

JEWISH FUNDERS NETWORK
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012



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JEWISH FUNDERS NETWORK

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
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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 consolidated financial statements of Jewish Funders Network (a not-for-profit Organization) and its affiliated entity, Jewish Funders Network (R.A) ("JFNRA," an Israeli nonprofit Organization) (collectively "JFN"), which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements. We did not audit the financial statements of JFNRA, which reflect total assets and revenues constituting 2% and 9%, respectively, of the related consolidated totals as of and for the year ended December 31, 2013 and 2% and 4%, respectively, of the related consolidated totals as of and for the year ended December 31, 2012. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for JFNRA, is based solely on the report of the other auditors.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to JFN's preparation and fair presentation of the consolidated 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 JFN'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 consolidated financial statements.

We believe that the audit evidence we have obtained and the report of the other auditor are sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the report of the other auditor, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of JFN as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying consolidating statements of financial position as of December 31, 2013 and 2012 and the consolidating statements of activities for the years then ended are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Cerini & Associates LLP

Bohemia, New York

June 4, 2014

JEWISH FUNDERS NETWORK

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

2013

2012

ASSETS

Current Assets:

Cash and cash equivalents (Note 5).....	\$ 1,568,366	\$ 957,275
Investments (Note 2).....	1,421,042	1,438,512
Accounts receivable.....	1,249,417	717,328
Prepaid expenses and other current assets.....	88,205	78,535

TOTAL CURRENT ASSETS

4,327,030

3,191,650

Restricted cash (Notes 2, 4, and 5).....	18,347	18,523
Restricted investments (Notes 2 and 4).....	-	78,883
Property and equipment, net of accumulated depreciation (Note 3).....	23,466	4,316
Other assets.....	34,361	42,181

TOTAL ASSETS

\$ 4,403,204

\$ 3,335,553

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$ 156,500	\$ 165,785
Grants payable (Note 7).....	788,376	502,374
Deferred revenue.....	176,715	81,663
Other current liabilities.....	4,401	1,319

TOTAL LIABILITIES

1,125,992

751,141

Commitments and contingencies (Notes 2, 4, 5, 6, 7, 8, and 9)

Net Assets:

Unrestricted, as restated (Note 10).....	1,191,094	1,316,686
Temporarily restricted (Notes 4 and 9).....	2,067,771	1,170,320
Permanently restricted (Notes 2, 4, and 9).....	18,347	97,406

TOTAL NET ASSETS

3,277,212

2,584,412

TOTAL LIABILITIES AND NET ASSETS

\$ 4,403,204

\$ 3,335,553

JEWISH FUNDERS NETWORK

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Grants (Note 4).....	\$ 17,320	\$ 2,111,000	\$ -	\$ 2,128,320
Contributions (Note 4).....	550,648	2,521,108	-	3,071,756
Membership dues.....	794,008	-	-	794,008
Conference	311,782	-	-	311,782
Conference sponsorships.....	501,205	-	-	501,205
Program fees.....	76,349	-	-	76,349
Investment income (Note 2).....	4,056	1,693	153	5,902
Net assets released from restriction (Note 4).....	3,815,562	(3,736,350)	(79,212)	-
TOTAL SUPPORT AND REVENUE	6,070,930	897,451	(79,059)	6,889,322
EXPENSES				
Program services.....	3,043,222	-	-	3,043,222
Grants to not-for-profit organizations (Note 4).....	2,364,689	-	-	2,364,689
Management and general.....	625,910	-	-	625,910
Fundraising.....	166,096	-	-	166,096
TOTAL EXPENSES	6,199,917	-	-	6,199,917
COMPREHENSIVE INCOME				
Gain on foreign currency exchange.....	3,395	-	-	3,395
CHANGE IN NET ASSETS	(125,592)	897,451	(79,059)	692,800
Net assets, beginning of year, as restated (Note 10).....	1,316,686	1,170,320	97,406	2,584,412
Net assets, end of year.....	<u>\$ 1,191,094</u>	<u>\$ 2,067,771</u>	<u>\$ 18,347</u>	<u>\$ 3,277,212</u>

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

JEWISH FUNDERS NETWORK

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Grants (Note 4).....	\$ 25,852	\$ 8,009,634	\$ -	\$ 8,035,486
Contributions (Note 4).....	428,203	718,796	-	1,146,999
Membership dues.....	616,091	-	-	616,091
Conference	382,450	-	-	382,450
Conference sponsorships.....	458,000	-	-	458,000
Program fees.....	229,640	-	-	229,640
Investment income (Note 2).....	9,951	1,699	176	11,826
Net assets released from restriction (Note 4).....	10,526,220	(10,515,716)	(10,504)	-
TOTAL SUPPORT AND REVENUE	12,676,407	(1,785,587)	(10,328)	10,880,492
EXPENSES				
Program services.....	2,725,819	-	-	2,725,819
Grants to not-for-profit organizations (Note 4).....	9,300,586	-	-	9,300,586
Management and general.....	496,373	-	-	496,373
Fundraising.....	241,726	-	-	241,726
TOTAL EXPENSES	12,764,504	-	-	12,764,504
COMPREHENSIVE INCOME				
Loss on foreign currency exchange.....	(4,495)	-	-	(4,495)
CHANGE IN NET ASSETS	(92,592)	(1,785,587)	(10,328)	(1,888,507)
Net assets, beginning of year.....	1,409,278	2,955,907	107,734	4,472,919
Net assets, end of year, as restated (Note 10).....	\$ 1,316,686	\$ 1,170,320	\$ 97,406	\$ 2,584,412

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

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

2013

2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets.....	\$ 692,800	\$ (1,888,507)
<u>Adjustments to reconcile change in net assets</u>		
<u>to net cash provided by/(used in) operating activities:</u>		
Depreciation expense.....	7,223	11,193
Net realized and unrealized (gains)/losses on investments.....	(306)	2,751
<u>Changes in operating assets and liabilities:</u>		
Accounts receivable.....	(532,089)	425,240
Prepaid expenses and other current assets.....	(9,670)	69,094
Other assets.....	7,820	(9,349)
Accounts payable and accrued expenses.....	(9,285)	26,041
Grants payable.....	286,002	499,998
Deferred revenue.....	95,052	(229,706)
Other current liabilities.....	3,082	1,319
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	540,629	(1,091,926)

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sales of investments.....	1,292,263	2,819,037
Purchases of investments.....	(1,195,604)	(2,263,967)
Purchases of property and equipment.....	(26,373)	(1,829)
Change in restricted cash.....	176	(168)
NET CASH PROVIDED BY INVESTING ACTIVITIES	70,462	553,073
NET CHANGE IN CASH AND CASH EQUIVALENTS	611,091	(538,853)
Cash and cash equivalents, beginning of year.....	957,275	1,496,128
Cash and cash equivalents, end of year.....	<u>\$ 1,568,366</u>	<u>\$ 957,275</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Jewish Funders Network and its affiliated entity, Jewish Funder's Network (R.A) ("JFNRA") (collectively "JFN") is presented to assist in understanding JFN's consolidated financial statements. The consolidated financial statements and notes are representations of JFN's management, which is responsible for the integrity and objectivity of the consolidated 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 consolidated financial statements.

Organization:

Jewish Funders Network 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. JFNRA was established at the end of 2008 to carry out Jewish Funders Network's mission overseas. On November 30, 2008, JFNRA received the initial designation as a not-for-profit organization, or Amutah, from the Israeli authorities. It did not commence operations until November 2011. As of December 31, 2013, confirmation by the tax authorities as a "public institute" concerning contributions in accordance with Section 46 of the Israeli tax laws (income tax credit for donation) was still pending. Prior to November 2011, the fiscal operations of JFNRA were conducted through Keren Karev, an established Israeli not-for-profit organization that functioned as fiscal intermediary for Jewish Funders Network. During the year ended December 31, 2012, another Israeli not-for-profit organization – Matan –assisted Jewish Funders Network 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. During the year ended December 31, 2013, JFN's annual conference was held in the United States and no such fiscal intermediary was used.

Basis of Consolidation:

The accompanying consolidated financial statements include the accounts and transactions of Jewish Funders Network and JFNRA. Accordingly, all significant intercompany accounts and transactions have been eliminated in consolidation.

Income Tax Status:

Jewish Funders Network 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). Jewish Funders Network is also exempt from state and local taxes. Jewish Funders Network evaluated its operations for uncertain tax positions and have determined that there were no uncertain tax positions for 2013 and 2012. Tax returns for the years ended December 31, 2013, 2012, 2011, and 2010 are open for examination by federal, state, and local taxing authorities. As previously outlined, the tax-exempt status of JFNRA was established on November 30, 2008 in Israel, and is valid through December 31, 2014.

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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation:

JFN is required to report information regarding its consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, cash equivalents represent money market funds with an original maturity of three month or less which are held with financial institutions.

Exchange Rates:

For the purpose of the consolidated financial statements, the statements of financial position of JFNRA have been converted from Israeli Shekels to US Dollars using the foreign exchange rates at

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exchange Rates (continued):

December 31, 2013 and 2012. The average exchange rates were used to convert the JFNRA statements of activities for the years ended December 31, 2013 and 2012. For the year ended December 31, 2013, the gain on foreign currency exchange was \$3,395. For the year ended December 31, 2012, the loss on foreign currency exchange was \$4,495.

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated 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 consolidated 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. \$21,649 in accounts receivable representing two \$10,000 contributions pledged and other smaller pledged amounts were written off during the year ended December 31, 2013. \$20,979 in accounts receivable representing a contribution pledged in 2011 was written off during the year ended December 31, 2012.

Management believes all remaining receivables are collectible. As such, no allowance was established for doubtful accounts as of December 31, 2013 and 2012.

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 its 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 consolidated financial statements for contributed services inasmuch as such services do not meet the criteria for recognition in the consolidated financial statements under accounting principles generally accepted in the United States of America, nor do they create or enhance non-financial assets.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences:

JFN allows employees to accrue unused vacation time and has recorded a vacation accrual of \$21,820 and \$19,844 at December 31, 2013 and 2012. These amounts are included with accounts payable and accrued expenses in the accompanying statements of financial position.

JFNRA accumulates vacation on an ongoing basis. The accumulated leave accrual at December 31, 2013 and 2012 amounted to \$10,492 and \$7,334 respectively, which is included within other current liabilities in the accompanying consolidating statements of financial position.

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 a financial institution in the amount of \$250,000. No funds were borrowed under this line as of December 31, 2013 or 2012.

Functional Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated 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 consolidated 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 consolidated 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, 2014 and June 4, 2014, which is the date that the consolidated financial statements were available to be issued, for possible disclosure and recognition in the consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 2 – INVESTMENTS

JFN presents investments in the consolidated 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 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.

The following schedule summarizes the investment return included in the consolidated statement of activities for the year ended December 31, 2013:

	<u>Historical</u>	<u>Fair</u>
	<u>Cost</u>	<u>Value</u>
U.S. government securities	\$ 1,421,042	\$ 1,421,042
Total investments	\$ 1,421,042	\$ 1,421,042

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 2 – INVESTMENTS (continued)

The following schedule summarizes the investment return included in the consolidated statement of activities for the year ended December 31, 2013:

Interest and dividend income.....	\$	6,208
Net realized and unrealized loss on investments.....		(306)
Total investment income.....	\$	<u>5,902</u>

The fair and historic values of JFN’s investments by major security type are as follows at December 31, 2012:

	<u>Historical</u> Cost	<u>Fair</u> Value
U.S. government securities	\$ 1,517,395	\$ 1,517,395
Total investments	<u>\$ 1,517,395</u>	<u>\$ 1,517,395</u>

The following schedule summarizes the investment return included in the consolidated statement of activities for the year ended December 31, 2012:

Interest and dividend income.....	\$	9,075
Net realized and unrealized gain on investments.....		2,751
Total investment income.....	\$	<u>11,826</u>

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 consolidated statements of financial position.

For the year ended December 31, 2012, JFN included in restricted cash and investments \$97,406 that were held in permanently restricted funds (See Note 4). During the year ended December 31, 2013, the permanently restricted investments were released by the donor to be used for program related expenses as JFN deems prudent. For the year ended December 31, 2013, JFN included in restricted cash and investments \$18,347 that were held in permanently restricted funds (See Note 4).

JEWISH FUNDERS NETWORK

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3 - PROPERTY AND EQUIPMENT

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

	<u>2013</u>	<u>2012</u>
Furniture and equipment	\$ 266,576	\$ 240,203
Leasehold improvements	58,194	58,194
Total cost	<u>324,770</u>	<u>298,397</u>
Less: accumulated depreciation	(301,304)	(294,081)
Net property and equipment	<u>\$ 23,466</u>	<u>\$ 4,316</u>

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 2013 and 2012, JFN received \$2,111,000 and \$8,009,634, respectively, in grants and \$2,520,955 and \$718,796, respectively, in restricted contributions, and disbursed \$2,364,689 and \$9,300,586, 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,:

	<u>2013</u>	<u>2012</u>
Foundation Services Fund: Fund 1	\$ 4,672	\$ 12,528
Northern Israel Relief 1	453,402	582,335
Northern Israel Early Childhood	37,956	37,952
Northern Israel Relief 2	23,004	73,498
Membership Services	48,796	35,597
Matching Grants Program	239,577	-
Give to Israel	97,210	30,000
Israel Office Grants	143,721	-
JTFN	281,137	81,675
JJ Greenberg Award Fund	72,914	-
Peer Networks	113,303	180,106
Leadership Fund - Time restricted	426,000	-
Other	126,079	136,629
Total	<u>\$ 2,067,771</u>	<u>\$ 1,170,320</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 4 -- NET ASSETS (continued)

Permanently Restricted Net Assets

For the year ended December 31, 2012, permanently restricted net assets consisted of restricted contributions from two separate donors which were held within restricted cash and restricted investments. During the year ended December 31, 2013 the JJ Greenberg Award Fund released the permanent restriction on the contribution and has given permission for JFN to spend the money on program related expenses as it deems prudent. Therefore, this contribution was reclassified from permanently restricted net assets to temporarily restricted net assets as of December 31, 2013. Interest and dividend income generated and retained by the permanently restricted contributions in the portfolio have been classified as permanently restricted in JFN's consolidated statements of activities (See Note 9). The breakout of these restricted net assets by donor is as follows at December 31,:

	2013	2012
JJ Greenberg Award Fund	\$ -	\$ 78,883
Shapiro Award	18,347	18,523
Total	\$ 18,347	\$ 97,406

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.

Approximately 42% of total grants and contributions revenue recognized during the year ended December 31, 2013 were attributed to two donors. Approximately 72% of the December 31, 2013 accounts receivable balance was attributed to four donors.

Approximately 44% of total grants and contributions revenue recognized during the year ended December 31, 2012 were attributed to two donors. Approximately 37% of the December 31, 2012 accounts receivable balance was attributed to two donors.

The sole purpose of these grants is to fund grants out in the same amounts. These grants do not affect JFN's operations.

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 \$47,003 and \$42,145 for the years ended December 31, 2013 and 2012, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 6 – RETIREMENT PLAN (continued)

JFNRA participates in a state mandated retirement plan in accordance with the “Extension Order for Comprehensive Pension Insurance in the Economy” issued by the Israeli Ministry of Industry, Labor and Trade. All Israeli employers are required to provide their employees with a minimum pension. The minimum employer contribution rate for pensions in 2013 and 2012 were 5% and 4.16%, respectively.

NOTE 7 – GRANTS PAYABLE

In 2013 JFN had agreements with two foundations for matching grant programs. In 2012 JFN had agreements with one foundation for matching grant programs. These programs provide grants to match in part or in whole, grants that are made by qualifying JFN members to institutions in support of each program’s objectives. At December 31, 2013 and 2012, matching grants payable amounted to \$788,376 and \$502,374, 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. JFN entered into a lease for office space at its Israel location in January 2013, which expires on January 14, 2015.

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

2014	\$	168,846
2015		173,081
2016		20,443
2017		1,114
Total	\$	<u>363,484</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.

During the year ended December 31, 2012, JFN’s endowment consisted of the JJ Greenberg Memorial Fund and Shapiro Fund that are permanently restricted by the donor. During the year ended December 31, 2013 the JJ Greenberg Award Fund released the permanent restriction on the contribution and has given permission for JFN to spend the money on program related expenses

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 - ENDOWMENT (continued)

as it deems prudent. Therefore, this contribution was reclassified from permanently restricted net assets to temporarily restricted net assets as of December 31, 2013.

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.

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 endowment is invested in a restricted money market account.

Spending Policy

Under JFN's spending policy, permanently restricted funds are used to fund the expense associated with a biennial award. Investment income, generated from the permanently restricted funds at December 31, 2013 and 2012 was added to the permanently restricted balance of the net assets.

During the years ended December 31, 2013 and 2012, JFN had the following endowment-related activities:

December 31, 2013	Unrestricted	Permanently Restricted
Endowment funds, beginning of year	\$ -	\$ 97,406
Investment return	-	153
Reclass from permanent restrictions to temporary restrictions	-	(73,712)
Releases from permanent restrictions	5,500	(5,500)
Expenditures	(5,500)	-
Endowment funds, end of year	<u>\$ -</u>	<u>\$ 18,347</u>
December 31, 2012	Unrestricted	Permanently Restricted
Endowment funds, beginning of year	\$ -	\$ 107,734
Investment return	-	176
Releases from permanent restrictions	10,504	(10,504)
Expenditures	(10,504)	-
Endowment funds, end of year	<u>\$ -</u>	<u>\$ 97,406</u>

***NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012***

NOTE 10 - RESTATEMENT OF NET ASSETS

During the year ended December 31, 2013, management realized that accounts receivable was understated as of December 31, 2012 due to credit balances. Management corrected this issue by recording an entry increasing accounts receivable by \$148,000 and increasing net assets by the same amount as of December 31, 2012.

JEWISH FUNDERS NETWORK

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013**

ASSETS

	Jewish Funders Network	JENRA	Eliminations	Total
Current Assets:				
Cash and cash equivalents.....	\$ 1,500,612	\$ 67,754	\$ -	\$ 1,568,366
Investments	1,421,042	-	-	1,421,042
Accounts receivable.....	1,249,417	-	-	1,249,417
Prepaid expenses and other current assets.....	70,911	17,294	-	88,205
TOTAL CURRENT ASSETS	4,241,982	85,048	-	4,327,030
Restricted cash	18,347	-	-	18,347
Restricted investments	-	-	-	-
Property and equipment, net of accumulated depreciation.....	14,678	8,788	-	23,466
Other assets.....	34,361	-	-	34,361
TOTAL ASSETS	\$ 4,309,368	\$ 93,836	\$ -	\$ 4,403,204

LIABILITIES AND NET ASSETS

Current Liabilities:				
Accounts payable and accrued expenses	\$ 121,480	\$ 35,020	\$ -	\$ 156,500
Grants payable	788,376	-	-	788,376
Deferred revenue.....	176,715	-	-	176,715
Other current liabilities.....	-	4,401	-	4,401
TOTAL LIABILITIES	1,086,571	39,421	-	1,125,992
Net Assets:				
Unrestricted.....	1,136,679	54,415	-	1,191,094
Temporarily restricted.....	2,067,771	-	-	2,067,771
Permanently restricted.....	18,347	-	-	18,347
TOTAL NET ASSETS	3,222,797	54,415	-	3,277,212
TOTAL LIABILITIES AND NET ASSETS	\$ 4,309,368	\$ 93,836	\$ -	\$ 4,403,204

JEWISH FUNDERS NETWORK

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012**

ASSETS	Jewish Funders Network	JFNRA	Eliminations	Total
Current Assets:				
Cash and cash equivalents.....	\$ 889,206	\$ 68,069	\$ -	\$ 957,275
Investments	1,438,512	-	-	1,438,512
Accounts receivable.....	717,328	-	-	717,328
Prepaid expenses and other current assets.....	75,848	2,687	-	78,535
TOTAL CURRENT ASSETS	3,120,894	70,756	-	3,191,650
Restricted cash.....	18,523	-	-	18,523
Restricted investments	78,883	-	-	78,883
Property and equipment, net of accumulated depreciation.....	3,696	620	-	4,316
Other assets.....	42,181	-	-	42,181
TOTAL ASSETS	\$ 3,264,177	\$ 71,376	\$ -	\$ 3,335,553
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 137,034	\$ 28,751	\$ -	\$ 165,785
Grants payable	502,374	-	-	502,374
Deferred revenue.....	81,663	-	-	81,663
Other current liabilities.....	-	1,319	-	1,319
TOTAL LIABILITIES	721,071	30,070	-	751,141
Net Assets:				
Unrestricted, as restated (Note 10).....	1,275,380	41,306	-	1,316,686
Temporarily restricted.....	1,170,320	-	-	1,170,320
Permanently restricted	97,406	-	-	97,406
TOTAL NET ASSETS	2,543,106	41,306	-	2,584,412
TOTAL LIABILITIES AND NET ASSETS	\$ 3,264,177	\$ 71,376	\$ -	\$ 3,335,553

JEWISH FUNDERS NETWORK

**CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Jewish Funders Network				JFNRA		Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	
SUPPORT AND REVENUE							
Grants	\$ 17,320	\$ 2,111,000	\$ -	\$ -	\$ -	\$ -	\$ 2,128,320
Contributions	432,349	2,521,108	-	-	473,299	-	3,071,756
Membership dues.....	716,360	-	-	-	121,388	-	794,008
Conference	311,782	-	-	-	-	-	311,782
Conference sponsorships.....	501,205	-	-	-	-	-	501,205
Program fees.....	76,349	-	-	-	-	-	76,349
Investment income	3,673	1,693	153	-	383	-	5,902
Net assets released from restriction.....	3,815,562	(3,736,350)	(79,212)	-	-	-	-
TOTAL SUPPORT AND REVENUE	5,874,600	897,451	(79,059)	-	595,070	(398,740)	6,889,322
EXPENSES							
Program services.....	2,930,954	-	-	-	511,008	-	3,043,222
Grants to not-for-profit organizations	2,364,689	-	-	-	-	-	2,364,689
Management and general.....	551,562	-	-	-	74,348	-	625,910
Fundraising.....	166,096	-	-	-	-	-	166,096
TOTAL EXPENSES	6,013,301	-	-	-	585,356	(398,740)	6,199,917
COMPREHENSIVE INCOME							
Gain on foreign currency exchange.....	-	-	-	-	3,395	-	3,395
CHANGE IN NET ASSETS	(138,701)	897,451	(79,059)	-	13,109	-	692,800
Net assets, beginning of year, as restated (Note 10).....	1,275,380	1,170,320	97,406	-	41,306	-	2,584,412
Net assets, end of year.....	\$ 1,136,679	\$ 2,067,771	\$ 18,347	\$ -	\$ 54,415	\$ -	\$ 3,277,212

JEWISH FUNDERS NETWORK

**CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Jewish Funders Network				JFNRA		Total
	Unrestricted	Temporarily	Permanently	Unrestricted	Temporarily	Total	
		Restricted	Restricted		Restricted		
SUPPORT AND REVENUE							
Grants	\$ 25,852	\$ 8,009,634	\$ -	\$ -	\$ -	\$ -	\$ 8,035,486
Contributions	428,358	713,614	-	416,000	5,182	(416,155)	1,146,999
Membership dues	616,091	-	-	4,450	-	(4,450)	616,091
Conference	382,450	-	-	-	-	-	382,450
Conference sponsorships	458,000	-	-	-	-	-	458,000
Program fees	229,640	-	-	-	-	-	229,640
Investment income	9,922	1,699	176	29	-	-	11,826
Net assets released from restriction	10,521,038	(10,510,534)	(10,504)	5,182	(5,182)	-	-
TOTAL SUPPORT AND REVENUE	12,671,351	(1,785,587)	(10,328)	425,661	-	(420,605)	10,880,492
EXPENSES							
Program services	2,814,176	-	-	332,248	-	(420,605)	2,725,819
Grants to not-for-profit organizations	9,300,586	-	-	-	-	-	9,300,586
Management and general	437,077	-	-	59,296	-	-	496,373
Fundraising	241,726	-	-	-	-	-	241,726
TOTAL EXPENSES	12,793,565	-	-	391,544	-	(420,605)	12,764,504
COMPREHENSIVE INCOME							
Loss on foreign currency exchange	-	-	-	(4,495)	-	-	(4,495)
CHANGE IN NET ASSETS	(122,214)	(1,785,587)	(10,328)	29,622	-	-	(1,886,507)
Net assets, beginning of year	1,397,594	2,955,907	107,734	11,684	-	-	4,472,919
Net assets, end of year, as restated (Note 10)	\$ 1,275,380	\$ 1,170,320	\$ 97,406	\$ 41,306	\$ -	\$ -	\$ 2,584,412