

JEWISH FAMILY SERVICE
(A Michigan Not-For-Profit Corporation)

FINANCIAL REPORT

MAY 31, 2009

JEWISH FAMILY SERVICE

FINANCIAL REPORT

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A Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jewish Family Service

We have audited the accompanying statement of financial position of Jewish Family Service (a Michigan not-for-profit organization) as of May 31, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organizations' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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 Jewish Family Service as of May 31, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Hungerford & Co.

September 21, 2009

JEWISH FAMILY SERVICE
STATEMENT OF FINANCIAL POSITION

MAY 31, 2009

ASSETS

CURRENT ASSETS

Cash	
Checking and Savings	\$ 643,414
Certificate of Deposit	854,729
Pooled Investments - UJF	647,307
Accounts Receivable	
Grants and Allocations	511,427
Program Service Fees, Net of Allowance for Doubtful Accounts of \$58,837	239,122
Prepaid Expenses	53,366
Security Deposits	<u>7,165</u>
 Total Current Assets	 <u>2,956,530</u>

PROPERTY AND EQUIPMENT

Computers	502,693
Furniture and Fixtures	491,178
Equipment	247,415
Vehicles	<u>219,466</u>
 Total Property and Equipment	 1,460,752
 Less Accumulated Depreciation	 <u>(774,835)</u>
 Net Property and Equipment	 <u>685,917</u>

DONOR-RESTRICTED ENDOWMENT ASSETS (UNITED JEWISH FOUNDATION)

Investments	828,702
Promises to Give	143,954
Other Endowment Assets on Deposit with UJF	<u>60,417</u>
 Total Endowment Assets	 <u>1,033,073</u>

TOTAL ASSETS	<u>\$ 4,675,520</u>
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See accompanying notes and accountant's report.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 124,998
Accrued Expenses	538,164
Current Portion of Post-Retirement Benefits	76,174
Deferred Revenue	<u>52,306</u>

Total Current Liabilities 791,642

LONG-TERM LIABILITIES

Post-Retirement Benefits, Less Current Portion	<u>332,390</u>
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Total Liabilities 1,124,032

NET ASSETS

Unrestricted	1,845,349
Temporarily Restricted	749,967
Permanently Restricted	<u>956,172</u>

Total Net Assets 3,551,488

TOTAL LIABILITIES AND NET ASSETS \$ 4,675,520

JEWISH FAMILY SERVICE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS (LOSSES) AND OTHER SUPPORT				
Allocations	\$ 2,226,405	\$ 845,089	\$ -	\$ 3,071,494
Grants	1,065,073	2,015,079	-	3,080,152
Program Service Fees	1,085,997	-	-	1,085,997
Investment Income	124,926	-	-	124,926
Contributions - Special Accounts	365,761	60,000	333,974	759,735
In-Kind Contribution - Rental of Building	576,000	-	-	576,000
Contributed Assets	12,000	-	-	12,000
Gain on Sale of Assets	2,839	-	-	2,839
Other Income	44,250	-	-	44,250
Net Assets Released From Restrictions				
From Endowments	37,613	182,524	(220,137)	-
From Contributed Assets	44,456	(44,456)	-	-
From Temporarily Restricted	3,225,219	(3,225,219)	-	-
	<u>8,810,539</u>	<u>(166,983)</u>	<u>113,837</u>	<u>8,757,393</u>
Total Revenues, Gains (Losses) and Other Support				
EXPENSES				
Program Services				
Community Support Services	3,829,572	-	-	3,829,572
Clinical Services	3,224,768	-	-	3,224,768
Health Initiatives	672,291	-	-	672,291
Supporting Services				
Management and General	647,005	-	-	647,005
	<u>8,373,636</u>	<u>-</u>	<u>-</u>	<u>8,373,636</u>
Total Expenses				
LOSSES				
Unrealized Losses on Endowment Assets	(46,562)	-	-	(46,562)
Realized and Unrealized Losses on Investments	(359,739)	-	-	(359,739)
	<u>(406,301)</u>	<u>-</u>	<u>-</u>	<u>(406,301)</u>
Total Losses				
INCREASE (DECREASE) IN NET ASSETS	30,602	(166,983)	113,837	(22,544)
NET ASSETS				
Beginning of Year	<u>1,814,747</u>	<u>916,950</u>	<u>842,335</u>	<u>3,574,032</u>
NET ASSETS				
End of Year	<u>\$ 1,845,349</u>	<u>\$ 749,967</u>	<u>\$ 956,172</u>	<u>\$ 3,551,488</u>

See accompanying notes and accountant's report.

JEWISH FAMILY SERVICE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2009

	Program Services				Management and General	Total
	Community Support Services	Clinical Services	Health Initiatives	Total		
Salaries and Wages	\$ 1,576,033	\$ 1,885,257	\$ 311,417	\$ 3,772,707	\$ 372,393	\$ 4,145,100
Employee Benefits	412,438	462,538	80,060	955,036	103,355	1,058,391
Financial Assistance	1,015,556	3,012	147,049	1,165,617	-	1,165,617
Occupancy	354,912	411,570	67,892	834,374	83,221	917,595
Professional Fees	74,184	202,326	10,900	287,410	11,563	298,973
Advertising and Printing	22,018	50,446	20,649	93,113	2,777	95,890
Local Travel/Vehicle	172,436	29,602	1,128	203,166	1,661	204,827
Telephone	26,896	22,663	3,601	53,160	4,391	57,551
Depreciation	106,191	43,468	7,180	156,839	8,804	165,643
Conferences and Conventions	17,831	28,998	11,516	58,345	2,223	60,568
Supplies	21,656	27,038	4,972	53,666	5,160	58,826
Other Office Expense	9,142	33,404	1,934	44,480	46,026	90,506
Postage and Shipping	12,360	15,426	2,850	30,636	2,760	33,396
Licenses and Professional Membership	5,029	7,101	996	13,126	1,098	14,224
Subscriptions and Reference Materials	2,890	1,919	147	4,956	1,573	6,529
	<u>\$ 3,829,572</u>	<u>\$ 3,224,768</u>	<u>\$ 672,291</u>	<u>\$ 7,726,631</u>	<u>\$ 647,005</u>	<u>\$ 8,373,636</u>

See accompanying notes and accountant's report.

JEWISH FAMILY SERVICE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in Net Assets	\$ (22,544)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	165,643
Realized and Unrealized Losses on Investments	-
Gain on Disposition of Assets	(2,838)
(Increase) Decrease in Assets	
Pooled Investments - UJF	287,663
Accounts Receivable	(119,395)
Prepaid Expenses	(12,371)
Permanently Restricted Endowment	(190,738)
Increase (Decrease) in Liabilities	
Accounts Payable	6,228
Accrued Expenses	51,543
Deferred Revenue	(49,980)
Accrued Post-Retirement Expenses	<u>(39,347)</u>
 Net Cash Provided by Operating Activities	 <u>73,864</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of Property and Equipment	(103,828)
Proceeds From Sales of Vehicles	<u>7,900</u>
 Net Cash Used by Investing Activities	 <u>(95,928)</u>

NET DECREASE IN CASH

(22,064)

CASH, Beginning of the Year

1,520,207

CASH, End of the Year

\$ 1,498,143

See accompanying notes and accountant's report.

JEWISH FAMILY SERVICE
NOTES TO FINANCIAL STATEMENTS

MAY 31, 2009

NOTE 1 – NATURE OF ACTIVITIES

Jewish Family Service (the Organization) is dedicated to helping individuals and families cope, survive and thrive in an ever-changing world. The Organization is focused on the needs of the Jewish community while providing services to all.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ESTIMATES –

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts during the reporting period and at the date of the financial statements. Actual results could differ from those estimates.

CASH AND POOLED INVESTMENTS –

The Organization maintains cash accounts at two commercial banks in the Metropolitan Detroit area. The Organization also maintains pooled investments with the United Jewish Foundation of Metropolitan Detroit (UJF), an affiliated organization. The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents for purposes of the Statement of Cash Flows.

ALLOWANCE FOR DOUBTFUL ACCOUNTS –

The allowance for doubtful accounts is the Organization's estimate of the amount of accounts receivable that may become uncollectible. This estimate is based on a review of the existing accounts receivable as well as historical write-off experience.

PROPERTY, EQUIPMENT AND DEPRECIATION –

Property and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Classification and life assignments are summarized as follows:

<u>Classification</u>	<u>Estimated Useful Lives (Years)</u>
Depreciable Assets	
Furniture and Fixtures	7-20
Equipment	5-10
Vehicles	3
Computers	5

INTEREST IN UNITED JEWISH FOUNDATION ENDOWMENTS –

The interest in United Jewish Foundation Endowments represents the Organization's beneficial interest in endowments made to UJF on behalf of the Organization.

JEWISH FAMILY SERVICE
NOTES TO FINANCIAL STATEMENTS

MAY 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DONATED SERVICES AND RENT –

The Organization conducts its primary operations in a building owned by UJF. UJF does not charge the Organization rent. The Organization records a contribution and the related rent expense based on the fair value of the building.

Donated goods and services for refugees are not reported in the Organization's financial statements because the Organization acts only as an intermediary agent between the donor and the beneficiary.

DONATED FURNITURE, FIXTURES AND EQUIPMENT –

Donated furniture, fixtures and equipment are recorded at fair value as temporarily restricted assets and are depreciated over the estimated useful lives of the assets using the straight-line method.

INCOME TAXES –

The Organization operates a 501(c)(3) non-profit corporation (other than a private foundation) and is generally not subject to income, or most other forms of, taxation in the normal course of business.

PROGRAM DESCRIPTIONS –

Community Support Services – The Organization provides assisted living arrangements, case management, home care services, transportation, counseling, Meals on Wheels, etc., for seniors and persons with disabilities in the community who are in need. The Organization provides resettlement, acculturation, citizenship preparation, counseling and Holocaust survivor restitution services to refugees who have settled in the community.

Clinical Services – The Organization provides counseling, adoption, family life education, violence intervention, substance abuse counseling, assistance in divorce situations and outreach to schools for families in the community who are in need.

Health Initiatives – The Organization connects low-income uninsured members of the Jewish community to needed health care through a network of institutional and individual volunteer partner providers; monitors compliance to prescribed treatment regimens; and provides guidance and coordination to affect improved health outcomes for program clients. The Organization also provides educational seminars on topics of healing and spirituality for community members and health care professionals.

Management and General – This support service covers the day-to-day operations of the Organization that are necessary to administer the programs previously described.

FUNCTIONAL EXPENSES –

Expenses that relate directly to a specific program are charged to the appropriate service area. Expenses that benefit the operation of multiple programs have been allocated to each program based on the salaries of the related function, which management believes represents a reasonable basis for allocation.

BENEFIT PLANS –

The Organization funds its benefit plans on a current basis and includes any contributions it makes with employee benefits expense. The Organization pays medical insurance premiums for retired employees included in its post-retirement benefit plan as invoices for such premiums are presented for payment.

JEWISH FAMILY SERVICE
NOTES TO FINANCIAL STATEMENTS

MAY 31, 2009

NOTE 3 – ENDOWMENT FUNDS

During the year ended May 31, 2009, the Organization adopted Financial Accounting Standards Board ("FASB") Staff Position No. 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds" (FSP 117-1), which provides the framework for disclosures about an organization's endowment funds.

The Organization's endowment consists of a number of individual funds established for a variety of purposes, all with donor-restrictions. All endowment funds are managed by the United Jewish Foundation ("UJF") together with endowments for other organizations.

UJF's Board of Trustees has interpreted Michigan's adoption of the Uniform Management of Institutional Funds Act of 1972 ("UMIFA") as requiring the preservation of the historical value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. UJF classifies as permanently restricted net assets (a) the original value of gifts donated to permanent endowments, (b) the original value of subsequent gifts to permanent endowments, and (c) accumulations to the permanent endowments made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. If the market value of the permanently restricted net assets at year end is below the original fair value, the deficit is recorded as an unrestricted unrealized loss.

UJF's primary long-term financial objective for the endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowments spending, inflation and costs of portfolio management. Performance of the overall endowments against this objective is measured over rolling periods of one, three and five years.

UJF's manages the endowment funds to optimize the long-term run total rate of return on invested assets, assuming a prudent level of risk. The goal for this rate of return is one that provides funding for the existing spending policies. Over the short term the return for each element of the endowments portfolio should match or exceed each of the returns for the broader capital markets in which assets are invested.

The endowment assets managed by UJF are governed by a spending policy that seeks to distribute a specific payout rate of the endowments base to support the Organization's programs. The endowment base is defined as the three-year moving average of the market value of the total endowment portfolio (calculated as of the last day of the previous twelve quarters). The distribution or payout rate will be calculated at a specific fixed percentage of the base. Such a policy will allow for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy will minimize the probability of invading the principal over the long term. Spending in a given year will reduce the unit value of each endowment element by a payout percentage. In no case will funds designated as permanently restricted endowments be reduced below their initial unit value. In the case of short-term declines in the market value of the endowment pool of funds, the overall spending rate may be calculated below the designated payout percentage in order to maintain the original unit value of certain elements of the true endowment. Growth of the unit values over time should allow for spending of principal, without drawing from the original corpus of a particular gift.

The endowments are invested in cash, equity securities, debt securities, hedge funds and private equity investments. The endowments are monitored on a continual basis for consistency of investment philosophy, return related to objectives and asset allocation.

JEWISH FAMILY SERVICE
NOTES TO FINANCIAL STATEMENTS

MAY 31, 2009

NOTE 3 – ENDOWMENT FUNDS (Continued)

UFJ's endowment net asset composition as of May 31, 2009 for Jewish Family Service:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor Restricted	\$ (46,562)	\$ 123,463	\$ 956,172	\$ 1,033,073

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the original value of the gift donated to the permanent endowment. Deficiencies of this nature are reported as unrestricted net assets. At May 31, 2009, the endowment had deficiencies of \$46,562 reported as unrestricted net assets. These deficiencies were primarily a result of unfavorable market fluctuations. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

Changes in endowment net assets for the year ended May 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ -	\$ -	\$ 842,335	\$ 842,335
Loss From Investments	(46,562)	-	-	(46,562)
Contributions	-	-	333,974	333,974
Appropriation of Endowment Assets for Expenditures	-	(37,613)	-	(37,613)
Transfers of Net Assets	-	161,076	(220,137)	(59,061)
Endowment Net Assets, End of Year	<u>\$ (46,562)</u>	<u>\$ 123,463</u>	<u>\$ 956,172</u>	<u>\$ 1,033,073</u>

NOTE 4 – ENDOWMENT FUNDS HELD BY OTHER ORGANIZATION

The Community Foundation for Southeastern Michigan (CFSM) holds endowment funds available for use by the Organization. These permanently restricted funds are included in the net assets of CFSM. They are not included in the financial statements of the Organization. Reports from CFSM show that as of May 31, 2009, the endowment funds held for the benefit of the Organization were approximately \$3,293,329.

During the year ended May 31, 2009, the Organization received approximately \$205,809 from these endowments.

JEWISH FAMILY SERVICE
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2009

NOTE 5 – CONCENTRATIONS

Balances maintained at local financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At May 31, 2009 balances in excess of the \$250,000 insurance limit, based on bank records, approximated \$416,211. In addition, approximately \$707,724 was on deposit with the UJF at May 31, 2009.

NOTE 6 – ACCRUED EXPENSES

At May 31, 2009, accrued expenses included the following:

Payroll and Related	\$ 250,133
Vacation	<u>288,031</u>
	<u>\$ 538,164</u>

NOTE 7 – BENEFIT PLANS

Post-Retirement Benefit Plan

The Organization sponsors a plan to provide all or a portion of medical insurance premiums for retired employees who meet certain retirement age and service requirements. The Organization's participation ranges from 0% to 100% of the medical insurance premiums depending on date of retirement and union affiliation.

Effective December 1, 2004 the Plan was amended to limit the Organization's participation for eligible employees retiring after December 31, 1981 to 50% of the cost of coverage as of December 1, 2004. Increases in cost of coverage after December 1, 2004 will be the responsibility of the participant.

The amendment resulted in a decrease in the net periodic post-retirement benefit cost in the amount of \$39,347. The detail for the year ended May 31, 2009 was as follows:

Interest Cost	\$ 29,680
Actuarial Change	<u>(16,445)</u>
Net Post Retirement Benefit Cost	<u>\$ 13,235</u>

JEWISH FAMILY SERVICE
NOTES TO FINANCIAL STATEMENTS

MAY 31, 2009

NOTE 7 – BENEFIT PLANS (Continued)

The net post-retirement benefit cost has been netted against other current employee benefits resulting in a net benefit totaling \$727,223 for the year ended May 31, 2009.

Amounts paid by the Organization for medical premiums of retirees during the year ended May 31, 2009 were \$186,631.

The following actuarial assumptions were used in the determination of the liability and expense as of and for the year ended May 31, 2009:

Discount Rate	6.25%
Health Care Inflation Rate:	
Initial Rate	7.50%
Ultimate Trend Rate	5.00%

Multi-employer Pension Plans

The Organization, as an affiliate of the Jewish Federation of Metropolitan Detroit (JFMD), participates in the qualified pension plans covering all union and non-union employees of JFMD and its affiliates. Pension costs are determined by JFMD and are billed to the Organization on a current basis. Accumulated pension benefits and plan net assets are not segregated among the various affiliated organizations. The Organization's allocable pension cost (expense) for the year ended May 31, 2009 was \$129,100 and is included in employee benefits expense.

NOTE 8 – LEASE COMMITMENTS

The Organization leases office space for its branch office in Oak Park, Michigan, expiring on June 30, 2015.

Future minimum lease payments required under this operating lease are as follows:

<u>Years Ending</u> <u>May 31,</u>	<u>Amount</u>
2010	\$ 83,577
2011	86,006
2012	88,434
2013	90,863
2014	93,291

Total rent expense, including amounts for other equipment under short-term operating leases, approximated \$98,573.

JEWISH FAMILY SERVICE
NOTES TO FINANCIAL STATEMENTS

MAY 31, 2009

NOTE 9 – AFFILIATED PARTIES

At May 31, 2009, the Organization has approximately \$707,724 in pooled investments with the UJF, an affiliated non-profit organization.

The Organization is a constituent agency of Jewish Federation of Metropolitan Detroit ("JFMD") (a non-profit organization). The Organization received approximately \$2,419,507 from JFMD during the year ended May 31, 2009.

The Organization also participates in an insurance program administered by the JFMD for property and liability, workers' compensation and life insurance. The Organization incurred insurance and multi-employer pension expenses of approximately \$175,459 during the year ended May 31, 2009.

NOTE 10 – FEDERAL GRANTS

The Organization receives the following Federal Grants:

Emergency Food and Shelter Program (EFSP) – The Organization earned approximately \$106,040 under this grant. These monies are restricted to the purchase of food and food vouchers for use, by needy individuals, without discrimination.

U.S. Department of Homeland Security – Urban Areas Security Initiative: Nonprofit Security Grant Program – The Organization was reimbursed for costs totaling \$30,714 for the year ended May 31, 2009. The monies were used to purchase security devices for the Jewish Family Service building.

Administration for Children & Families – Mentoring Children of Prisoners – The Organization was reimbursed for costs totaling \$92,092 during the year ended May 31, 2009. Funds are received from a mentoring agreement through Oakland Livingston Human Service Agency (OLHSA).

Department of Health & Human Services – Healthy Start – The Organization was reimbursed for \$88,946 of Federal Funds for the year ended May 31, 2009. Funds are received from a Healthy Start agreement through St. Joseph Mercy Oakland.

NOTE 11 – LINE-OF-CREDIT

On October 4, 2006, the Board approved securing a line-of-credit with a bank in the amount of \$100,000. The balance outstanding as of May 31, 2009 was \$-0-.

JEWISH FAMILY SERVICE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2009

NOTE 12 – FAIR VALUE MEASUREMENTS

Effective June 1, 2008, the Organization adopted FASB Statement No. 157, "Fair Value Measurements" ("SFAS No. 157"), which provides a framework for measuring, reporting and disclosing fair value under generally accepted accounting principles. SFAS No. 157 applies to all assets and liabilities that are measured, reported, and/or disclosed on a fair value basis. There was no cumulative effect of adopting SFAS No. 157 on June 1, 2008 net assets.

As defined in SFAS No. 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various valuation methods including the market, income and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible the Organization attempts to utilize valuation methods that maximize the use of observable inputs and minimized the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data

Level 3 - Unobservable inputs that are not corroborated by market data

As discussed in Note 3, the Organization's endowment funds are managed by UJF. UJF holds investments of these endowment funds in various equity and fixed income investments that are publicly traded securities. Fair values are based on quoted prices and are classified as Level 1. The portfolio of alternative investments and private equity investments are not publicly traded. Fair values are based on unobservable inputs and are classified as Level 3. The swap rates are unobservable at commonly quoted intervals for the full terms of the swaps and are considered Level 3 items.

Fair Values Measured on Recurring Basis

The table below presents the balances of assets measured at fair value by level within the hierarchy, using proportionality from UJF, when appropriate:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pooled Investments - UJF	\$ 647,307	\$ 399,388	\$ -	\$ 247,919
Endowment Investments - UJF	828,702	511,309	-	317,393
Endowment Promises to Give	143,954	-	-	143,954
Other Endowment Assets - UJF	<u>60,417</u>	<u>60,417</u>	-	-
Total	<u>\$ 1,680,380</u>	<u>\$ 971,114</u>	<u>\$ -</u>	<u>\$ 709,266</u>

JEWISH FAMILY SERVICE
NOTES TO FINANCIAL STATEMENTS

MAY 31, 2009

NOTE 12 – FAIR VALUE MEASUREMENTS (Continued)

Promises to Give - Fair Value Election

Unconditional promises to give are reported at net realizable value if at the time the promise is made payment is expected to be received in one year or less. Unconditional promises that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods because the Organization elected that measure in accordance with SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. Management believes that the use of fair value reduces the cost of measuring unconditional promises to give in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those promises were measured using present value techniques and historical discount rates.

When estimating the fair value of unconditional promises to give, management considers promises of \$100,000 or more individually. The relationship with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are considered and incorporated into a fair value measurement computed using present value techniques.

The table below presents information about unconditional promises to give cash at May 31, 2009:

Promises Measured at Fair Value	
Promised Cash Flows	\$ 150,000
Carrying Amount	143,954
Fair Value Estimate	143,954
Measurement Basis	Level 3
Contribution Revenue	100,000
Total Changes Included in the Statement of Activities	100,000

The table below presents information about the changes in unconditional promises to give for the year ended May 31, 2009:

Beginning Balance	\$ -
New Promises Received	250,000
Collections	(100,000)
Present Value Discount	<u>(6,046)</u>
Ending Balance	<u>\$ 143,954</u>