

**JEWISH FUNDERS NETWORK**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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# JEWISH FUNDERS NETWORK

## FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 TABLE OF CONTENTS

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Independent Auditors' Report ..... 1

### **Audited Financial Statements**

Statements of Financial Position ..... 2

Statement of Activities for the year ended December 31, 2008..... 3

Statement of Activities for the year ended December 31, 2007..... 4

Statements of Cash Flows ..... 5

Notes to Financial Statements ..... 6



## 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, 2008 and 2007, 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 audit.

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 audit 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, 2008 and 2007 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  
September 30, 2009

**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31,**

**2008**

**2007**

**ASSETS**

**Current Assets:**

Cash and cash equivalents (Note 5).....	\$ 910,119	\$ 645,001
Investments (Note 2).....	3,726,288	5,325,599
Restricted investments (Notes 2 and 4).....	1,369,162	4,802,591
Accounts receivable.....	1,014,125	502,426
Prepaid expenses and other current assets.....	48,419	119,603

<b>TOTAL CURRENT ASSETS</b>	7,068,113	11,395,220
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Restricted cash (Notes 4 and 5).....	20,057	319,641
Restricted investments (Notes 2 and 4).....	143,186	200,512
Property and equipment, net of accumulated depreciation (Note 3).....	115,220	169,986
Other assets.....	52,051	53,445

<b>TOTAL ASSETS</b>	<u>\$ 7,398,627</u>	<u>\$ 12,138,804</u>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable and accrued expenses .....	\$ 84,475	\$ 98,207
Grants payable.....	337,381	185,325
Deferred revenue.....	346,030	463,954
Other current liabilities.....	15,802	17,410

<b>TOTAL LIABILITIES</b>	783,688	764,896
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Commitments and contingencies (Notes 2, 4, 5, 6, 7, and 8)

**Net Assets:**

Unrestricted.....	1,369,162	942,846
Temporarily restricted (Notes 4 and 9).....	5,102,591	10,210,909
Permanently restricted (Notes 2 and 4).....	143,186	220,153

<b>TOTAL NET ASSETS</b>	<u>6,614,939</u>	<u>11,373,908</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 7,398,627</u>	<u>\$ 12,138,804</u>
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**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>				
Grants and contributions (Note 4).....	\$ 4,606,530	\$ 1,824,576	\$ 1,000	\$ 6,432,106
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).....	179,506	-	(72,288)	107,218
Other income.....	6,076	-	-	6,076
Net assets released from restriction (Note 4).....	6,938,573	(6,932,894)	(5,679)	-
	<b>14,021,473</b>	<b>(5,108,318)</b>	<b>(76,967)</b>	<b>8,836,188</b>
<b>EXPENSES</b>				
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
	<b>13,595,157</b>	<b>-</b>	<b>-</b>	<b>13,595,157</b>
<b>CHANGE IN NET ASSETS</b>	<b>426,316</b>	<b>(5,108,318)</b>	<b>(76,967)</b>	<b>(4,758,969)</b>
Net assets, beginning of year, as restated (Note 9)	942,846	10,210,909	220,153	11,373,908
Net assets, end of year	\$ 1,369,162	\$ 5,102,591	\$ 143,186	\$ 6,614,939

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>				
Grants and contributions (Note 4).....	\$ 875,120	\$ 4,902,146	\$ 28,100	\$ 5,805,366
Membership dues.....	452,450	-	-	452,450
Conference .....	361,522	-	-	361,522
Conference sponsorships.....	258,500	-	-	258,500
Program fees.....	577,169	-	-	577,169
Investment income (Note 2).....	192,177	493,365	21,460	707,002
Other income.....	5,000	-	-	5,000
Net assets released from restriction (Note 4).....	6,376,171	(6,376,171)	-	-
	<b>9,098,109</b>	<b>(980,660)</b>	<b>49,560</b>	<b>8,167,009</b>
<b>EXPENSES</b>				
Program services.....	1,885,623	-	-	1,885,623
Grants to not-for-profit organizations.....	6,252,571	-	-	6,252,571
Management and general.....	554,516	-	-	554,516
Fundraising.....	73,041	-	-	73,041
	<b>8,765,751</b>	<b>-</b>	<b>-</b>	<b>8,765,751</b>
<b>CHANGE IN NET ASSETS</b>	<b>332,358</b>	<b>(980,660)</b>	<b>49,560</b>	<b>(598,742)</b>
Net assets, beginning of year, as restated (Note 9)	610,488	11,191,569	170,593	11,972,650
Net assets, end of year	\$ 942,846	\$ 10,210,909	\$ 220,153	\$ 11,373,908

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

**2008**

**2007**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets.....	\$ (4,758,969)	\$ (598,742)
<u>Adjustments to reconcile change in net assets</u>		
<u>to net cash used in operating activities:</u>		
Depreciation expense.....	61,033	54,162
Net realized and unrealized losses/(gains) on investments.....	126,708	(27,495)
<u>Changes in operating assets and liabilities:</u>		
Accounts receivable.....	(511,699)	(301,752)
Prepaid expenses and other current assets.....	71,184	(54,303)
Other assets.....	1,394	(2,507)
Accounts payable and accrued expenses.....	(13,732)	30,187
Grants payable.....	152,056	(203,930)
Deferred revenue.....	(117,924)	(198,378)
Other current liabilities.....	(1,608)	(25,512)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(4,991,557)</b>	<b>(1,328,270)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of investments.....	5,151,013	(1,900,000)
Proceeds from sales of investments.....	111,929	2,963,486
Purchases of property and equipment.....	(6,267)	(34,415)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>5,256,675</b>	<b>1,029,071</b>
<b>NET CHANGE IN CASH</b>	<b>265,118</b>	<b>(299,199)</b>
Cash and cash equivalents, beginning of year.....	645,001	944,200
Cash and cash equivalents, end of year.....	<u>\$ 910,119</u>	<u>\$ 645,001</u>

# JEWISH FUNDERS NETWORK

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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### 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: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ("SFAS") No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, 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: JFN has adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.



# JEWISH FUNDERS NETWORK

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

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 is classified as deferred revenue in the accompanying statement 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 statement 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: JFN has adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Cash accounts associated with investment accounts are included in investments. Unrealized gains and losses are included in investment income in the statement of activities.

Accounts Receivable: Accounts receivable consists primarily of uncollected grants payable and contributions from donors. Substantially all accounts receivable 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

# JEWISH FUNDERS NETWORK

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

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. In accordance with SFAS 116, JFN records these grants as a liability.

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.

### NOTE 2 -- INVESTMENTS

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 Treasury Bills .....	<u>3,791,281</u>	<u>3,791,281</u>
Total investments .....	<u>\$ 5,238,636</u>	<u>\$ 5,238,636</u>

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>

# JEWISH FUNDERS NETWORK

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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### NOTE 2 -- INVESTMENTS (continued)

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, 2007:

	<u>Historical</u> <u>Cost</u>	<u>Fair</u> <u>Value</u>
Cash.....	\$ 2,105,215	\$ 2,105,215
U.S Treasury Bills .....	<u>8,221,951</u>	<u>8,223,487</u>
Total investments .....	<u>\$ 10,327,166</u>	<u>\$ 10,328,702</u>

The following schedule summarizes the investment return included in the statement of activities for the year ended December 31, 2007:

Interest and dividend income.....	\$ 670,148
Net realized and unrealized gains on investments.....	<u>36,854</u>
Total investment income.....	<u>\$ 707,002</u>

For the years ended December 31, 2008 and 2007, JFN included in cash and investments restricted for use \$143,186 and \$220,153, respectively, of cash and securities held in permanently restricted funds (See Note 4) and \$5,781,615 and \$10,210,909, 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>2008</u>	<u>2007</u>
Furniture and equipment .....	\$ 234,931	\$ 232,110
Leasehold improvements .....	<u>58,194</u>	<u>54,748</u>
Total cost.....	293,125	286,858
Less: accumulated depreciation .....	( 177,905)	( 116,872)
Net property and equipment.....	<u>\$ 115,220</u>	<u>\$ 169,986</u>

Depreciation expense for the years ended December 31, 2008 and 2007 was \$61,033 and \$54,162, 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 2008 and 2007, JFN received \$1,824,576 and \$4,602,146, respectively in such

# JEWISH FUNDERS NETWORK

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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### NOTE 4 -- NET ASSETS (continued)

restricted contributions and disbursed \$10,141,021 and \$6,151,171, 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>2008</u>	<u>2007</u>
Foundation Services Fund: Genesis .....	\$ 10,826	\$ 919,865
Foundation Services Fund: Fund 1.....	4,854	307,830
Congregational education .....	40,134	509,769
Northern Israel Relief 1 .....	2,887,655	6,459,875
Northern Israel Early Childhood.....	421,364	521,364
Northern Israel Relief 2.....	469,823	1,069,823
Foundation Services: Expansion.....	474,438	-
Membership Services .....	243,700	-
Time restricted.....	200,000	300,000
Other .....	349,797	122,383
Total .....	<u>\$ 5,102,591</u>	<u>\$ 10,210,909</u>

During the years ended December 31, 2008 and 2007, JFN received such restricted contributions of \$4,185,150 and \$374,400 for which the purpose of these restrictions were met during the respective years. Under SFAS 116, these contributions have been classified as unrestricted on the accompanying statement 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 statement 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 statement of activities. The breakout of these restricted net assets by donor is as follows at December 31,:

	<u>2008</u>	<u>2007</u>
JJ Greenberg Award Fund.....	\$ 124,724	\$ 202,108
Shapiro Award Fund .....	18,461	18,045
Total.....	<u>\$ 143,185</u>	<u>\$ 220,152</u>

# JEWISH FUNDERS NETWORK

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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### 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, 2008 these amounts were approximately \$669,000.

### 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 \$40,000 and \$33,000 for the years ended December 31, 2008 and 2007, 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, 2008 and 2007, matching grants payable amounted to \$337,381 and \$185,325, 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 as follows for the years ending December 31,:

2009.....	\$	133,586
2010.....		<u>137,593</u>
Total.....	\$	<u>271,179</u>