

JEWISH FUNDERS NETWORK

***FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008***



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JEWISH FUNDERS NETWORK

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
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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, 2009 and 2008, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, 2009 and 2008 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
April 9, 2010

JEWISH FUNDERS NETWORK

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 5).....	\$ 1,108,833	\$ 910,119
Investments (Note 2).....	5,160,490	5,117,284
Accounts receivable.....	1,980,477	1,014,125
Prepaid expenses and other current assets.....	<u>37,108</u>	<u>48,419</u>
TOTAL CURRENT ASSETS	8,286,908	7,089,947
Restricted cash (Notes 2, 4 and 5).....	18,606	20,057
Restricted investments (Note 2).....	110,519	121,352
Property and equipment, net of accumulated depreciation (Note 3).....	66,162	115,220
Other assets.....	<u>89,547</u>	<u>52,051</u>
TOTAL ASSETS	<u>\$ 8,571,742</u>	<u>\$ 7,398,627</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 238,944	\$ 84,475
Grants payable.....	252,376	337,381
Deferred revenue.....	140,301	346,030
Other current liabilities.....	<u>6,985</u>	<u>15,802</u>
TOTAL LIABILITIES	638,606	783,688
Commitments and contingencies (Notes 2, 4, 5, 6, 7, and 8)		
Net Assets:		
Unrestricted.....	1,176,167	1,156,825
Temporarily restricted (Notes 2, 4 and 9).....	6,627,844	5,316,705
Permanently restricted (Notes 2 and 4).....	<u>129,125</u>	<u>141,409</u>
TOTAL NET ASSETS	<u>7,933,136</u>	<u>6,614,939</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,571,742</u>	<u>\$ 7,398,627</u>

JEWISH FUNDERS NETWORK

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Grants (Note 4).....	\$ 4,918,678	\$ 1,871,921	\$ -	\$ 6,790,599
Contributions (Note 4).....	594,938	698,700	-	1,293,638
Membership dues.....	414,700	-	-	414,700
Conference	250,438	-	-	250,438
Conference sponsorships.....	310,000	-	-	310,000
Program fees.....	809,417	-	-	809,417
Investment income (Note 2).....	47,889	-	(1,630)	46,259
Other income.....	6	-	-	6
Net assets released from restriction (Note 4).....	1,270,136	(1,259,482)	(10,654)	-
TOTAL SUPPORT AND REVENUE	8,616,202	1,311,139	(12,284)	9,915,057
EXPENSES				
Program services.....	2,675,889	-	-	2,675,889
Grants to not-for-profit organizations.....	5,216,972	-	-	5,216,972
Management and general.....	512,666	-	-	512,666
Fundraising.....	191,333	-	-	191,333
TOTAL EXPENSES	8,596,860	-	-	8,596,860
CHANGE IN NET ASSETS				
Net assets, beginning of year.....	19,342	1,311,139	(12,284)	1,318,197
Net assets, end of year.....	1,156,825	5,316,705	141,409	6,614,939
Net assets, end of year.....	<u>\$ 1,176,167</u>	<u>\$ 6,627,844</u>	<u>\$ 129,125</u>	<u>\$ 7,933,136</u>

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

JEWISH FUNDERS NETWORK

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Grants (Note 4).....	\$ 4,189,150	\$ 1,824,576	\$ 1,000	\$ 6,014,726
Contributions (Note 4).....	417,380	-	-	417,380
Membership dues.....	479,015	-	-	479,015
Conference	222,957	-	-	222,957
Conference sponsorships.....	498,000	-	-	498,000
Program fees.....	1,090,816	-	-	1,090,816
Investment income (Note 2).....	178,007	-	(70,789)	107,218
Other income.....	6,076	-	-	6,076
Net assets released from restriction (Note 4).....	6,725,959	(6,718,780)	(7,179)	-
TOTAL SUPPORT AND REVENUE	13,807,360	(4,894,204)	(76,968)	8,836,188
EXPENSES				
Program services.....	2,805,492	-	-	2,805,492
Grants to not-for-profit organizations.....	10,111,021	-	-	10,111,021
Management and general.....	568,145	-	-	568,145
Fundraising.....	110,499	-	-	110,499
TOTAL EXPENSES	13,595,157	-	-	13,595,157
CHANGE IN NET ASSETS				
	212,203	(4,894,204)	(76,968)	(4,758,969)
Net assets, beginning of year	944,622	10,210,909	218,377	11,373,908
Net assets, end of year	<u>\$ 1,156,825</u>	<u>\$ 5,316,705</u>	<u>\$ 141,409</u>	<u>\$ 6,614,939</u>

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

JEWISH FUNDERS NETWORK

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

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets.....	\$ 1,318,197	\$ (4,758,969)
<u>Adjustments to reconcile change in net assets</u>		
<u>to net cash provided by/ (used in) operating activities:</u>		
Depreciation expense.....	49,059	61,033
Net realized and unrealized (gains)/losses on investments.....	(21,758)	126,708
<u>Changes in operating assets and liabilities:</u>		
Accounts receivable.....	(966,352)	(511,699)
Prepaid expenses and other current assets.....	11,311	71,184
Other assets.....	(37,496)	1,394
Accounts payable and accrued expenses.....	154,469	(13,732)
Grants payable.....	(85,005)	152,056
Deferred revenue.....	(205,729)	(117,924)
Other current liabilities.....	(8,817)	(1,608)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	207,879	(4,991,557)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments.....	(114,827)	5,374,871
Purchases of investments.....	111,929	(111,929)
Purchases of property and equipment.....	(6,267)	(6,267)
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(9,165)	5,256,675
NET CHANGE IN CASH	198,714	265,118
Cash and cash equivalents, beginning of year.....	910,119	645,001
Cash and cash equivalents, end of year.....	<u>\$ 1,108,833</u>	<u>\$ 910,119</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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. 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).

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.

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 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.

JEWISH FUNDERS NETWORK

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

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

Membership dues are recorded as revenue in the year to which the dues pertain. Dues pertaining to the time period not yet passed is 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 financial institutions.

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: Accounts receivable consists primarily of uncollected grants payable and contributions from donors. Substantially all accounts receivable due in 2009 have been collected subsequent to year-end.

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 \$1,000 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 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: JFN receives grants from donors, whose intent is that JFN will redistribute the funds to various not-for-profit organizations that are aligned with JFN's mission. These donors and JFN work together to identify organizations that are aligned with JFN's mission. JFN records such grants as a liability.

***NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008***

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 statement 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: Concern has evaluated events and transactions that occurred between January 1, 2010 and April 9, 2010, which is the date that the consolidated financial statements were available to be issued, for possible disclosure and recognition in the consolidated financial statements.

NOTE 2 -- INVESTMENTS

JFN presents investments in the statements of financial position at fair value. JFN utilizes a fair value hierarchy that prioritizes the inputs in the valuation techniques used to measure fair value into three broad 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

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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 market value. The fair and historic values of JFN's investments by major security type are as follows at December 31, 2009:

	<u>Historical</u> <u>Cost</u>	<u>Fair</u> <u>Value</u>
Cash.....	\$ 169	\$ 169
Equities.....	-	-
U.S government securities	<u>5,270,840</u>	<u>5,270,840</u>
Total investments.....	<u>\$ 5,271,009</u>	<u>\$ 5,271,009</u>

The following schedule summarizes the investment return included in the statement of activities for the year ended December 31, 2009:

Interest and dividend income.....	\$ 24,501
Net realized and unrealized losses on investments.....	<u>21,758</u>
Total investment income.....	<u>\$ 46,259</u>

Investments are presented in the financial statements at fair market value. The fair and historic values of JFN's investments by major security type are as follows at December 31, 2008:

	<u>Historical</u> <u>Cost</u>	<u>Fair</u> <u>Value</u>
Cash.....	\$ 1,444,088	\$ 1,444,088
Equities.....	3,267	3,267
U.S government securities	<u>3,791,281</u>	<u>3,791,281</u>
Total investments.....	<u>\$ 5,238,636</u>	<u>\$ 5,238,636</u>

JEWISH FUNDERS NETWORK

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 -- INVESTMENTS (continued)

The following schedule summarizes the investment return included in the statement of activities for the year ended December 31, 2008:

Interest and dividend income.....	\$	233,926
Net realized and unrealized losses on investments.....		<u>126,708</u>
Total investment income.....	\$	<u>107,218</u>

JFN invests in certificates of deposits and money market funds. 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 statement of financial position.

For the years ended December 31, 2009 and 2008, JFN included in cash and investments restricted for use \$129,627 and \$141,409, respectively, of cash and securities held in permanently restricted funds (See Note 4) and \$5,697,844 and \$5,458,114, respectively, of cash and securities held in temporarily restricted funds.

NOTE 3 -- PROPERTY AND EQUIPMENT

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

	<u>2009</u>	<u>2008</u>
Furniture and equipment.....	\$ 234,931	\$ 234,931
Leasehold improvements.....	<u>58,194</u>	<u>58,194</u>
Total cost.....	293,125	293,125
Less: accumulated depreciation.....	(<u>226,963</u>)	(<u>177,905</u>)
Net property and equipment.....	<u>\$ 66,162</u>	<u>\$ 115,220</u>

Depreciation expense for the years ended December 31, 2009 and 2008 was \$49,059 and \$61,033, respectively.

NOTE 4 -- NET ASSETS

Temporarily Restricted Net Assets

JFN receives grants and contributions which 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 2009 and 2008, JFN received \$1,871,921 and \$1,824,576, respectively in grants and \$698,700 and \$0, respectively in such restricted contributions and disbursed \$5,216,972 and \$10,111,021, respectively, in grants to qualifying organizations.

JEWISH FUNDERS NETWORK

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 -- NET ASSETS (continued)

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

	<u>2009</u>		<u>2008</u>
Foundation Services Fund: Genesis.....	\$ -	\$	20,009
Foundation Services Fund: Fund 1	966,850		4,854
Congregational education	-		50,000
Northern Israel Relief 1.....	2,766,670		3,043,848
Northern Israel Early Childhood	341,486		436,952
Northern Israel Relief 2.....	205,778		501,922
Foundation Services: Expansion	230,762		470,603
Membership Services	235,918		245,000
Time restricted	803,700		200,000
Other.....	1,076,680		343,517
Total	<u>\$ 6,627,844</u>	<u>\$</u>	<u>5,316,705</u>

During the years ended December 31, 2009 and 2008, JFN received such restricted contributions of \$4,968,138 and \$4,185,150 for which the purpose of these restrictions were met during the respective years. These contributions have been classified as unrestricted on the accompanying statements of activities.

JFN also maintains a portfolio of funds provided by donors. These funds are provided by the donors for the specific purposes consistent with JFN's mission. All interest, dividends, net realized gains, and net unrealized gains are maintained as part of the grants payable balance.

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,:

	<u>2009</u>		<u>2008</u>
JJ Greenberg Award Fund	\$ 110,518	\$	122,546
Shapiro Award Fund	18,607		18,863
Total.....	<u>\$ 129,125</u>	<u>\$</u>	<u>141,409</u>

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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, 2009 these amounts were approximately \$556,000.

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 approximately \$44,589 and \$40,703 for the years ended December 31, 2009 and 2008, respectively.

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, 2009 and 2008, matching grants payable amounted to \$252,376 and \$337,381, respectively, and was included with grants payable on the accompanying statements of financial position.

NOTE 8 -- COMMITMENT

JFN entered into a lease for office space at its Manhattan location in November 2005, which commenced in January 2006, and expires on December 31, 2010. Minimum annual rental payments, including scheduled increases are \$137,593 for the year ending December 31, 2010.