

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Consolidated Financial Statements and
Supplemental Information

Years Ended June 30, 2011 and 2010

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO
Consolidated Financial Statements and Supplemental Information
Years Ended June 30, 2011 and 2010

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements:	
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Supplemental Information:	
Schedule of Consolidated Charitable Distributions to Organizations for the year ended June 30, 2011	23
Schedule of Consolidated Operating Expenses Within the Operating Fund for the years ended June 30, 2011 and 2010	31



AKT[®]

CPAS AND BUSINESS CONSULTANTS

Personal. Local. Global.

INDEPENDENT AUDITORS' REPORT

To the Audit Committee
Jewish Community Foundation of San Diego
San Diego, California

We have audited the accompanying consolidated statements of financial position of Jewish Community Foundation of San Diego as of June 30, 2011 and 2010, and the related consolidated statements of activities, and cash flows for the years then ended. These consolidated financial statements are the responsibility of Jewish Community Foundation of San Diego's management. 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 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jewish Community Foundation of San Diego as of June 30, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information in the schedules of consolidated charitable distributions to organizations and the schedule of consolidated operating expenses within the Operating Fund are presented for purpose of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flow, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 consolidated financial statements or to the 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

AKT LLP

Carlsbad, California
December 1, 2011

AKT LLP, CPAs and Business Consultants | CARLSBAD | 5946 Priestly Drive, Suite 200 Carlsbad, CA 92008
Phone: 760.431.8440 Fax: 760.431.9052

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO**Consolidated Statement of Financial Position**June 30, 2011

	<u>Operating Fund</u>	<u>Unrestricted Fund</u>
ASSETS		
Cash	\$ 233,393	\$ -
Investments with management companies and debt instruments	776,450	5,248,846
Cash surrender value of insurance policies	-	741,899
Other assets	<u>271,772</u>	<u>-</u>
Total Assets	<u>\$ 1,281,615</u>	<u>\$ 5,990,745</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Assets held for others	\$ -	\$ -
Accounts payable	154,597	-
Grants payable	<u>-</u>	<u>-</u>
Total Liabilities	<u>154,597</u>	<u>-</u>
Net Assets:		
Unrestricted	1,127,018	5,990,745
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>1,127,018</u>	<u>5,990,745</u>
Total Liabilities and Net Assets	<u>\$ 1,281,615</u>	<u>\$ 5,990,745</u>

See accompanying notes to consolidated financial statements.

<u>Donor Advised Fund</u>	<u>Restricted Endowment Fund</u>	<u>Supporting Foundations</u>	<u>Custodial Fund</u>	<u>Charitable Trusts and Gift Annuities</u>	<u>Total</u>
\$ 238,029	\$ 7,152	\$ 165,366	\$ 81,133	\$ (14,344)	\$ 710,729
89,565,495	14,995,813	57,022,106	73,643,961	1,205,755	242,458,426
-	-	-	-	-	741,899
<u>1,321,023</u>	<u>401,280</u>	<u>469,003</u>	<u>-</u>	<u>-</u>	<u>2,463,078</u>
<u>\$ 91,124,547</u>	<u>\$ 15,404,245</u>	<u>\$ 57,656,475</u>	<u>\$ 73,725,094</u>	<u>\$ 1,191,411</u>	<u>\$ 246,374,132</u>
\$ -	\$ 2,669,340	\$ 1,069,875	\$ 73,720,129	\$ 702,547	\$ 78,161,891
34,144	-	303,523	4,965	488,864	986,093
-	-	4,762,400	-	-	4,762,400
<u>34,144</u>	<u>2,669,340</u>	<u>6,135,798</u>	<u>73,725,094</u>	<u>1,191,411</u>	<u>83,910,384</u>
-	(6,836)	-	-	-	7,110,927
91,090,403	2,133,871	51,520,677	-	-	144,744,951
-	10,607,870	-	-	-	10,607,870
<u>91,090,403</u>	<u>12,734,905</u>	<u>51,520,677</u>	<u>-</u>	<u>-</u>	<u>162,463,748</u>
<u>\$ 91,124,547</u>	<u>\$ 15,404,245</u>	<u>\$ 57,656,475</u>	<u>\$ 73,725,094</u>	<u>\$ 1,191,411</u>	<u>\$ 246,374,132</u>

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO**Consolidated Statement of Financial Position**June 30, 2010

	<u>Operating Fund</u>	<u>Unrestricted Fund</u>
ASSETS		
Cash	\$ 230,786	\$ -
Investments with management companies and debt instruments	390,144	4,561,898
Cash surrender value of insurance policies	-	664,639
Other assets	<u>197,768</u>	<u>-</u>
Total Assets	<u>\$ 818,698</u>	<u>\$ 5,226,537</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Assets held for others	\$ -	\$ -
Accounts payable	169,354	-
Grants payable	<u>-</u>	<u>-</u>
Total Liabilities	<u>169,354</u>	<u>-</u>
Net Assets:		
Unrestricted	649,344	5,226,537
Temporarily restricted	-	-
Permanently restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>649,344</u>	<u>5,226,537</u>
Total Liabilities and Net Assets	<u>\$ 818,698</u>	<u>\$ 5,226,537</u>

See accompanying notes to consolidated financial statements.

<u>Donor Advised Fund</u>	<u>Restricted Endowment Fund</u>	<u>Supporting Foundations</u>	<u>Custodial Fund</u>	<u>Charitable Trusts and Gift Annuities</u>	<u>Total</u>
\$ 77,615	\$ 20,814	\$ 32,954	\$ 325,707	\$ (10,899)	\$ 676,977
71,636,475	8,200,890	58,386,806	60,437,811	1,066,121	204,680,145
-	-	-	-	-	664,639
<u>1,993,304</u>	<u>611,472</u>	<u>863,603</u>	<u>-</u>	<u>-</u>	<u>3,666,147</u>
<u>\$ 73,707,394</u>	<u>\$ 8,833,176</u>	<u>\$ 59,283,363</u>	<u>\$ 60,763,518</u>	<u>\$ 1,055,222</u>	<u>\$ 209,687,908</u>
\$ -	\$ 2,282,852	\$ 988,604	\$ 60,763,518	\$ 686,345	\$ 64,721,319
-	-	326,385	-	368,877	864,616
<u>500</u>	<u>-</u>	<u>8,785,041</u>	<u>-</u>	<u>-</u>	<u>8,785,541</u>
<u>500</u>	<u>2,282,852</u>	<u>10,100,030</u>	<u>60,763,518</u>	<u>1,055,222</u>	<u>74,371,476</u>
-	(296,980)	-	-	-	5,578,901
73,706,894	1,452,847	49,183,333	-	-	124,343,074
<u>-</u>	<u>5,394,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,394,457</u>
<u>73,706,894</u>	<u>6,550,324</u>	<u>49,183,333</u>	<u>-</u>	<u>-</u>	<u>135,316,432</u>
<u>\$ 73,707,394</u>	<u>\$ 8,833,176</u>	<u>\$ 59,283,363</u>	<u>\$ 60,763,518</u>	<u>\$ 1,055,222</u>	<u>\$ 209,687,908</u>

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO**Consolidated Statement of Activities**

Year Ended June 30, 2011

	Operating Fund	Unrestricted Fund	Donor Advised Fund	Restricted Endowment Fund
Philanthropic Activity:				
Contributions from donors	\$ 330,943	\$ 1,014	\$ 78,670,636	\$ 4,800,644
Contributions (to) from funds	350,586	(282,000)	(754,919)	784,859
Distributions to charitable organizations	(20,200)	-	(70,859,290)	(784,190)
Total Philanthropic Activity	<u>661,329</u>	<u>(280,986)</u>	<u>7,056,427</u>	<u>4,801,313</u>
Investment Activity:				
Interest and dividends	2,175	180,107	2,290,443	357,069
Gain on investments	741	870,813	8,936,457	1,115,058
Commissions on sale of investments and investment management fees	(6,189)	(5,726)	(126,501)	(11,515)
Total Investment Activity	<u>(3,273)</u>	<u>1,045,194</u>	<u>11,100,399</u>	<u>1,460,612</u>
Operating Activity:				
Administrative fees	1,468,092	-	(773,317)	(77,344)
Other revenues	907,590	-	-	-
Operating expenses	(2,556,064)	-	-	-
Total Operating Activity	<u>(180,382)</u>	<u>-</u>	<u>(773,317)</u>	<u>(77,344)</u>
Increase (Decrease) in Net Assets	477,674	764,208	17,383,509	6,184,581
Net Assets Released from Restrictions	-	-	-	-
Net Assets, beginning	<u>649,344</u>	<u>5,226,537</u>	<u>73,706,894</u>	<u>6,550,324</u>
Net Assets, ending	<u>\$ 1,127,018</u>	<u>\$ 5,990,745</u>	<u>\$ 91,090,403</u>	<u>\$ 12,734,905</u>

See accompanying notes to consolidated financial statements.

Total by Net Asset Classification				
Supporting Foundations	Total	Total Unrestricted	Total Temporarily Restricted	Total Permanently Restricted
\$ 263,793	\$ 84,067,030	\$ 331,957	\$ 79,538,998	\$ 4,196,075
(454,321)	(355,795)	(1,111,656)	(261,477)	1,017,338
(4,233,644)	(75,897,324)	(75,897,324)	-	-
(4,424,172)	7,813,911	(76,677,023)	79,277,521	5,213,413
1,192,855	4,022,649	539,351	3,483,298	-
6,076,286	16,999,355	1,986,612	15,012,743	-
(133,232)	(283,163)	(283,163)	-	-
7,135,909	20,738,841	2,242,800	18,496,041	-
(374,393)	243,038	243,038	-	-
-	907,590	907,590	-	-
-	(2,556,064)	(2,556,064)	-	-
(374,393)	(1,405,436)	(1,405,436)	-	-
2,337,344	27,147,316	(75,839,659)	97,773,562	5,213,413
-	-	77,371,685	(77,371,685)	-
49,183,333	135,316,432	5,578,901	124,343,074	5,394,457
\$ 51,520,677	\$ 162,463,748	\$ 7,110,927	\$ 144,744,951	\$ 10,607,870

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO**Consolidated Statement of Activities**

Year Ended June 30, 2010

	<u>Operating Fund</u>	<u>Unrestricted Fund</u>	<u>Donor Advised Fund</u>	<u>Restricted Endowment Fund</u>
Philanthropic Activity:				
Contributions from donors	\$ -	\$ -	\$ 37,945,887	\$ 959,937
Contributions (to) from funds	359,893	(465,000)	4,935,072	1,808,658
Distributions to charitable organizations	<u>(36,000)</u>	<u>-</u>	<u>(52,006,894)</u>	<u>(1,517,546)</u>
Total Philanthropic Activity	<u>323,893</u>	<u>(465,000)</u>	<u>(9,125,935)</u>	<u>1,251,049</u>
Investment Activity:				
Interest and dividends	3,217	117,408	1,782,780	144,525
Gain on investments	-	200,643	4,946,972	292,023
Commissions on sale of investments and investment management fees	<u>(7,443)</u>	<u>(5,746)</u>	<u>(130,906)</u>	<u>(10,890)</u>
Total Investment Activity	<u>(4,226)</u>	<u>312,305</u>	<u>6,598,846</u>	<u>425,658</u>
Operating Activity:				
Administrative fees	1,419,440	-	(809,052)	(45,094)
Other revenues	477,176	-	-	-
Operating expenses	<u>(2,104,329)</u>	<u>-</u>	<u>-</u>	<u>(33,660)</u>
Total Operating Activity	<u>(207,713)</u>	<u>-</u>	<u>(809,052)</u>	<u>(78,754)</u>
Increase (Decrease) in Net Assets	111,954	(152,695)	(3,336,141)	1,597,953
Net Assets Released from Restrictions	-	-	-	-
Net Assets, beginning	<u>537,390</u>	<u>5,379,232</u>	<u>77,043,035</u>	<u>4,952,371</u>
Net Assets, ending	<u>\$ 649,344</u>	<u>\$ 5,226,537</u>	<u>\$ 73,706,894</u>	<u>\$ 6,550,324</u>

See accompanying notes to consolidated financial statements.

Supporting Foundations	Total	Total by Net Asset Classification		
		Total Unrestricted	Total Temporarily Restricted	Total Permanently Restricted
\$ 6,107,757	\$ 45,013,581	\$ -	\$ 45,003,581	\$ 10,000
(6,638,623)	-	(143,561)	(1,106,439)	1,250,000
<u>(8,139,735)</u>	<u>(61,700,175)</u>	<u>(61,700,175)</u>	<u>-</u>	<u>-</u>
<u>(8,670,601)</u>	<u>(16,686,594)</u>	<u>(61,843,736)</u>	<u>43,897,142</u>	<u>1,260,000</u>
1,278,450	3,326,380	222,114	3,104,266	-
1,752,675	7,192,313	316,271	6,876,042	-
<u>(80,503)</u>	<u>(235,488)</u>	<u>(235,488)</u>	<u>-</u>	<u>-</u>
<u>2,950,622</u>	<u>10,283,205</u>	<u>302,897</u>	<u>9,980,308</u>	<u>-</u>
(348,467)	216,827	216,827	-	-
-	477,176	477,176	-	-
<u>(387,966)</u>	<u>(2,525,955)</u>	<u>(2,525,955)</u>	<u>-</u>	<u>-</u>
<u>(736,433)</u>	<u>(1,831,952)</u>	<u>(1,831,952)</u>	<u>-</u>	<u>-</u>
(6,456,412)	(8,235,341)	(63,372,791)	53,877,450	1,260,000
-	-	63,510,713	(63,510,713)	-
<u>55,639,745</u>	<u>143,551,773</u>	<u>5,440,979</u>	<u>133,976,337</u>	<u>4,134,457</u>
<u>\$ 49,183,333</u>	<u>\$ 135,316,432</u>	<u>\$ 5,578,901</u>	<u>\$ 124,343,074</u>	<u>\$ 5,394,457</u>

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO**Consolidated Statements of Cash Flows**

Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	\$ 27,147,316	\$ (8,235,341)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Donation of investments	(68,820,034)	(36,118,506)
Gain on investments	(16,999,355)	(7,192,313)
Depreciation	33,451	33,803
Contributions permanently restricted	(5,213,413)	(1,260,000)
Changes in operating assets and liabilities:		
Cash surrender value of insurance policies	(77,260)	2,879
Other assets	1,169,618	7,620,644
Assets held for others	13,440,572	9,582,435
Accounts payable	121,477	13,108
Grants payable	(4,023,141)	590,985
	<u>(53,220,769)</u>	<u>(34,962,306)</u>
Net Cash Used by Operating Activities		
Cash Flows from Investing Activities:		
Purchases of investments	(83,758,143)	(54,870,418)
Proceeds from sale of investments	<u>131,799,251</u>	<u>86,427,350</u>
	<u>48,041,108</u>	<u>31,556,932</u>
Net Cash Provided by Investing Activities		
Cash Flows From Financing Activities:		
Contributions permanently restricted	<u>5,213,413</u>	<u>1,260,000</u>
	<u>33,752</u>	<u>(2,145,374)</u>
Net Increase (Decrease) in Cash		
Cash, beginning	<u>676,977</u>	<u>2,822,351</u>
Cash, ending	<u>\$ 710,729</u>	<u>\$ 676,977</u>

See accompanying notes to consolidated financial statements.

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

Jewish Community Foundation of San Diego (Foundation) is a California nonprofit charitable organization whose primary purpose is to promote philanthropy through meaningful partnerships with donors and community organizations in achieving charitable goals and to increase current and future support for a vibrant and secure Jewish and general community in San Diego, Israel, and around the world. The Foundation's activities are conducted by a chief executive officer and supporting staff.

Basis of Consolidation

The consolidated financial statements include the accounts of the Foundation, nine supporting foundations, and the Community Foundation Charitable Real Estate Fund. All significant inter-entity balances and transactions have been eliminated in consolidation.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and recording purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund. In the consolidated financial statements, funds that have similar characteristics have been combined into fund groups.

Financial Statement Presentation

The Foundation reports 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.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Foundation may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

Classification of Funds

The assets, liabilities, and net assets of the Foundation are reported in self-balancing fund groups as follows:

Unrestricted Funds

Operating Fund

The Operating Fund consists of revenues and expenses related to the operations of the Foundation. Each fiscal year, the Board of Directors approves the operating budget, which outlines the projected revenues and expenses for the following fiscal year.

Income from operations is generated from administrative fees on managed funds, donations specified for operations, and approved transfer of funds from the unrestricted endowment fund. This income may be utilized for the payment of reasonable and necessary operating expenses and grants of the Foundation.

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Unrestricted Funds, continued

Unrestricted Fund

In 1988, the Board of Directors authorized the transfer of \$1,115,000 of unrestricted funds to be used to establish an Unrestricted Fund. It is the Foundation's policy that the principal in this fund be invested in perpetuity. Investment expenses are recorded as a current operating expense in the Fund.

In 2005, the Board of Directors approved a revision to the Foundation's by-laws giving the Foundation's Board the right to use up to 5% of the market value of the Unrestricted Fund at June 30, in connection with the purpose of the Foundation, including operating expenses and grants for the following year. The use of more than 5% of such market value requires the affirmative vote of two-thirds of the Directors then in office. In the event the amount so authorized would cause the Unrestricted Fund to drop below \$1.5 million, then such use would require the affirmative vote of two-thirds of the Board of Directors of the Foundation then in office and the approval of the United Jewish Federation of San Diego County's Board of Directors.

The Unrestricted Fund was determined to include (a) \$5,226,537 (the balance of the Foundation's Unrestricted Fund as of June 30, 2010) and (b) gifts during the year ended June 30, 2011 to the Unrestricted Fund including undesignated bequests, plus related interest and dividends and all accumulated appreciation. During 2011 and 2010, the Foundation used \$282,000 and \$465,000, respectively, from the Unrestricted Fund to support the current years' grants. Net appreciation of Fund assets held by management companies totaled approximately \$870,000 and \$200,000 for the years ended June 30, 2011 and 2010, respectively.

Assets in the Unrestricted Fund are invested on a total return basis with a Board directed guideline that not more than 70% of the asset portfolio be invested in equity securities. At June 30, 2011 and 2010, the equity portion of the Fund was approximately 62% and 51%, respectively.

Temporarily Restricted Fund

Donor Advised Fund

The Donor Advised Fund consists of contributions accepted and received from donors by the Foundation and the accumulated undistributed earnings of the Fund. Such contributions generally consist of cash and securities. The donor may make a nonbinding recommendation of an organization to which distributions are to be made if such recommendation is consistent with the specific charitable goals of the Foundation.

The Donor Advised Fund balance represents amounts retained for future distribution to qualified organizations and for qualifying expenses. Accordingly, since the timing of future distributions cannot be precisely determined, the Donor Advised Funds, by definition, have been classified as temporarily restricted net assets.

Earnings, gains, and losses attributable to assets contributed to and held in the Donor Advised Fund are credited or charged to the specific accounts.

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Temporarily Restricted Funds, continued

Supporting Foundations

In all cases but one, the Foundation holds the majority of the Board of Directors' positions for the supporting foundations. Therefore, the supporting foundations' statements of financial position and activities have been consolidated with the Foundation's. Each of the nine supporting foundations develops its mission statement, investment policies, and grant guidelines. However, as a public charity affiliated with the Foundation, the mission of each supporting foundation is to conduct and support the activities and the mission of the Foundation with at least 25% of its distributions to Jewish charities.

Multi-year grants are made from several of the supporting foundations.

Future minimum grant obligations are as follows:

Years ending June 30,	
2012	\$ 232,000
2013	4,007,400
2014	276,000
2015	239,000
2016	8,000
Thereafter	-
	<u>\$ 4,762,400</u>

One Supporting Foundation also receives multi-year pledge receivables. As of June 30, 2011 and 2010, pledges receivable totaled approximately \$79,000 and \$120,000, respectively. The pledges are receivable through June 30, 2012.

Included in this category is the Charitable Real Estate Fund. The Foundation is the sole voting member of the Charitable Real Estate Fund. Accordingly, the Fund's statements of financial position and activities as of and for the years ended June 30, 2011 and 2010 have been consolidated with the Foundation. The principal purpose of the Fund is to serve as an integral part of the charitable program of the Foundation by accepting title to and managing certain assets, such as contributed real estate, pending sale or liquidation of such assets.

Custodial Fund

The Foundation has agreements with charitable organizations whereby the Foundation receives assets from the organizations, invests them and distributes them in accordance with the organizations' directives. To facilitate accounting for these assets, separate funds have been created within the Foundation.

Permanently Restricted Fund

Restricted Endowment Fund

The Foundation manages 57 donor restricted endowment funds. The restrictions on 36 of these funds require the principal be held in perpetuity. The remaining funds will be released to unrestricted funds upon expiration of the donor-imposed restrictions. The income generated by these funds is to be used exclusively for the payment of designated distributions and expenses in administering these programs.

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO
Notes to Consolidated Financial Statements
Years Ended June 30, 2011 and 2010

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at fair values in the consolidated statements of financial position. Investments acquired by gift are recorded at their fair market value at the date of the gift. Alternative investments, for which quoted market prices are not readily available, are valued at fair value by the investment manager based on factors deemed relevant by the manager including, but not limited to, market conditions, purchase price, estimated liquidation value, restrictions on transfer and meaningful third party transactions in the private market. Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material. Realized and unrealized gains and losses are included in the changes in net assets in the consolidated statements of activities.

Investment return on restricted assets is reported as an increase in unrestricted net assets if the asset restriction expires in the reporting period in which the income is recognized. All other restricted investment return is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Money market and mutual funds are defined as investments due to their nature as a long-term investment.

Other Assets

Capital campaign pledges for the benefit of a local Jewish organization are recorded as receivables at the time the pledge is received. Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are discounted (when material) to their estimated net present value. The pledges plus bequests and other receivables are included in other accounts receivable in the consolidated statements of financial position.

An allowance for uncollectible pledges, bequests, and other receivables are provided based upon management's estimate of the collectability. Management believes all of these amounts outstanding are collectible and, therefore, no allowance has been recorded.

Acquisitions of property and equipment of \$20,000 or more are capitalized. Property and equipment acquisitions are recorded at cost. Donated property and equipment are recorded at fair value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful life of the assets.

Assets Held for Others

The Foundation receives and holds resources which the Foundation does not have the unilateral (variance) power to redirect the use of the money without the approval of the resource provider. Upon donation, a contributor can designate a specific agency or a field of interest. When a contributor names a specific agency, the Foundation does not have variance power. When the contributor names a field of interest (e.g. children), the Foundation has variance power. Money held without variance power is classified as a liability in the consolidated statements of financial position of the Foundation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

The Foundation is classified as a Section 501(c)(3) Organization under the Federal Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code and is exempt from federal income and state franchise taxes. The Foundation, however, may occasionally be subject to taxes on unrelated business income. The Foundation is not a private foundation.

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Income Tax Status, continued

The Foundation has adopted the accounting standard regarding Accounting for Uncertain Tax Positions. The adoption of this standard had no material effect on the Foundation's financial position, results of operations, or cash flows. The Foundation files income tax returns in the United States and various state and local jurisdictions. The Foundation's federal income tax returns for the years prior to 2006 are closed. State and local jurisdictions have statutes of limitation that generally range from three to five years.

Fair Value Measurements

The Foundation defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Foundation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying value of cash, receivables, and payables approximates fair value as of June 30, 2011 and 2010, due to the relative short maturities of these instruments.

Subsequent Events

The Foundation has evaluated subsequent events through December 1, 2011, which is the date the consolidated financial statements were available to be issued.

Note 2 – Concentrations

Cash

The Foundation maintains its cash in bank deposit accounts that are either insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor or certain non-interest bearing accounts that are fully insured by the FDIC. At June 30, 2011, the Foundation's uninsured cash balance was \$359,978.

Contributions

During the year ended June 30, 2011, the Foundation had one major contributor that accounted for approximately 65% of the Foundation's total contributions. During the year ended June 30, 2010, the Foundation had two major contributors that accounted for approximately 53% and 11%, respectively, of the Foundation's total contributions. Management believes that the Foundation is not exposed to any significant concentration risk in the near term.

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO**Notes to Consolidated Financial Statements**

Years Ended June 30, 2011 and 2010

Note 3 – Investments

Investments consist of the following:

	<u>2011</u>	<u>2010</u>
Operating Fund:		
Money market funds	\$ 776,450	\$ 390,144
	<u> </u>	<u> </u>
	<u>2011</u>	<u>2010</u>
Unrestricted Fund:		
Money market funds	\$ 12,599	\$ 334,904
Fixed income:		
Government bonds - international	-	201,164
Mutual funds:		
Fixed income - domestic	1,614,545	1,306,040
Large cap - domestic	1,216,682	1,019,277
Large cap - international	1,479,124	933,197
Small cap - domestic	314,931	248,562
Commodities	258,243	135,183
Alternative investments:		
Hedge fund of funds	352,722	383,571
	<u> </u>	<u> </u>
	\$ 5,248,846	\$ 4,561,898
	<u> </u>	<u> </u>
	<u>2011</u>	<u>2010</u>
Donor Advised Fund:		
Money market funds	\$ 24,550,877	\$ 20,509,733
Fixed income:		
Government bonds - international	618,732	632,777
Mutual funds:		
Fixed income - domestic	24,340,530	19,070,486
Large cap - domestic	16,103,752	13,960,105
Large cap - international	18,081,576	12,508,214
Mid cap - domestic	-	25,091
Small cap - domestic	3,039,267	2,457,465
Commodities	2,513,141	2,180,019
Real Estate Investment Trust	5,396	52,749
Alternative investments:		
Hedge fund of funds	312,224	239,837
	<u> </u>	<u> </u>
	\$ 89,565,495	\$ 71,636,475
	<u> </u>	<u> </u>

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

	2011	2010
Restricted Endowment Fund:		
Money market funds	\$ 1,591,488	\$ 1,538,974
Fixed income:		
Government bonds - domestic	-	305,003
Government bonds - international	104,354	87,977
Corporate bonds - domestic	3,160,215	-
Mutual funds:		
Fixed income - domestic	3,109,556	2,021,615
Large cap - domestic	2,600,578	1,776,361
Large cap - international	3,211,051	1,663,556
Small cap - domestic	590,641	364,746
Commodities	487,858	297,724
Alternative investments:		
Hedge fund of funds	140,072	144,934
	<u>\$ 14,995,813</u>	<u>\$ 8,200,890</u>
Supporting Foundations:		
Money market funds	\$ 4,615,917	\$ 10,128,825
Equity securities:		
Large cap - domestic	5,368,225	2,398,962
Large cap - international	1,501,801	311,705
Mid cap - domestic	1,065,159	-
Mid cap - international	90,337	30,451
Small cap - domestic	196,270	-
Fixed income:		
Government bonds - domestic	13,589,968	5,923,446
Government bonds - international	244,080	18,081
Corporate bonds - domestic	3,740,014	549,475
Corporate bonds - international	152,511	-
Certificate of Deposits	241,409	2,789,906
Mutual funds:		
Fixed income - domestic	1,575,246	9,176,715
Fixed income - international	79,040	384,901
Large cap - domestic	6,186,985	9,115,315
Large cap - international	1,371,514	5,052,968
Mid cap - domestic	251,217	215,612
Small cap - domestic	223,508	175,492
Small cap - international	1,028,472	-
Commodities	95,908	59,878
Annuity	3,230,380	2,838,046
Real Estate Investment Trust	26,238	26,238
Alternative investments:		
Mutual funds	52,509	-
Private equity funds	2,050,466	1,806,151
Special purpose vehicle	11,316	163,129
Hedge fund of funds	10,033,616	7,221,510
	<u>\$ 57,022,106</u>	<u>\$ 58,386,806</u>

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

Note 3 – Investments, continued

	<u>2011</u>	<u>2010</u>
Custodial Fund:		
Money market funds	\$ 9,982,788	\$ 12,612,406
Equity securities:		
Large cap - domestic	96,960	78,398
Large cap - international	40,362	31,357
Mid cap - domestic	138,218	115,070
Fixed income:		
Government bonds - international	349,232	346,703
Corporate bonds - domestic	28,713	59,763
Mutual funds:		
Fixed income - domestic	19,950,082	15,570,489
Large cap - domestic	15,392,706	12,745,504
Large cap - international	18,658,358	11,795,440
Small cap - domestic	3,623,433	2,750,958
Commodities	2,983,035	1,958,643
Real Estate Investment Trust	88,106	73,433
Alternative investments:		
Hedge fund of funds	2,311,968	2,299,647
	<u>\$ 73,643,961</u>	<u>\$ 60,437,811</u>
	<u>2011</u>	<u>2010</u>
Charitable Trusts and Gift Annuities:		
Money market funds	\$ 61,418	\$ 51,509
Fixed income:		
Government bonds - domestic	231,393	233,728
Mutual funds:		
Fixed income - domestic	557,861	514,416
Fixed income - international	-	7,177
Large cap - domestic	206,358	170,579
Large cap - international	68,474	29,954
Mid cap - domestic	26,704	22,047
Small cap - domestic	25,970	18,090
Commodities	27,577	18,621
	<u>\$ 1,205,755</u>	<u>\$ 1,066,121</u>

The Foundation is the trustee for several charitable trusts in which it has remainder interests. The trusts provide payments, as defined, to named beneficiaries during the beneficiaries' lifetimes. Upon termination of the trusts, the trustee will distribute the remaining principal and income to the remainder designated by the trust agreements.

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

Note 3 – Investments, continued

The fair market value of investments is categorized as follows for the year ended June 30, 2011:

Description	Level 1	Level 2	Level 3	Total
Money market funds	\$ 41,591,537	\$ -	\$ -	\$ 41,591,537
Equity securities:				
Large cap - domestic	5,465,185	-	-	5,465,185
Large cap - international	1,542,163	-	-	1,542,163
Mid cap - domestic	1,203,377	-	-	1,203,377
Mid cap - international	90,337	-	-	90,337
Small cap - domestic	196,270	-	-	196,270
Fixed income:				
Government bonds - domestic	13,821,361	-	-	13,821,361
Government bonds - international	1,316,398	-	-	1,316,398
Corporate bonds - domestic	6,928,942	-	-	6,928,942
Corporate bonds - international	152,511	-	-	152,511
Certificate of Deposits	241,409	-	-	241,409
Mutual funds:				
Fixed income - domestic	51,147,820	-	-	51,147,820
Fixed income - international	79,040	52,509	-	131,549
Large cap - domestic	41,707,061	-	-	41,707,061
Large cap - international	42,870,097	-	-	42,870,097
Mid cap - domestic	277,921	-	-	277,921
Small cap - domestic	7,817,750	-	-	7,817,750
Small cap - international	1,028,472	-	-	1,028,472
Commodities	6,365,762	-	-	6,365,762
Annuity	3,230,380	-	-	3,230,380
Real Estate Investment Trust	-	-	119,740	119,740
Alternative investments:				
Private equity funds	-	-	2,050,466	2,050,466
Special purpose vehicles	-	-	11,316	11,316
Hedge fund of funds	-	-	13,150,602	13,150,602
	<u>\$ 227,073,793</u>	<u>\$ 52,509</u>	<u>\$ 15,332,124</u>	<u>\$ 242,458,426</u>

Changes in the fair value of level 3 investments are as follows at June 30, 2011:

	Real Estate Investment Trust	Private equity funds	Special purpose vehicle	Hedge fund of funds	Total
Fair value, beginning	\$ 152,420	\$ 1,806,151	\$ 163,129	\$ 10,289,499	\$ 12,411,199
Purchases	69,089	-	-	2,000,000	2,069,089
Investment gains	26,551	244,315	(339)	1,029,482	1,300,009
Sales	(128,320)	-	(151,474)	(168,379)	(448,173)
Fair value, ending	<u>\$ 119,740</u>	<u>\$ 2,050,466</u>	<u>\$ 11,316</u>	<u>\$ 13,150,602</u>	<u>\$ 15,332,124</u>

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

Note 3 – Investments, continued

The fair market value of investments is categorized as follows for the year ended June 30, 2010:

Description	Level 1	Level 2	Level 3	Total
Money market funds	\$ 45,566,495	\$ -	\$ -	\$ 45,566,495
Equity securities:				
Large cap - domestic	2,477,360	-	-	2,477,360
Large cap - international	343,062	-	-	343,062
Mid cap - domestic	115,070	-	-	115,070
Mid cap - international	30,451	-	-	30,451
Fixed income:				
Government bonds - domestic	6,462,177	-	-	6,462,177
Government bonds - international	1,286,702	-	-	1,286,702
Corporate bonds - domestic	609,238	-	-	609,238
Certificates of Deposit	2,789,906	-	-	2,789,906
Mutual funds:				
Fixed income - domestic	47,659,761	-	-	47,659,761
Fixed income - international	348,744	43,334	-	392,078
Large cap - domestic	38,787,141	-	-	38,787,141
Large cap - international	31,983,329	-	-	31,983,329
Mid cap - domestic	262,750	-	-	262,750
Mid cap - international				
Small cap - domestic	6,015,313	-	-	6,015,313
Commodities	4,650,068	-	-	4,650,068
Annuity	2,838,046	-	-	2,838,046
Real Estate Investment Trust	-	-	152,420	152,420
Alternative investments:				
Private equity funds	-	-	1,806,151	1,806,151
Special purpose vehicles	-	-	163,129	163,129
Hedge fund of funds	-	-	10,289,499	10,289,499
	\$ 192,225,612	\$ 43,334	\$ 12,411,199	\$ 204,680,145

Changes in the fair value of level 3 investments are as follows at June 30, 2010:

Fair value, beginning	\$ 7,414,584
Purchases	5,525,000
Investment gains	912,893
Sales	(1,815,550)
Transfers from level 1	374,272
Fair value, ending	\$ 12,411,199

Transfers from level 1 assets because of lack of observable market data.

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO**Notes to Consolidated Financial Statements**

Years Ended June 30, 2011 and 2010

Note 3 – Investments, continued

Commitments and redemption schedule for those investments valued based on net asset values are as follows:

	<u>Fair value at June 30, 2011</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Mutual funds [a]	\$ 52,509	none	monthly	n/a
Private equity funds [b]	249,444	129,548	quarterly	60 days
Private equity funds [b]	1,801,022	150,000	not allowed	n/a
Special purpose vehicle [c]	11,316	none	not allowed monthly, quarterly,	n/a
Hedge fund of funds [d]	13,150,602	none	annually	15 - 70 days

[a] Represents interest in a mutual fund with no active market. Fair value is determined based on quoted market prices which are valued on a monthly basis.

[b] Investments in funds organized as limited partnerships which invest in diversified private equities.

[c] The special purpose vehicle employs various long/short strategies in stocks of small-cap companies.

[d] The hedge fund of funds employ a variety of strategies including absolute return, diversified arbitrage, investment in distress strategies, and various long/short strategies.

Commitments and redemption schedule for those investments valued based on net asset values are as follows:

	<u>Fair value at June 30, 2010</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
Mutual funds [a]	\$ 43,334	none	monthly	n/a
Private equity funds [b]	232,854	87,523	quarterly	60 days
Private equity funds [b]	1,573,297	150,000	not allowed	n/a
Special purpose vehicle [c]	163,129	none	not allowed monthly, quarterly,	n/a
Hedge fund of funds [d]	10,289,499	none	annually	15 - 70 days

[a] Represents interest in a mutual fund with no active market. Fair value is determined based on quoted market prices which are valued on a monthly basis.

[b] Investments in funds organized as limited partnerships which invest in diversified private equities.

[c] The special purpose vehicle employs various long/short strategies in stocks of small-cap companies.

[d] The hedge fund of funds employ a variety of strategies including absolute return, diversified arbitrage, investment in distress strategies, and various long/short strategies.

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

Note 4 – Other Assets

Other assets consist of the following:

	<u>2011</u>	<u>2010</u>
Pledges receivable	\$ 598,076	\$ 941,750
Notes receivable	1,584,229	2,523,777
Other receivables	226,631	113,026
Property and equipment, net of accumulated depreciation	<u>54,142</u>	<u>87,594</u>
	<u>\$ 2,463,078</u>	<u>\$ 3,666,147</u>

Pledges receivable consist of the following:

Due in one year or less	\$ 335,342	\$ 621,017
Due after one year through five years	<u>262,734</u>	<u>320,733</u>
	<u>\$ 598,076</u>	<u>\$ 941,750</u>

Pledges receivable due after one year have not been discounted because management believes the discount is insignificant.

At June 30, 2011, the Foundation had a \$1,150,000 note receivable outstanding from a local Jewish organization. The note bears interest at 4%, payable quarterly through January 2014. The subordinated note is secured with a deed of trust.

The note contains certain financial and non-financial covenants. Management is unaware of any violations of the covenants.

Note 5 – Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2011</u>	<u>2010</u>
Donor Advised Fund charitable distributions	\$ 70,859,290	\$ 52,006,894
Supporting Foundations charitable distributions	4,400,311	8,139,735
Asset management fees	1,058,387	1,202,613
Restricted Endowment Fund charitable distributions	784,190	1,517,546
Other qualifying expenses	<u>269,507</u>	<u>643,925</u>
	<u>\$ 77,371,685</u>	<u>\$ 63,510,713</u>

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

Note 6 – Administrative Fees

Administrative fees of up to 1.25% are allocated from donor accounts on an annual basis. Fees are used to fund the Foundation's operating budget. Allocations to the Operating Fund consist of the following:

	2011		2010
Donor Advised Fund	\$ 773,317	\$	810,042
Supporting Foundations	387,995		357,480
Custodial Fund	206,665		187,540
Restricted Endowment Fund	94,951		60,823
Charitable Gift Annuities	5,164		3,555
	<u>\$ 1,468,092</u>	\$	<u>1,419,440</u>

Note 7 – Retirement Plans

The Foundation provides a Defined Contribution Plan and a 403(b) Thrift Plan (Plans), both of which are administered by Mutual of America. The Plans cover substantially all of the Foundation's full time employees. The Foundation makes contributions equal to 7% of compensation up to \$30,000 and an additional 4.3% of compensation in excess of \$30,000 to the Defined Contribution Plan. The Foundation also makes contributions to the 403(b) Thrift Plan for eligible employees equal to the lesser of 50% of the participants' contributions during the plan year or 1.5% of the participants' eligible compensation.

Retirement plan expense was \$103,557 and \$105,919 for the years ended June 30, 2011 and 2010, respectively.

Note 8 – Endowments

The Foundation's endowment consists of 36 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, unless approved by the Board of Directors with full consideration of the seven guidelines identified below. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner that is consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Foundation
- 7) The investment policies of the Foundation

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

Note 8 – Endowments, continued

At June 30, 2011, the endowment net assets composition by type of fund consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (6,836)	\$ 1,030,008	\$ 10,607,870	\$ 11,631,042
Board-designated endowment funds	<u>5,990,745</u>	<u>-</u>	<u>-</u>	<u>5,990,745</u>
Total endowment funds	<u>\$ 5,983,909</u>	<u>\$ 1,030,008</u>	<u>\$ 10,607,870</u>	<u>\$ 17,621,787</u>

At June 30, 2010, the endowment net assets composition by type of fund consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (296,980)	\$ 172,457	\$ 5,394,457	\$ 5,269,934
Board-designated endowment funds	<u>5,226,537</u>	<u>-</u>	<u>-</u>	<u>5,226,537</u>
Total endowment funds	<u>\$ 4,929,557</u>	<u>\$ 172,457</u>	<u>\$ 5,394,457</u>	<u>\$ 10,496,471</u>

Changes in endowment net assets for the year ended June 30, 2011, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 4,929,557	\$ 172,457	\$ 5,394,457	\$ 10,496,471
Change in endowment net assets:				
Philanthropic activity	(469,358)	(15,745)	5,213,413	4,728,310
Investment activity	1,553,396	909,054	-	2,462,450
Operating activity	<u>(29,686)</u>	<u>(35,758)</u>	<u>-</u>	<u>(65,444)</u>
	<u>1,054,352</u>	<u>857,551</u>	<u>5,213,413</u>	<u>7,125,316</u>
Endowment net assets, end of year	<u>\$ 5,983,909</u>	<u>\$ 1,030,008</u>	<u>\$ 10,607,870</u>	<u>\$ 17,621,787</u>

Changes in endowment net assets for the year ended June 30, 2010, consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 4,903,589	\$ 103,172	\$ 4,134,457	\$ 9,141,218
Change in endowment net assets:				
Philanthropic activity	(566,877)	(26,795)	1,260,000	666,328
Investment activity	620,891	103,794	-	724,685
Operating activity	<u>(28,046)</u>	<u>(7,714)</u>	<u>-</u>	<u>(35,760)</u>
	<u>25,968</u>	<u>69,285</u>	<u>1,260,000</u>	<u>1,355,253</u>
Endowment net assets, end of year	<u>\$ 4,929,557</u>	<u>\$ 172,457</u>	<u>\$ 5,394,457</u>	<u>\$ 10,496,471</u>

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Notes to Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

Note 8 – Endowments, continued

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature, which are reported in unrestricted net assets, were \$6,836 and \$296,980 as of June 30, 2011 and 2010, respectively. These deficiencies resulted from unfavorable market fluctuations.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide funding for the operating expenses of programs supported by its endowments and increase the value of the original contributed capital by an amount not less than the annual increase in the Consumer Price Index (CPI). In order to meet this objective, the permanently restricted endowment asset portfolio is structured to achieve a compounded annual return, net of investment management expenses, of 5% plus the annual rate of inflation (Target Return) over ten years.

Investment Strategy

The investment strategy of the Foundation is to develop a diversified portfolio of passive investments, combining the preservation of principal and moderate risk-taking, to achieve a total return on a risk-adjusted basis that compares favorably with appropriate pre-established benchmarks.

Spending Policy

The Foundation has a policy of appropriating for distribution each year an amount equal to 5% of the fair value as of the end of the prior year of the assets associated with the endowments. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at the average annual rate of inflation over ten years. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Note 9 – Reclassifications

Certain items in the 2010 consolidated financial statements have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported changes in net assets.

SUPPLEMENTAL INFORMATION

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Schedule of Consolidated Charitable Distributions to Organizations

Year Ended June 30, 2011

Organizations Serving Jewish Purposes Within San Diego:

United Jewish Federation of San Diego County	\$	4,165,372
Jewish Family Service of San Diego		2,865,779
Lawrence Family Jewish Community Center		1,255,665
Seacrest Village Retirement Communities		1,044,858
Ohr Shalom Synagogue		636,105
Congregation Beth El		466,583
Hillel of San Diego		426,739
Tifereth Israel Synagogue		314,921
Congregation Beth Israel		287,990
San Diego Community Mikvah and Education Center		230,500
Agency for Jewish Education		214,497
San Diego Jewish Academy		214,257
Soille San Diego Hebrew Day School		166,390
Jewish Women's Foundation Fund		135,250
Temple Emanu-El		132,894
Camp Mountain Chai		115,725
Congregation Beth Am		86,108
Anti-Defamation League		72,240
Southern California Yeshiva High School		68,320
Temple Adat Shalom		58,862
Chabad of San Diego		46,360
Temple Solel of North San Diego County		34,783
Congregation Adat Yeshurun		26,058
Kabbalah Centre International Incorporated		25,000
San Diego Torah High School		23,461
Seacrest Foundation		20,000
Friendship Circle of San Diego		15,471
Media Arts Center San Diego		8,500
Chabad Day School		7,905
Chabad of Downtown San Diego		7,638
Friends of Chabad Lubavitch San Diego		7,320
Ken Jewish Community		6,850
Kehillat Israel-Jewish Congregation of Pacific		6,786
Hadassah - San Diego Main		6,000
Chabad of the College Area		6,000
Beth Jacob Congregation		5,890
Temple Beth Sholom		5,800
Elijah Minyan		5,000
Other Organizations Under \$5,000		15,030
Total		<u>13,238,907</u>

Organizations Serving Jewish Purposes Outside of San Diego:

Jewish Theological Seminary of America	1,007,000
American Society for Technion - Israel Institute	581,280
American Jewish Joint Distribution Committee	470,650
Jewish Community Centers Association of North America	437,000
American Friends of Magen David Adom	365,849
Tikvot For Rehabilitation Through Sport	250,000

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO**Schedule of Consolidated Charitable Distributions to Organizations, continued**Year Ended June 30, 2011

American Friends of the Association for the Adv of Com Centers in Israel	240,000
Jewish National Fund	211,145
American Israel Education Foundation	160,000
Friends of the Israel Defense Forces	145,910
American Committee for Tel Aviv Foundation	145,000
New Israel Fund	100,700
P.E.F. Israel Endowment Funds	88,600
American Friends of IDC	75,000
Fondazione Centro di Documentazione Ebraica	67,733
Eshel Hanasi Foundation for Complementary Education	52,000
Schechter Institute of Jewish Studies	50,000
Centro Primo Levi	50,000
Kehilat Romemu	44,000
American Pardes Foundation Inc.	36,525
Friends of Israel Sci-Tech Educational Network	33,333
Jerusalem Foundation	33,000
Congregation Sherith Israel	27,000
J Street Education Fund, Inc.	25,000
Friends of Yemen Orde	21,180
Jewish Family and Childrens Service of Greater Philadelphia	21,000
Congregation Har HaShem	20,000
Central Europe Center for Research & Documentation, Inc.	20,000
Bnai Brith Henry Monsky Foundation	16,800
Hazon Inc.	16,360
Hebrew Union College- JIR	15,680
American Jewish World Service	15,600
American Jewish Committee	14,200
Heritage Pointe	13,500
America Israel Cultural Foundation	13,450
Hand in Hand American Friends of the Center for Jewish-Arab Education	12,000
World Union for Progressive Judaism LTD	11,680
Jewish Family Service of Los Angeles	11,000
Congregation Shir Hadash	10,809
American Jewish University	10,750
Foundation for Jewish Culture	10,250
University of Michigan Hillel	10,000
Sky Lake Synagogue	10,000
Keshet Inc.	10,000
Jewish Employment and Vocational Service	10,000
Gimmel Foundation	10,000
Congregation Ner Tamid	10,000
Chabad Jewish Student Center at Berkeley	10,000
Boulder Jewish Community Center	10,000
American Friends Of Libi Inc.	10,000
U.S. Holocaust Memorial Museum	9,100
Chabad of South Dade	9,000
Isabella Freedman Jewish Retreat Center	8,000
Congregation Shir Ha-Ma-Alot	7,754
Israel Children's Centers Inc.	7,700
USC Hillel Foundation	7,600
Jewish Institute for National Security Affair	7,100

See accompanying independent auditors' report.

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO**Schedule of Consolidated Charitable Distributions to Organizations, continued**

Year Ended June 30, 2011

Temple Sinai	7,080
American Associates Ben Gurion University of the Negev	7,000
American Friends of Matan Inc.	6,500
Union for Reform Judaism	6,200
Birthright Israel Foundation	5,900
Center for Leadership and Learning	5,850
American Friends of Yeshiva Imre Emes	5,400
Chabad of Hyde Park	5,280
Yeshivath Torath Emeth Academy	5,000
Peninsula Temple Beth El	5,000
MIT Hillel	5,000
Jewish Federation of Metropolitan Detroit	5,000
Friends of Israel Scouts Inc.	5,000
Chai-Life Line	5,000
Center for Initiatives in Jewish Education Inc.	5,000
Other Organizations Under \$5,000	199,393
Total	<u>5,380,841</u>

Other Organizations Primarily Serving the County of San Diego:

UCSD Foundation	12,470,086
San Diego Symphony	6,093,160
Salk Institute for Biological Studies	4,857,710
High Tech High Foundation	4,547,750
KPBS TV & Radio - San Diego State University	2,821,528
Plaza de Panama Committee	2,020,000
Scripps Health Foundation	1,565,113
La Jolla Country Day School	1,035,250
Second Chance	1,022,810
San Diego Opera Association, Inc.	1,003,380
Museum of Contemporary Art San Diego	918,470
San Diego Food Bank Corporation	825,225
La Jolla Playhouse	778,926
Bishop's School	656,050
Old Globe Theatre	305,172
Nature and Culture International	225,000
The New Children's Museum of San Diego	220,250
Challenged Athletes Foundation	214,200
La Jolla Music Society	183,575
Campanile Foundation	152,550
Museum of Photographic Arts	152,420
San Diego Repertory Theatre	151,180
Burnham Institute	150,150
San Diego Foundation	135,600
Voice of San Diego	125,250
Interfaith Community Services	122,623
Rady's Childrens Hospital & Health	115,980
Balboa Park Online Collaborative	100,000
San Diego State University Research Foundation	91,185
Training and Education About the Middle East	80,000
University Auxiliary and Research Services Corporation	77,962

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO**Schedule of Consolidated Charitable Distributions to Organizations, continued**Year Ended June 30, 2011

Senior Community Center	74,700
Intelliversity	68,333
Matthew and Iris Strauss Family Foundation Inc.	60,000
Reuben H. Fleet Space Theater and Science Center	57,822
Juvenile Diabetes Research Foundation	57,350
Mainly Mozart Festival	53,720
Cygnnet Theatre Company	52,000
A Reason to Survive	47,980
Scripps Research Institute	47,000
Francis W. Parker School	46,710
Planned Parenthood of the Pacific Southwest	46,180
San Diego Museum of Art	43,510
Voices for Children	43,100
City Club of San Diego	40,000
Vista Hill Foundation	37,335
Rolf Benirschke Legacy Foundation	37,210
House of Israel	35,000
YMCA - Copley Branch	35,000
Mercy Hospital Foundation	33,950
San Diego High School Foundation	32,900
Big Brothers Big Sisters of San Diego County	32,200
MINGEI, International	31,918
Computers 2 SD Kids	31,500
Parkinsons Disease Association of San Diego Inc.	30,200
Las Patronas	27,385
Autism Tree Project Inc.	26,200
Junior Achievement of San Diego	26,100
Timken Museum of Art	25,550
Pro Kids Golf Academy, Inc.	25,500
Kyoto Symposium Organization	25,000
University of San Diego	23,000
San Diego Hospice Foundation	22,900
Malashock Dance & Company	20,550
United Through Reading	20,100
CONNECT Foundation	20,000
American Cancer Society	18,483
Childrens School for Child-Centered Education	18,260
Helen Woodward Animal Center	17,600
Sharp Healthcare Foundation	17,100
Encinitas Union School District	16,700
Library Association of La Jolla - Athenaeum	16,500
Words Alive	16,217
San Diego Hospice and the Institute for Palliative Medicine	15,650
City Ballet Inc.	15,600
San Diego Center for Children	15,475
PTA California Congress of Parents Teachers and Students Inc.	15,400
Palomar College Foundation	15,000
Educational Enrichment Systems Inc.	14,500
Info Line of San Diego County	13,500
Genesis International Orphanage Foundation	13,300
Kids Included Together-San Diego	12,750

See accompanying independent auditors' report.

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO**Schedule of Consolidated Charitable Distributions to Organizations, continued**Year Ended June 30, 2011

USO	12,500
United Way/Chad of San Diego County	12,350
Del Mar Foundation	12,015
Playwrights Project	11,200
San Diego Blood Bank	10,675
Ion Theater	10,500
Poway Unified School District	10,385
Zoological Society of San Diego	10,240
Balboa Park Cultural Partnership	10,000
Boys & Girls Club of North County	10,000
Regents of The University of California at San Diego	10,000
San Diego Crew Classic	10,000
San Diego Hall of Champions	10,000
San Diego Rock Church	10,000
USS Midway Museum	10,000
San Diego Public Library Foundation	9,700
American Civil Liberties Union Foundation	9,500
Charley Hoffman Foundation	9,200
Torrey Pines Elementary School Foundation	8,500
New Path	8,410
La Jolla Country Day School Parents Association	8,150
St. Vincent de Paul Village	7,680
North County Solutions for Change Inc.	7,500
Cystic Fibrosis Foundation	7,370
North County Community Services	6,875
San Diego Social Venture Partners Inc.	6,700
Meals on Wheels	6,560
Casa De Amparo	6,550
San Diego Botanical-Garden Foundation Inc	6,500
San Diego Youth Symphony	6,300
Mama's Kitchen	6,000
Rancho Santa Fe Education Foundation	6,000
National Conflict Resolution Center	5,850
National Veterans Transition Services	5,500
Make A Wish Foundation	5,400
Armed Services YMCA of the USA	5,360
National Multiple Sclerosis Society	5,100
Juvenile Court Book Club	5,025
Don Diego Fund	5,000
Greater San Diego City Tennis Council	5,000
La Jolla Town Council Foundation	5,000
NAMM Foundation	5,000
NTC Foundation	5,000
San Diego Art Institute	5,000
San Diego County Superintendent of Schools	5,000
San Diego Human Dignity Foundation	5,000
San Diego Hunger Coalition	5,000
The Winston School of San Diego	5,000
Watchdog Institute	5,000
William J. Clinton Foundation	5,000

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO**Schedule of Consolidated Charitable Distributions to Organizations, continued**

Year Ended June 30, 2011

Other Organizations Under \$5,000	248,720
Total	<u>45,436,808</u>

Other Organizations Outside the County of San Diego:

American Civil Liberties Union Foundation	2,020,000
Adenoid Cystic Carcinoma Research Foundation	1,600,000
UCSF Foundation	1,502,000
Massachusetts Institute of Technology	1,161,000
Cornell University	1,000,180
Community Foundation of Southeastern Massachusetts	500,000
National Academy of Engineering	328,200
New York Botanical Garden	300,000
Media Matters for America	200,000
White Nights Foundation of America Inc.	150,000
World Land Trust - US	125,000
Installation Gallery	105,000
Peaceworks Network Foundation	100,180
Clinton Global Initiative	100,000
University of Southern California	99,880
Los Angeles Philharmonic Association	84,600
Citizens for Responsibility and Ethics in Washington D.C.	80,000
Lang Lang International Music Foundation	80,000
California Charter Schools Consortium	75,000
Community Foundation	75,000
New York University	60,400
UC Berkeley Foundation	51,510
Sigma Alpha Mu Foundation	51,000
Drug Policy Alliance	50,250
Lance Armstrong Foundation Endowment	50,000
New American School	50,000
Room to Read	50,000
Immaterial Incorporated	44,000
The Wellness Initiative	40,000
New Visions Foundation	37,500
Trustees of the University of Pennsylvania	37,000
Stanford University	35,250
Fractured Atlas	35,000
Neighborhood Bike Works	28,000
National Multiple Sclerosis Society	26,600
People for the American Way Foundation	25,500
Bergamo Italy Classical Lyceum	25,000
Cambridge in America	25,000
Colgate University	25,000
Cure Duchenne	25,000
Edgewood Center for Children and Families	25,000
Education Reform Now Inc.	25,000
Heart of Los Angeles Youth	25,000
Magee Rehabilitation Hospital Foundation	25,000
Orcas Island Community Foundation	25,000
Pacific Council on International Policy	25,000

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO**Schedule of Consolidated Charitable Distributions to Organizations, continued**Year Ended June 30, 2011

Responsibility Inc.	25,000
Teach For America	25,000
UCLA Law School Foundation	25,000
Live Oak A Learning Center For Children	23,500
Tree House Books	22,000
Tiger Woods Charity Event Corp.	21,184
National Transplant Assistance Fund	21,150
Academy of Urban Learning	20,000
Center for Early Education	20,000
Learning With A Difference Inc.	20,000
Operation Respect	17,500
Indiana University Foundation	16,000
Iraqi Womens Fellowship Foundation	15,500
American Academy of Arts & Sciences	15,000
Denton County Cowboy Church	15,000
Human Rights Watch	15,000
One Acre Fund	15,000
San Francisco Symphony	15,000
University of Colorado Foundation, Inc.	15,000
Anthology Film Archives	14,000
Global Medical Relief Program NFP	13,500
Ashoka Innovators for the Public	12,500
Institute for the Analysis of Global Security	12,500
Womens Foundation of California	11,300
Boston Latin School Association	11,000
Southern Poverty Law Center	10,800
Washington Institute for Near East Policy	10,600
Bowdoin College	10,250
Franklin Institute	10,250
International Humanity Foundation	10,200
American Heart Association	10,100
California State University Foundation	10,000
Chicago Council on Global Affairs	10,000
Community Foundation of Greater Birmingham	10,000
Downtown Womens Center	10,000
Levine School of Music	10,000
Mapleton Education Foundation	10,000
Media Line Ltd.	10,000
Mops International Inc.	10,000
National Public Radio Inc.	10,000
Pennsylvania Academy of the Fine Arts	10,000
Perlman Music Program Inc.	10,000
President-Board of Trustees Santa Clara Colle	10,000
Prevent Human Trafficking	10,000
Villa Esperanza Services	10,000
Desert Classic Charities	9,000
United States Ski Team Foundation	9,000
Bent on Learning Inc.	8,000
California Music Project	8,000
Canopy Canopy Canopy Inc.	8,000
City of Hope	7,500

See accompanying independent auditors' report.

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO**Schedule of Consolidated Charitable Distributions to Organizations, continued**

Year Ended June 30, 2011

Startup Weekend	7,500
University of Michigan	7,100
AFCEA Educational Foundation	6,600
American Diabetes Association	6,550
Plan International USA, Inc.	6,500
Tectonic Theater Project Inc.	6,500
Open Heart Kitchen of Livermore Incorporated	6,000
Shepherds Gate	6,000
William Beaumont Hospital	6,000
UNICEF	5,800
St. Jude Children's Research Hospital	5,700
Doctors Without Borders USA INC	5,500
Greater Kansas City Community Foundation	5,500
National Academy of Sciences	5,500
Mathematical Sciences Research Institute	5,041
Camp Sunshine	5,000
Cancer Research Fund of the Damon Runyon-Walter Winchell Foundation	5,000
Center For Early Intervention on Deafness	5,000
Center for Mathematics and Teaching Inc.	5,000
Children's Hospital Foundation	5,000
Council on Foreign Relations Inc.	5,000
Harvard Business School Fund	5,000
Hearts for A Safe Harbor	5,000
Insight Meditation Society Inc.	5,000
Intercambio De Comunidades	5,000
Israel Heart Fund Inc.	5,000
ISSA Foundation	5,000
LAXART	5,000
Lehigh University	5,000
Lighthouse Nonprofit Technologies	5,000
Marc Lustgarten Pancreatic Cancer Foundation	5,000
Miami Dade College Foundation Inc.	5,000
Nami Weberogen Affiliate	5,000
New Hampshire SPCA	5,000
Opal Community Land Trust	5,000
Orange County Museum of Art	5,000
Otterbein College	5,000
Poynter Institute for Media Studies Inc.	5,000
San Fernando Valley Interfaith Council Inc.	5,000
Sheriff's Youth Foundation	5,000
Speakeasy Media Foundation	5,000
United Cerebral Palsy Association	5,000
Vanderbilt University	5,000
Walden School	5,000
Other Organizations Under \$5,000	307,593
Total	<u>11,840,768</u>
Total Distributions	<u>\$ 75,897,324</u>

JEWISH COMMUNITY FOUNDATION OF SAN DIEGO

Schedule of Consolidated Operating Expenses Within the Operating Fund

Years Ended June 30, 2011 and 2010

	<u>1900</u>		<u>1900</u>
Salaries and employee benefits	\$ 1,668,299	\$	1,435,578
Services and supplies	342,352		251,221
Professional services	292,922		252,699
Fund development programs	<u>252,491</u>		<u>164,831</u>
 Total Operating Expenses	 \$ <u>2,556,064</u>	\$	 <u>2,104,329</u>