

**THE JEWISH COMMUNITY
FOUNDATION OF THE WEST
(A NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

DECEMBER 31, 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Jewish Community Foundation of the West
(A Nonprofit Organization)
Sacramento, California

We have audited the accompanying statement of financial position of The Jewish Community Foundation of the West (A Nonprofit Organization) as of December 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides 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 The Jewish Community Foundation of the West as of December 31, 2008, and the result of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Timothy J. Schwartz, CPA
Gary F. Giannini, CPA
Philip Lantsberger, CPA
William H. Adamson
Rebecca Ford Rey, CPA
Robert Gross, CPA

We have compiled the accompanying statement of financial position of The Jewish Community Foundation of the West as of December 31, 2007, and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Schwartz, Gammini, Rosenberg & Adan
Stockton, California
October 26, 2009

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2008 and 2007

	<u>2008</u>	<u>(Compiled)</u> <u>2007</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,687	\$ 6,800
Restricted cash and cash equivalents	509,846	450,599
Total current assets	<u>\$ 514,533</u>	<u>\$ 457,399</u>
Investments, fair value (Note 3)	3,585,125	5,291,743
Office equipment, net of accumulated depreciation	<u>3,993</u>	<u>-</u>
Total assets	<u><u>\$ 4,103,651</u></u>	<u><u>\$ 5,749,142</u></u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ -	\$ 3,137
Funds held for others (Note 2)	1,782,311	2,832,091
Total current liabilities	<u>\$ 1,782,311</u>	<u>\$ 2,835,228</u>
Net assets		
Unrestricted	\$ 126,659	\$ 125,635
Temporarily restricted (Note 4)	1,079,958	1,229,572
Permanently restricted (Note 5)	1,114,723	1,558,707
Total net assets	<u>\$ 2,321,340</u>	<u>\$ 2,913,914</u>
Total liabilities and net assets	<u><u>\$ 4,103,651</u></u>	<u><u>\$ 5,749,142</u></u>

See Notes to Financial Statements.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

STATEMENT OF ACTIVITIES

Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT				
Donations, pledges and support	\$ 7,165	\$ 292,337	\$ 50,530	\$ 350,032
Investment income	62,994	32,958	51,287	147,239
Net realized and unrealized gain (loss) on investments	(24,364)	(178,956)	(487,562)	(690,882)
Net assets released from restrictions	354,192	(295,953)	(58,239)	-
Total public support and revenue	<u>\$ 399,987</u>	<u>\$ (149,614)</u>	<u>\$ (443,984)</u>	<u>\$ (193,611)</u>
EXPENSES				
Management and general	\$ 73,659	\$ -	\$ -	\$ 73,659
Grant activities	325,304	-	-	325,304
Total expenses	<u>\$ 398,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,963</u>
CHANGE IN NET ASSETS	\$ 1,024	\$ (149,614)	\$ (443,984)	\$ (592,574)
NET ASSETS, BEGINNING OF YEAR	<u>125,635</u>	<u>1,229,572</u>	<u>1,558,707</u>	<u>2,913,914</u>
NET ASSETS, END OF YEAR	<u><u>\$ 126,659</u></u>	<u><u>\$ 1,079,958</u></u>	<u><u>\$ 1,114,723</u></u>	<u><u>\$ 2,321,340</u></u>

See Notes to Financial Statements.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

STATEMENT OF ACTIVITIES
Year Ended December 31, 2007 (Compiled)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT				
Donations, pledges and support	\$ 165	\$ 312,141	\$ 51,681	\$ 363,987
Investment income	66,930	53,987	95,801	216,718
Net realized and unrealized gain (loss) on investments	(246)	3,284	(15,845)	(12,807)
Net assets released from restrictions	366,505	(300,380)	(66,125)	-
Total public support and revenue	<u>\$ 433,354</u>	<u>\$ 69,032</u>	<u>\$ 65,512</u>	<u>\$ 567,898</u>
EXPENSES				
Management and general	\$ 60,082	\$ -	\$ -	\$ 60,082
Grant activities	373,810	-	-	373,810
Total expenses	<u>\$ 433,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 433,892</u>
CHANGE IN NET ASSETS	\$ (538)	\$ 69,032	\$ 65,512	\$ 134,006
NET ASSETS AT BEGINNING OF YEAR	<u>126,173</u>	<u>1,160,540</u>	<u>1,493,195</u>	<u>2,779,908</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 125,635</u></u>	<u><u>\$ 1,229,572</u></u>	<u><u>\$ 1,558,707</u></u>	<u><u>\$ 2,913,914</u></u>

See Notes to Financial Statements.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2008 and 2007

	2008	(Compiled) 2007
	<u>2008</u>	<u>(Compiled) 2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (592,574)	\$ 134,006
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,143	471
Realized and unrealized (gain) loss on investments	690,882	12,808
Contributions restricted for permanent endowment	(50,530)	(51,681)
Investment income restricted for permanent endowment	(66,725)	(111,178)
Donated securities	(126,843)	(206,227)
Increase (decrease) in accounts payable	(3,137)	3,137
Increase (decrease) in funds held for others	(1,038,948)	373,400
Net cash provided by (used in) operating activities	<u>\$ (1,186,732)</u>	<u>\$ 154,736</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	\$ (492,587)	\$ (657,895)
Proceeds from sale of investments	1,624,334	275,606
Purchase of fixed assets	(5,136)	-
Net cash provided by (used in) investing activities	<u>\$ 1,126,611</u>	<u>\$ (382,289)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for permanent endowment	\$ 50,530	\$ 51,681
Investment income restricted for permanent endowment	66,725	111,178
Net cash provided by financing activities	<u>\$ 117,255</u>	<u>\$ 162,859</u>
Increase (Decrease) in cash and cash equivalents	\$ 57,134	\$ (64,694)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>457,399</u>	<u>522,093</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 514,533</u></u>	<u><u>\$ 457,399</u></u>

See Notes to Financial Statements.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

This summary of significant accounting policies of The Jewish Community Foundation of the West (the Foundation) is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

ORGANIZATION

The Jewish Community Foundation of the West is a nonprofit organization incorporated on January 4, 2000 under the laws of the State of California whose purpose is to administer contributions received and distribute grants which meet community needs.

BASIS OF ACCOUNTING

The financial statements of The Jewish Community Foundation of the West are presented on the accrual basis and maintained in accordance with principles generally accepted in the United States of America. This is the procedure by which resources are classified for accounting and reporting purposes into funds established according to their nature and objectives. While separate accounts are maintained for each fund, the funds have been combined in the accompanying financial statements.

The funds of the Foundation are maintained as follows:

Administrative Fund – Administrative funds represent a portion of expendable resources that are available for the Foundation's operations.

Endowment Fund – Endowment funds represent funds that are subject to restriction of gift instruments requiring in perpetuity that the principal be invested.

Philanthropic and Donor Funds – Philanthropic and donor funds are available for disbursement at the recommendation of the donor subject to approval by the Board of Directors.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, the Foundation is required to report information regarding its financial position and activities according to the following three classes of net assets:

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

Temporarily restricted net assets - Net assets entrusted to the Foundation for the purpose of providing grants at a future date. The funds are expendable for charitable purposes at the recommendation of the donor in conjunction with approval by the Foundation's Board of Directors.

Permanently restricted net assets - Net assets consisting of endowment funds. A portion of investment income and realized investment gains from endowment funds are expendable for charitable purposes at the recommendation of the donor or management in conjunction with approval by the Foundation's Board of Directors.

DONATIONS AND GRANTS RECEIVED

Donations and grants received are measured at their fair value and reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as released from restriction.

CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS

Cash and cash equivalents and restricted cash and cash equivalents include demand deposits, money market accounts and short-term investments with original maturities of three months or less. Certain demand deposits held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The balances of money market accounts and short-term investments are covered under Securities Investor Protection Corporation (SIPC) up to \$500,000 on securities and \$100,000 on cash. At December 31, 2008 and 2007, the Foundation had demand deposits with a carrying amount of \$514,553 and \$457,399, respectively. At December 31, 2008 and 2007, FDIC insured balances totaled \$4,687 and \$6,800, respectively.

Fair market value of investments was \$3,585,125 and \$5,291,743 at December 31, 2008 and 2007, respectively (See Note 3).

At December 31, 2008 and 2007, cash and cash equivalents totaling \$509,846 and \$450,599 were restricted to uses stipulated by donors and approved by the Board of Directors and cash and cash equivalents totaling \$4,687 and \$6,800 were free of restrictions and available for administrative purposes.

OFFICE EQUIPMENT

Purchased office equipment is carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The useful lives of the office equipment are estimated to be between three to seven years. Depreciation expense for the year ended December 31, 2008 and 2007 was \$1,143 and \$471, respectively.

INVESTMENTS

The Foundation 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 reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or use) in the reporting period in which the income and gains are recognized.

INVESTMENT POOLS

The Foundation maintains investment pools, consisting of the resources of various endowments and managed funds, to increase its investment flexibility. The endowment funds are accounted for using the "market value unit method." Under this method, each donor fund is assigned a number of units based on the relationship of the market value of all investments at the time of entry in the pool. Monthly, the pooled assets are valued and new unit values are calculated.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNDS HELD FOR OTHERS

The Foundation receives and distributes assets under certain agency and intermediary arrangements. SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. SFAS No. 136 specifically requires that if a not-for-profit organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself or its affiliate as a beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The liability has been established at the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPOs reflected under funds held for others on the accompanying statement of financial position.

INCOME TAX STATUS

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. In addition, the Foundation has been determined not to be a private foundation under Section 170(b)(1)(A)(vi) of the Internal Revenue Code.

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.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEW FINANCIAL ACCOUNTING PRONOUNCEMENT

Subsequent Events

In May 2009, the Financial Accounting Standards Board issued SFAS No. 165, *Subsequent Events* (SFAS 165). Under SFAS 165, entities are required to evaluate events and transactions that occur after the balance sheet date but before the date the financial statements are issued, or available to be issued in the case of non-public entities. SFAS 165 requires entities to recognize in the financial statements the effect of all events or transactions that provide additional evidence of conditions that existed at the balance sheet date, including the estimates inherent in the financial preparation process. Entities shall not recognize the impact of events or transactions that provide evidence about conditions that did not exist at the balance sheet date but arose after that date. SFAS 165 also requires entities to disclose the date through which subsequent events have been evaluated. SFAS 165 was effective for interim and annual reporting periods ending after June 15, 2009. Although not required to do so, the Foundation adopted the provisions of SFAS 165 for the year ended December 31, 2008, and adoption did not have a material impact on the Foundation's financial statements taken as a whole. The Foundation evaluated all events or transactions that occurred from December 31, 2008 to October 26, 2009, the date the Foundation issued these financial statements.

NOTE 2. FUNDS HELD FOR OTHERS

The Foundation holds and invests funds on behalf of other 501(c)(3) nonprofit organizations. Activity within the funds for the years ended December 31, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Balance, January 1	\$ 2,832,091	\$ 2,458,691
Deposits	36,194	274,497
Investment income	112,772	186,027
Net realized and unrealized (loss) on investments	(679,177)	(14,833)
Investment fee	(26,806)	(27,083)
Distributions	<u>(492,763)</u>	<u>(45,208)</u>
Balance, December 31	<u>\$ 1,782,311</u>	<u>\$ 2,832,091</u>

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS

The Foundation's assets may be invested in one or more or some combination of the following portfolios:

Portfolio A - Growth Fund designated as the most aggressive mix of Fund assets. The Growth Fund recognizes that the potential for greater returns brings with it the potential for positive and negative returns. This fund is most appropriate for gifts which are expected to be invested for at least a term of 5 years. This fund is the default investment portfolio for endowment funds unless specified otherwise in the approved endowment agreement. The principal objective of Fund A is total return and consists of 69% equities, 25% bonds, and 6% alternatives (commodities and currencies).

Portfolio B - Balanced Fund: designated as a moderate mix of Fund assets. Like Portfolio A, donors need to recognize that the potential for greater returns brings with it the potential for positive and negative returns. This fund is most appropriate for gifts that do not expect to distribute all or part of their value within the next 3 years. The principal objective of Fund B is total return and consists of 44% equities, 45% bonds, and 11% alternatives.

Portfolio C- Preservation Fund (fee based): designated as a conservative mix of Fund assets in relatively liquid financial instruments and cash equivalents, with little or no potential for negative returns. This fund is most appropriate for donors seeking to minimize risk. This fund is the default investment option for all donor advised funds that exceed \$10,000 in asset value. The principal objective of Fund C is the preservation of principal and is 100% money market funds (cash equivalents).

Portfolio D- Preservation Fund (no fee): designated as a conservative mix of Fund assets in relatively liquid financial instruments and cash equivalents, with little or no potential for negative returns. This fund is most appropriate for donors seeking to minimize risk. This fund carries no management fee and is the default investment option for all donor advised philanthropic funds of less than \$10,000 in asset value. The principal objective of Fund D is the preservation of principal and consists of 100% money market funds.

Portfolio E - Income Portfolio: designated as a conservative mix of fixed income assets, with little to moderate potential for negative returns. This fund includes a variety of high quality investment-grade fixed income assets. This fund is most appropriate for donors seeking low risk and current income. The principal objective of Portfolio E is current income and consists of 95% bonds and 5% cash and cash equivalents.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

NOTES TO FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (CONTINUED)

Portfolio F - Israeli Bond Fund: designated as a fixed income portfolio of Israeli Bonds, with moderate potential for negative returns. This fund is comprised of a variety of Israeli Bond fixed income investments. This fund is restricted to endowment funds where donors seek moderate to low risk current income and specifically request Israeli Bonds. The principal objective of Portfolio F is current income and its mix consists of 95% Israeli bonds, 5% cash and cash equivalents.

Investments are carried at fair market value. At December 31, 2008 and 2007, marketable securities, long-term investments, and restricted cash were as follows:

	<u>2008</u>	<u>2007</u>
Growth Fund Portfolio A	\$ 2,293,113	\$ 3,242,247
Balanced Fund Portfolio B	1,287,022	1,901,231
Preservation Fund Portfolio C	382,397	286,582
Preservation Fund Portfolio D	126,469	164,017
Fixed Income Portfolio E	-	142,470
Israeli Bond Fund Portfolio F	<u>5,970</u>	<u>5,795</u>
	\$ 4,094,971	\$ 5,742,342
Restricted cash included above	<u>(509,846)</u>	<u>(450,599)</u>
Total investments, market value	<u>\$ 3,585,125</u>	<u>\$ 5,291,743</u>

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2008 and 2007, the Foundation had temporarily restricted net assets of \$1,079,958 and \$1,229,572, respectively, which was restricted for grants to be made to non-profit organizations in future periods.

NOTE 5. PERMANENTLY RESTRICTED NET ASSETS

As of December 31, 2008 and 2007, the Foundation had permanently restricted net assets of \$1,114,723 and \$1,558,707, respectively, which consisted of endowment funds, requiring in perpetuity that the principal be invested. Foundation policy calls for distributions to be made from these funds to designated non-profit organizations based on the net change in the funds' value over the preceding calendar year.