		
<u>to net cash used in operating activities:</u>		
Depreciation expense.....	15,301	40,624
Net realized and unrealized (gains)/losses on investments.....	(2,704)	5,314
 <u>Changes in operating assets and liabilities:</u>		
Accounts receivable.....	120,153	717,756
Prepaid expenses and other current assets.....	(96,858)	(13,663)
Other assets.....	938	55,777
Accounts payable and accrued expenses.....	16,073	(130,689)
Grants payable.....	(53,167)	(196,833)
Deferred revenue.....	151,814	19,254
Other current liabilities.....	(819)	(6,166)
NET CASH USED IN OPERATING ACTIVITIES	(1,491,599)	(1,338,197)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales of investments.....	2,287,523	5,190,890
Purchases of investments.....	(245,000)	(4,040,230)
Purchases of property and equipment.....	-	(3,443)
Change in restricted cash.....	541	(290)
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,043,064	1,146,927
NET CHANGE IN CASH AND CASH EQUIVALENTS	551,465	(191,270)
Cash and cash equivalents, beginning of year.....	917,563	1,108,833
Cash and cash equivalents, end of year.....	<u>\$ 1,469,028</u>	<u>\$ 917,563</u>

***NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010***

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Jewish Funders Network ("JFN") is presented to assist in understanding JFN's financial statements. The financial statements and notes are representations of JFN's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization:

JFN was incorporated in 1994 as a not-for-profit corporation, organized under the laws of the State of Pennsylvania. Its primary purpose is to provide opportunities for Jewish philanthropists to discuss emerging issues; learn about new projects; share ideas and plans; gain expertise in the operational, administrative, and legal aspects of grant making; and exchange information. During 2009 JFN's Israel office was established to carry out JFN's mission overseas. As of December 31, 2011 not-for-profit status for JFN's Israel office was still pending an approval from the Israeli government. During the years ended December 31, 2011 and 2010 operations of JFN's Israel office were conducted through Keren Karev, an established Israeli not-for-profit organization that functioned as fiscal intermediary for JFN. Payments by JFN to Keren Karev to support the activities of JFN's Israel office are recorded as Program Expenses. During the year ended December 31, 2011, another Israeli not-for-profit organization - Matan - agreed to assist JFN in connection with its annual conference, which in 2012 was held in Israel; by receiving and paying certain registration fees, sponsorships, and expenses in Israel.

Income Tax Status:

JFN is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is publicly supported, as described in section 509(a). On January 1, 2010, JFN adopted the recognition requirements for uncertain tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Tax benefits are recognized for tax positions taken or expected to be taken in a tax and information return, only when it is determined that the tax position will more-likely-than-not be sustained upon examination by taxing authorities. JFN has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. JFN believes that tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on JFN's financial condition, results of operations, or cash flows. Accordingly, JFN has not recorded any reserves, or related accruals for interest and penalties for uncertain tax positions at December 31, 2011. Tax returns for the years ended December 31, 2011, 2010, 2009, and 2008 are open for examination by federal, state, and local taxing authorities.

Basis of Accounting:

The books of accounts are maintained on the accrual basis of accounting. Revenue is recorded as earned and expenses are recorded when incurred.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation:

JFN is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets of JFN and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by action of JFN and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by JFN. Generally, the donors of these assets permit JFN to use all or part of the income earned on any related investments only for the specific purposes set forth with their donation.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to JFN that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue Recognition:

Conference revenue is recognized when the conference has occurred. Conference fees collected prior to the conference date are classified as deferred revenue in the accompanying statements of financial position.

Program fees revenue is recognized based on the nature of the underlying program, principally as applicable services are provided.

Cash Equivalents:

For the purpose of the financial statements, cash equivalents represent money market funds with an original maturity of three month or less which are held with financial institutions.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Cash accounts associated with investment accounts are included in investments. Unrealized gains and losses are included in investment income in the statements of activities.

Accounts Receivable:

Receivables are stated at the amount management expects to collect from outstanding balances. JFN considers receivables past due or delinquent when payments have not been received in a timely manner, and receivables are written off when management deems the possibility of collecting amounts due completely unlikely. \$10,000 in accounts receivable representing a contribution pledged in 2010 was written off during the year ended December 31, 2011. During the year ended December 31, 2010 approximately \$48,000 of accounts receivable was written off. Management believes all remaining receivables are collectible. As such, no allowance was established for doubtful accounts as of December 31, 2011.

Property and Equipment:

Property and equipment are stated at cost, if purchased, or fair value, if contributed. Maintenance and repairs are charged to expense and betterments of \$2,500 or more are capitalized. Depreciation is computed using the straight line method over each asset's estimated useful life as follows:

Furniture and equipment.....	3 - 7 years
Leasehold improvements.....	5 years

Donated Services:

JFN benefits from volunteer services in program and administrative duties from the Board members and other volunteers. Even though these donated services are valuable to JFN, and help to advance JFN's mission, no amounts have been reflected in the financial statements for contributed services inasmuch as such services do not meet the criteria for recognition in the financial statements under accounting principles generally accepted in the United States of America, nor do they create or enhance non-financial assets.

Grants Payable:

From time to time JFN acts on behalf of one or more donor organizations under an agreement that provides for JFN to administer a matching grant program for the donors. The grants are recorded as Grants Payable until such time as they are disbursed by JFN when approved by the grantor, based on JFN's recommendations.

Line of Credit:

JFN has an open line of credit with one of the financial institutions in the amount of \$250,000. No funds were borrowed under this line as of December 31, 2011.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon an analysis of personnel time and space utilized for the related activities.

Use of Estimates:

The presentation of financial statements in conformity with the 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Events Occurring After the Report Date:

JFN has evaluated events and transactions that occurred between January 1, 2012 and May 21, 2012, which is the date that the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 2 -- INVESTMENTS

JFN presents investments in the statements of financial position at fair value. A fair value hierarchy has been established based on the observability of inputs to the evaluation of an asset or liability as of the measurement date. The three-level valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value levels (Level 1, 2, and 3).

- Level 1: Level 1 instruments are valued using observable inputs that reflect quoted prices for identical assets or liabilities in active markets that JFN has the ability to access at the measurement date. Level 1 assets include highly-liquid U.S. Treasury securities and exchange-traded equity securities.
- Level 2: Level 2 instruments are valued using observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for similar assets and liabilities. Most debt securities and some preferred stocks are model-priced by vendors using observable inputs and are classified within Level 2. Also included in the Level 2 category are derivative instruments that are priced using models with observable market inputs, including interest rates, foreign currency, and certain credit swap contracts.
- Level 3: Level 3 instruments are valued using valuations that are derived from techniques in which one or more of the significant inputs are unobservable (including assumptions about risk). Level 3 securities include less liquid securities such as highly structured and/or lower quality, asset-backed securities ("ABS") and commercial mortgage-backed securities ("CMBS"), including ABS backed by sub-prime loans, and private placement

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 -- INVESTMENTS (continued)

debt and equity securities. Embedded derivatives and complex derivatives securities, including equity derivatives, longer dated interest rate swaps and certain complex credit derivatives are also included in Level 3. Because Level 3 fair values, by their nature, contain unobservable market inputs as there is no observable market for these assets and liabilities, considerable judgment is used to determine the Level 3 fair values. Level 3 fair values represent JFN's best estimate of an amount that could be realized in a current market exchange absent actual market exchanges.

All of the investments held by JFN are considered level 1 investments because they are regularly traded and have quoted prices in active markets.

Investments are presented in the financial statements at fair value. The fair and historic values of JFN's investments by major security type are as follows at December 31, 2011:

	<u>Historical Cost</u>	<u>Fair Value</u>
U.S. government securities	\$ 2,075,216	\$ 2,075,216
Total investments	<u>\$ 2,075,216</u>	<u>\$ 2,075,216</u>

The following schedule summarizes the investment return included in the statement of activities for the year ended December 31, 2011:

Interest and dividend income.....	\$	6,954
Net realized and unrealized gain on investments.....		<u>2,704</u>
Total investment income.....	\$	<u>9,658</u>

The fair and historic values of JFN's investments by major security type are as follows at December 31, 2010:

	<u>Historical Cost</u>	<u>Fair Value</u>
U.S. government securities	\$ 4,115,035	\$ 4,115,035
Total investments	<u>\$ 4,115,035</u>	<u>\$ 4,115,035</u>

The following schedule summarizes the investment return included in the statement of activities for the year ended December 31, 2010:

Interest and dividend income.....	\$	9,172
Net realized and unrealized loss on investments.....		<u>(5,314)</u>
Total investment income.....	\$	<u>3,858</u>

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 -- INVESTMENTS (continued)

JFN invests in U.S. government securities. Such investments are exposed to risks such as interest rate and market risks. Due to the level of risk associated with certain investment vehicles, it is possible that changes in the values of investment holdings could occur in the near term and that change could materially affect the amounts reported in the statements of financial position.

For the years ended December 31, 2011 and 2010, JFN included in cash and investments restricted for use of \$107,734 and \$118,692, respectively, that were held in permanently restricted funds (See Note 4) and \$2,980,907 and \$4,719,775, respectively, that was held in temporarily restricted funds.

NOTE 3 -- PROPERTY AND EQUIPMENT

Property and equipment balances consisted of the following at December 31,:

	<u>2011</u>	<u>2010</u>
Furniture and equipment	\$ 238,374	\$ 238,374
Leasehold improvements	58,194	58,194
Total cost	296,568	296,568
Less: accumulated depreciation	(282,888)	(267,587)
Net property and equipment	<u>\$ 13,680</u>	<u>\$ 28,981</u>

Depreciation expense for the years ended December 31, 2011 and 2010 was \$15,301 and \$40,624, respectively.

NOTE 4 -- NET ASSETS

Temporarily Restricted Net Assets

JFN receives grants and contributions that are primarily restricted for use in specific programs and causes aligned with JFN's mission. JFN maintains variance power over these grants (see Note 9). During fiscal 2011 and 2010, JFN received \$9,662,772 and \$5,316,095, respectively in grants and \$1,136,454 and \$243,564, respectively in such restricted contributions and disbursed \$11,635,376 and \$6,032,860, respectively, in grants to qualifying organizations.

These net assets from grants, inclusive of related investment income, were restricted for the following purposes at December 31,:

JEWISH FUNDERS NETWORK

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 4 -- NET ASSETS (continued)

	2011	2010
Foundation Services Fund: Fund 1.....	\$ 78,819	\$ 1,753,813
Northern Israel Relief 1.....	689,435	1,601,669
Northern Israel Early Childhood.....	37,949	137,939
Northern Israel Relief 2.....	73,491	73,483
Foundation Services: Expansion.....	-	55,742
Membership Services	44,773	133,163
Give to Israel.....	1,044,500	-
Time restricted.....	80,650	402,500
Other	906,290	561,466
Total	<u>\$ 2,955,907</u>	<u>\$ 4,719,775</u>

Permanently Restricted Net Assets

Permanently restricted net assets consist of restricted contributions from two separate donors which are held within restricted cash and restricted investments on the accompanying statements of financial position. Interest and dividend income generated and retained by these contributions in the portfolio have been classified as permanently restricted in JFN's statements of activities. The breakout of these restricted net assets by donor is as follows at December 31,:

	2011	2010
JJ Greenberg Award Fund.....	\$ 89,379	\$ 99,796
Shapiro Award.....	18,355	18,896
Total.....	<u>\$ 107,734</u>	<u>\$ 118,692</u>

NOTE 5 -- CONCENTRATIONS OF RISK

From time to time, JFN has cash on deposit and short term investments with financial institutions in excess of federally insured limits. At December 31, 2011 and 2010, these amounts were approximately \$68,000 and \$413,000, respectively.

NOTE 6 -- RETIREMENT PLAN

JFN participates in a 401(k) plan that covers substantially all employees over the age of twenty-one. Vesting in participants' accounts is immediate. This plan provides for elective contributions to this plan that range from 3% to 4% of each participant's compensation for any plan year. Contributions are subject to certain limitations as stipulated in the plan document. JFN provided contributions of \$38,799 and \$45,228 for the years ended December 31, 2011 and 2010, respectively.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 7 -- GRANTS PAYABLE

JFN has an outstanding agreement from prior years with the Avi Chai Foundation for a matching grant program ("MATCH"). MATCH will provide grants of \$25,000 to \$50,000 to match grants of an equal or greater amount, which are made by qualifying JFN members, to institutions in support of Jewish education. At December 31, 2011 and 2010, matching grants payable amounted to \$2,376 and \$55,543, respectively, and was included with grants payable in the accompanying statements of financial position.

NOTE 8 -- LEASE COMMITMENTS

JFN entered into a lease for office space at its Manhattan location in November 2005, which commenced in January 2006, and expires on January 31, 2016. The lease contains escalation clauses of 3% per annum.

In addition, JFN leases certain copying equipment. These leases are set to expire between now and December 31, 2016. Future minimum payments under non-cancellable operating leases are as follows for the years ending December 31,:

2012.....	\$	160,122
2013.....		163,454
2014		162,162
2015		166,398
2016		13,759
Total	\$	<u>665,895</u>

NOTE 9 -- ENDOWMENT

Effective September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the provisions of which apply to the endowment funds existing on or established after that date.

JFN's endowment consists of the JJ Greenberg Memorial Fund and Shapiro Fund that are permanently restricted for use by the donor. JFN is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. The full amount of contributions received towards JJ Greenberg and Shapiro Funds were initially recorded as permanent endowment. JFN adopted a spending policy whereby it looks to provide ongoing support of awards as provided for by the endowment funds. As a result, on an annual basis, a portion of the endowment fund is released from restriction in accordance with JFN's spending policy.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 9 -- ENDOWMENT (continued)

Return Objectives and Risk Parameters

JFN has adopted an investment strategy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment. In order to have the funds readily available, JFN's endowments are invested in U.S. government securities.

Spending Policy

Under JFN's adopted spending policy, permanently restricted funds are used for the purposes of awarding an annual \$5,000 award, and to cover the expenses associated with the annual award ceremony, which is allowable under the donor guidelines. Investment income, generated from its permanently restricted funds at December 31, 2011 and 2010 was added to the permanently restricted balance of the net assets.

During the year ended December 31, 2011, JFN had the following endowment-related activities:

	Unrestricted	Permanently Restricted
Endowment funds, beginning of year.....	\$ -	\$ 118,692
Investment return.....	-	254
Releases from permanent restrictions	11,212	(11,212)
Expenditures	(11,212)	-
Endowment funds, end of year	\$ -	\$ 107,734