

JEWISH FEDERATION OF SAN DIEGO COUNTY
AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011



Leaf & Cole, LLP
Certified Public Accountants

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Steven W. Northcote, C.P.A.
Michael S. Schreiber, C.P.A.
Michael J. Zizzi, C.P.A.
Julie A. Firl, C.P.A.
Nicholas M. Gines, C.P.A.

Members
American Institute of Certified Public Accountants
California Society of Certified Public Accountants

Independent Auditor's Report

To the Audit Committee
Jewish Federation of San Diego County and Affiliate
San Diego, California

We have audited the accompanying consolidated statements of financial position of Jewish Federation of San Diego County and Affiliate as of June 30, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of Jewish Federation of San Diego County and Affiliate'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 consolidated 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 consolidated financial position of Jewish Federation of San Diego County and Affiliate as of June 30, 2012 and 2011, 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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information as of and for the year ended June 30, 2012 is presented for purposes of additional analysis 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 audits 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.

Leaf & Cole LLP

San Diego, California
January 30, 2013

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011**

ASSETS

	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current Assets: (Notes 1, 2, 3 and 4)								
Cash and cash equivalents	\$ 477,857	\$ 206,049	\$ -	\$ 683,906	\$ 55,351	\$ 233,432	\$ -	\$ 288,783
Investments	3,786,727	-	-	3,786,727	4,616,171	-	-	4,616,171
Pledges receivable, net	2,342,766	92,691	-	2,435,457	2,332,756	316,721	-	2,649,477
Other receivables	99,505	-	-	99,505	281,386	-	-	281,386
Other current assets	26,914	-	-	26,914	10,743	-	-	10,743
Prepaid expenses	10,179	-	-	10,179	42,688	-	-	42,688
Accrued interest receivable	80	-	-	80	689	-	-	689
Total Current Assets	<u>6,744,028</u>	<u>298,740</u>	<u>-</u>	<u>7,042,768</u>	<u>7,339,784</u>	<u>550,153</u>	<u>-</u>	<u>7,889,937</u>
Noncurrent Assets: (Notes 1, 2, 3, 4, 5 and 6)								
Pledges receivable	-	34,000	-	34,000	-	10,000	-	10,000
Investments	-	1,957,860	2,500,000	4,457,860	-	2,965,573	2,500,000	5,465,573
Property and equipment, net	141,191	-	-	141,191	169,391	-	-	169,391
Note receivable	-	-	-	-	119,296	-	-	119,296
Total Noncurrent Assets	<u>141,191</u>	<u>1,991,860</u>	<u>2,500,000</u>	<u>4,633,051</u>	<u>288,687</u>	<u>2,975,573</u>	<u>2,500,000</u>	<u>5,764,260</u>
TOTAL ASSETS	<u>\$ 6,885,219</u>	<u>\$ 2,290,600</u>	<u>\$ 2,500,000</u>	<u>\$ 11,675,819</u>	<u>\$ 7,628,471</u>	<u>\$ 3,525,726</u>	<u>\$ 2,500,000</u>	<u>\$ 13,654,197</u>

The accompanying notes are an integral part of the consolidated financial statements.

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2012 AND 2011**

LIABILITIES AND NET ASSETS

	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current Liabilities: (Notes 1 and 7)								
Accounts payable and accrued expenses	\$ 300,190	\$ -	\$ -	\$ 300,190	\$ 639,265	\$ -	\$ -	\$ 639,265
Grants payable:								
Jewish Federations of North America allocations	1,045,935	-	-	1,045,935	1,350,711	-	-	1,350,711
Payable to local and national agencies	1,380,704	9,919	-	1,390,623	2,038,200	490,236	-	2,528,436
Customized giving allocations payable	-	91,745	-	91,745	-	120,054	-	120,054
Total Current Liabilities	<u>2,726,829</u>	<u>101,664</u>	<u>-</u>	<u>2,828,493</u>	<u>4,028,176</u>	<u>610,290</u>	<u>-</u>	<u>4,638,466</u>
Noncurrent Liabilities: (Notes 1 and 7)								
Grants payable:								
Payable to local and national agencies	405,000	-	-	405,000	-	-	-	-
Customized giving allocations payable	-	34,000	-	34,000	-	10,000	-	10,000
Total Noncurrent Liabilities	<u>405,000</u>	<u>34,000</u>	<u>-</u>	<u>439,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Liabilities	<u>3,131,829</u>	<u>135,664</u>	<u>-</u>	<u>3,267,493</u>	<u>4,028,176</u>	<u>620,290</u>	<u>-</u>	<u>4,648,466</u>
Commitments (Notes 10 and 11)								
Net Assets: (Notes 1, 8 and 9)								
Unrestricted:								
Undesignated	1,933,776	-	-	1,933,776	1,725,295	-	-	1,725,295
Board designated - Quasi endowment	1,819,614	-	-	1,819,614	1,875,000	-	-	1,875,000
Total Unrestricted	<u>3,753,390</u>	<u>-</u>	<u>-</u>	<u>3,753,390</u>	<u>3,600,295</u>	<u>-</u>	<u>-</u>	<u>3,600,295</u>
Temporarily restricted	-	2,154,936	-	2,154,936	-	2,905,436	-	2,905,436
Permanently restricted	-	-	2,500,000	2,500,000	-	-	2,500,000	2,500,000
Total Net Assets	<u>3,753,390</u>	<u>2,154,936</u>	<u>2,500,000</u>	<u>8,408,326</u>	<u>3,600,295</u>	<u>2,905,436</u>	<u>2,500,000</u>	<u>9,005,731</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,885,219</u>	<u>\$ 2,290,600</u>	<u>\$ 2,500,000</u>	<u>\$ 11,675,819</u>	<u>\$ 7,628,471</u>	<u>\$ 3,525,726</u>	<u>\$ 2,500,000</u>	<u>\$ 13,654,197</u>

The accompanying notes are an integral part of the consolidated financial statements.

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenue and Support:</u>				
Campaign contributions and pledges	\$ 7,173,386	\$ 379,526	\$ -	\$ 7,552,912
Plus: Net recovery for uncollectible pledges	9,800	-	-	9,800
Campaign Revenue, Net	<u>7,183,186</u>	<u>379,526</u>	-	<u>7,562,712</u>
Program revenue	236,670	-	-	236,670
Other revenue	56,565	-	-	56,565
Legacies	427,367	-	-	427,367
Net assets released from restrictions	603,116	(946,116)	-	(343,000)
Total Revenue and Support	<u>8,506,904</u>	<u>(566,590)</u>	-	<u>7,940,314</u>
<u>Investment Income:</u>				
Interest and dividends	67,506	156,022	-	223,528
Net realized and unrealized gains (losses)	(117,684)	(333,847)	-	(451,531)
Investment expenses	(3,968)	(6,085)	-	(10,053)
Total Investment Income	<u>(54,146)</u>	<u>(183,910)</u>	-	<u>(238,056)</u>
Total Revenue, Support and Investment Income	<u>8,452,758</u>	<u>(750,500)</u>	-	<u>7,702,258</u>
<u>Grants and Expenses:</u>				
Grants:				
Local agencies	1,741,502	-	-	1,741,502
Jewish Federations of North America	1,045,935	-	-	1,045,935
Customized giving	1,180,939	-	-	1,180,939
National agencies	3,100	-	-	3,100
Total Grants	<u>3,971,476</u>	-	-	<u>3,971,476</u>
Program Services	<u>2,286,639</u>	-	-	<u>2,286,639</u>
Supporting Services:				
General and administrative	629,523	-	-	629,523
Fundraising	1,412,025	-	-	1,412,025
Total Supporting Services	<u>2,041,548</u>	-	-	<u>2,041,548</u>
Total Grants and Expenses	<u>8,299,663</u>	-	-	<u>8,299,663</u>
Change in Net Assets	153,095	(750,500)	-	(597,405)
Net Assets at Beginning of Year, as Restated (Note 12)	<u>3,600,295</u>	<u>2,905,436</u>	<u>2,500,000</u>	<u>9,005,731</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,753,390</u>	<u>\$ 2,154,936</u>	<u>2,500,000</u>	<u>8,408,326</u>

The accompanying notes are an integral part of the consolidated financial statements.

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenue and Support:</u>				
Campaign contributions and pledges	\$ 8,152,560	\$ 267,043	\$ -	\$ 8,419,603
Plus: Net recovery for uncollectible pledges	62,504	-	-	62,504
Campaign Revenue, Net	<u>8,215,064</u>	<u>267,043</u>	<u>-</u>	<u>8,482,107</u>
Program revenue	394,600	-	-	394,600
Donated rent	176,400	-	-	176,400
Other revenue	48,788	-	-	48,788
Legacies	21,625	-	-	21,625
Net assets released from restrictions	575,132	(575,132)	-	-
Total Revenue and Support	<u>9,431,609</u>	<u>(308,089)</u>	<u>-</u>	<u>9,123,520</u>
<u>Investment Income:</u>				
Interest and dividends	86,834	163,620	-	250,454
Net realized and unrealized gains	267,220	773,122	-	1,040,342
Investment expenses	(8)	(5,494)	-	(5,502)
Total Investment Income	<u>354,046</u>	<u>931,248</u>	<u>-</u>	<u>1,285,294</u>
Total Revenue, Support and Investment Income	<u>9,785,655</u>	<u>623,159</u>	<u>-</u>	<u>10,408,814</u>
<u>Grants and Expenses:</u>				
Grants:				
Local agencies	1,660,027	-	-	1,660,027
Jewish Federations of North America	1,344,956	-	-	1,344,956
Customized giving	1,822,190	-	-	1,822,190
Other overseas	275,000	-	-	275,000
National agencies	50,194	-	-	50,194
Total Grants	<u>5,152,367</u>	<u>-</u>	<u>-</u>	<u>5,152,367</u>
Program Services	<u>2,066,353</u>	<u>-</u>	<u>-</u>	<u>2,066,353</u>
Supporting Services:				
General and administrative	666,762	-	-	666,762
Fundraising	1,471,040	-	-	1,471,040
Total Supporting Services	<u>2,137,802</u>	<u>-</u>	<u>-</u>	<u>2,137,802</u>
Total Grants and Expenses	<u>9,356,522</u>	<u>-</u>	<u>-</u>	<u>9,356,522</u>
Change in Net Assets	429,133	623,159	-	1,052,292
Net Assets at Beginning of Year, as Restated (Note 12)	<u>3,171,162</u>	<u>2,282,277</u>	<u>2,500,000</u>	<u>7,953,439</u>
NET ASSETS AT END OF YEAR , AS RESTATED (NOTE 12)	<u>\$ 3,600,295</u>	<u>\$ 2,905,436</u>	<u>2,500,000</u>	<u>9,005,731</u>

The accompanying notes are an integral part of the consolidated financial statements.

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ (597,405)	\$ 1,052,292
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	47,175	45,766
Net realized and unrealized (gains) losses on investments	451,531	(1,040,342)
Note receivable granted as program expense	215,296	-
(Increase) Decrease in:		
Pledges receivable, net	190,020	943,119
Other receivables	181,881	(96,081)
Other current assets	(16,171)	33,290
Prepaid expenses	32,509	11,953
Accrued interest receivable	609	86
Increase (Decrease) in:		
Accounts payable and accrued expenses	(339,075)	200,539
Deferred revenue	-	(11,573)
Jewish Federations of North America allocations	(304,776)	(279,489)
Payable to local and national agencies	(732,813)	(40,021)
Customized giving allocations payable	(4,309)	(4,562)
Net Cash (Used in) Provided by Operating Activities	<u>(875,528)</u>	<u>814,977</u>
<u>Cash Flows From Investing Activities:</u>		
Investment purchases and sales, net	1,385,626	(919,692)
Purchases of property and equipment	(18,975)	-
Advances of notes receivable	(96,000)	-
Net Cash Provided by (Used in) Investing Activities	<u>1,270,651</u>	<u>(919,692)</u>
Net Increase in Cash and Cash Equivalents	395,123	(104,715)
Cash and Cash Equivalents at Beginning of Year	<u>288,783</u>	<u>393,498</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 683,906</u></u>	<u><u>\$ 288,783</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Note 1 - Organization and Significant Accounting Policies:

Organization

The consolidated financial statements will be referred to as “Organization” and include the accounts of the following entities:

Jewish Federation of San Diego County

United Jewish Federation of San Diego County (dba Jewish Federation of San Diego County) (“Federation”) is a California Not-For-Profit organization formed in 1936. Federation conducts annual fund-raising campaigns on behalf of local and overseas agencies. Thousands of individuals and families in San Diego County turn to Federation as their connection to the Jewish community. Federation’s donors join 157 Jewish Federations across North America to help secure a bright and lasting future for the Jewish people and provide humanitarian assistance to those in need in North America, Israel and 70 countries around the world. Federation translates Jewish values into action.

Federation is dedicated to building a vibrant and inclusive local Jewish community, and to enhancing the well being of Jews in San Diego, Israel, and throughout the world.

Guided by Jewish values, the Federation is committed to:

- Plan and implement philanthropic initiatives in order to maximize support for the local and global Jewish communities.
- Provide effective and visionary community-wide planning and coordination.
- Strengthen individual Jewish identity, personal meaning and belonging through involvement in a diverse San Diego Jewish community.
- Foster collaborative and respectful partnerships with synagogues and agencies to support their service to the community.
- Promote deep, enduring ties between San Diego and the national and global Jewish communities, especially the land, people and State of Israel.
- Advocate to the media, government, and public at large with respect to issues of significance to the Jewish community.
- Develop knowledgeable and effective leaders for the Jewish community.
- Emphasize and support Jewish education and culture for all age groups.

UJF Israel Center, LLC

UJF Israel Center, LLC (the “Center”) is a single member limited liability company organized in 2002. Its sole member is Federation. The Center’s purpose is to further one or more Israel-oriented programs and activities, both in San Diego and overseas.

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies

Consolidated Financial Statements

The consolidated financial statements include the accounts of Jewish Federation of San Diego County and UJF Israel Center, LLC. All material intercompany transactions have been eliminated in consolidation.

Method of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The consolidated financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The FASB has issued reporting standards for endowments of not-for-profit Organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

Federation invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statements of financial position.

JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Fair Value Measurements

The Organization has adopted the fair value standards for financial assets and liabilities that are required to be measured at fair value on a recurring basis. The Fair Value Measurement standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). These standards do not change existing guidance as to whether or not an instrument is carried at fair value.

The Organization's consolidated statements of financial position include the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments held at Jewish Community Foundation are considered Level 2 assets and are reported at fair value based on the fair value of the underlying assets in the funds as reported by the fund manager, Jewish Community Foundation, since these funds are valued by the fund manager and are not traded in an active market.
- State of Israel Bonds are considered Level 2 assets and are reported at the face value of the bonds plus accrued interest, which approximates fair value.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Investments acquired by gift are recorded at fair value at the date of gift. Realized and unrealized gains and losses are included in the consolidated 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 by use) in the reporting period in which the income and gains are recognized.

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Contributions (Continued)

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding pledges receivable. The allowance for uncollectible pledges receivable and recoveries and provisions for uncollectible pledges consisted of the following as of and for the years ended June 30:

	<u>2012</u>	<u>2011</u>
Allowance at Beginning of Year	\$ 556,472	\$ 723,191
Provision/Net Recovery for Uncollectible Pledges:		
Provision for current year receivables	196,470	245,220
Recoveries of prior year reserved receivables	<u>(206,270)</u>	<u>(307,724)</u>
Total Provision/Net (Recovery)	(9,800)	(62,504)
Less:		
Write-offs of prior year receivables against allowance	<u>(63,387)</u>	<u>(104,215)</u>
Allowance at End of Year	<u>\$ 483,285</u>	<u>\$ 556,472</u>

Capitalization and Depreciation

The Organization capitalizes all expenditures in excess of \$1,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Buildings and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Leasehold improvements	5 - 15 years
Office furniture and equipment	3 - 5 years
Computer hardware and software	3 - 12 years

Depreciation aggregated \$47,175 and \$45,766 for the years ended June 30, 2012 and 2011, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of land, buildings or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Compensated Absences

Vested and accumulated vacation is recorded as an expense and liability as benefits accrue to employees. The accrued vacation liability totaled \$93,589 and \$107,194 at June 30, 2012 and 2011, respectively, and is included in accounts payable and accrued expenses.

Donated Services and Office Facilities

The Organization utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the consolidated financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2012 and 2011 did not meet the requirements above, therefore no amounts were recognized in the consolidated financial statements.

Federation received office facilities at below market rent with an estimated fair value of \$176,400 for the year ended June 30, 2011 (Note 10). The amount has been included in both campaign contributions and pledges revenue and expense in the accompanying consolidated financial statements.

Grants

Federation provides grants to partner agencies to support and strengthen Jewish life locally and globally. The grants are recommended by Federation's Planning and Innovation Center Committee and are approved by the Board of Directors. Grant expenditures are recognized in the period in which the grant is approved, provided the grant is not subject to significant future conditions.

Allocated Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

Federation and Center are public charities and are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Federation and Center believe that they have appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Federation and Center are not private foundations.

Federation and Center's Return of Organization Exempt from Income Tax for the years ended June 30, 2012, 2011, 2010 and 2009 are subject to examination by the Internal Revenue Service and State taxing authorities, generally the three to four years after the returns were filed.

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 30, 2013, the date the consolidated financial statements were available to be issued.

Note 2 - Fair Value Measurements:

The following table summarizes assets measured at fair value by classification within the fair value hierarchy as of June 30:

	2012			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2012
Jewish Community Foundation	\$ -	\$ 8,236,765	\$ -	\$ 8,236,765
State of Israel Bonds	-	7,822	-	7,822
	\$ -	\$ 8,244,587	\$ -	\$ 8,244,587

	2011			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2011
Jewish Community Foundation	\$ -	\$ 9,971,387	\$ -	\$ 9,971,387
State of Israel Bonds	-	110,357	-	110,357
	\$ -	\$ 10,081,744	\$ -	\$ 10,081,744

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Note 3 - Investments:

The Organization maintains its investments at Jewish Community Foundation and in State of Israel Bonds. The funds held at Jewish Community Foundation are invested in investment pools. The Short-Term Pool is a cash equivalent pool that seeks principal preservation by investing in certificates of deposit, securities issued or guaranteed by the U.S. government and other cash equivalents. The Endowment Pool invests 57% in domestic and international equities, 30% in fixed income and 13% in alternative investments consisting of commodities and hedge funds of funds. Investments consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
Short-Term Pool	\$ 1,975,545	\$ 2,935,955
Endowment Pool	6,261,220	7,035,432
State of Israel Bonds	7,822	110,357
Total Investments	<u>\$ 8,244,587</u>	<u>\$ 10,081,744</u>

Consolidated Statements of Financial Position Classification:

	<u>2012</u>	<u>2011</u>
<u>Current Assets:</u>		
Investments	\$ 3,778,905	\$ 4,505,814
State of Israel bonds	7,822	110,357
Total Current Investments	<u>3,786,727</u>	<u>4,616,171</u>
<u>Noncurrent Assets:</u>		
Investments	4,457,860	5,465,573
Total Investments	<u>\$ 8,244,587</u>	<u>\$ 10,081,744</u>

The following schedule summarizes the investment income (loss) and its classification in the consolidated statement of activities for the years ended June 30:

	<u>2012</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 67,506	\$ 156,022	\$ 223,528
Net realized and unrealized gains (losses)	(117,684)	(333,847)	(451,531)
Investment expenses	(3,968)	(6,085)	(10,053)
Total Investment Income (Loss)	<u>\$ (54,146)</u>	<u>\$ (183,910)</u>	<u>\$ (238,056)</u>

	<u>2011</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 86,834	\$ 163,620	\$ 250,454
Net realized and unrealized gains	267,220	773,122	1,040,342
Investment expenses	(8)	(5,494)	(5,502)
Total Investment Income	<u>\$ 354,046</u>	<u>\$ 931,248</u>	<u>\$ 1,285,294</u>

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Note 4 - Pledges Receivable:

Pledges receivable consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
Receivables due in less than one year	\$ 2,918,742	\$ 3,205,949
Less: Allowance for uncollectible	<u>(483,285)</u>	<u>(556,472)</u>
Receivable due in less than one year, net	2,435,457	2,649,477
Receivables due in one to five years	34,000	10,000
Pledges Receivable, Net	<u>\$ 2,469,457</u>	<u>\$ 2,659,477</u>

Note 5 - Property and Equipment:

Property and equipment consists of the following at June 30:

	<u>2012</u>	<u>2011</u>
Leasehold improvements	\$ 342,118	\$ 342,118
Office furniture and equipment	172,656	275,936
Computer hardware and software	<u>49,653</u>	<u>73,040</u>
Subtotal	564,427	691,094
Less: Accumulated depreciation	<u>(423,236)</u>	<u>(521,703)</u>
Property and Equipment, Net	<u>\$ 141,191</u>	<u>\$ 169,391</u>

Note 6 - Note Receivable:

Note receivable consists of the following at June 30:

	<u>2012</u>	<u>2011</u>
Note receivable from UJF Holdings Corporation, noninterest bearing. There are no terms of repayment and the note receivable is unsecured.	<u>\$ -</u>	<u>\$ 119,296</u>

In 2012, Federation advanced an additional \$96,000 on the note receivable from UJF Holdings Corporation. This increased the note receivable to \$215,290. Also in 2012, Federation granted these funds to UJF Holdings Corporation, and the \$215,296 is included in program expenses.

Note 7 - Grants Payable:

Grants payable consist of approved grant commitments. Based on the specific grant agreements, amounts payable are expected to be paid in the following years:

<u>Years Ended June 30</u>	
2013	\$ 2,528,303
2014	180,000
2015	137,000
2016	<u>122,000</u>
Total	<u>\$ 2,967,303</u>

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Note 8 - Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2012</u>	<u>2011</u>
Milton D. and Madeline L. Goldberg Fund	\$ 1,890,865	\$ 2,325,041
Other donor-designated program funding	213,330	245,003
Sunshine Brooks Endowment - Unappropriated earnings	50,741	335,392
Total Temporarily Restricted Net Assets	<u>\$ 2,154,936</u>	<u>\$ 2,905,436</u>

The terms of the Goldberg Trust state that the funds must be held as an endowment until January 2017. Income earned on these funds is required to be allocated to the American Jewish Joint Distribution Committee (JDC). When the restriction expires, the principal may be used for any purpose consistent with the JDC.

Net assets in the amount of \$946,116 and \$575,132 were released from donor restrictions by incurring expenses and events satisfying the purpose or time restrictions specified by donors for the years ended June 30, 2012 and 2011, respectively.

Note 9 - Endowment Net Assets:

Federation's endowment consists of an individual fund. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Federation has interpreted the enacted version of the 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. As a result of this interpretation, Federation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment (2) the original value of subsequent gifts donated to the permanent endowment (3) 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 Federation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Federation 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 Federation 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 Federation
7. The investment policies of Federation

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Note 9 - Endowment Net Assets: (Continued)

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Federation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles there were no deficiencies of this nature that are reported in unrestricted net assets at June 30, 2012 and 2011.

Federation has adopted investment and spending policies for endowment funds that:

1. Protect the invested assets
2. Preserve spending capacity of the fund income
3. Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a minimal level
4. Comply with applicable laws

Federation's endowment funds are invested at Jewish Community Foundation in the Endowment Pool which is structured for long-term total return.

Federation has a policy of appropriating for distribution each year an amount equal to the fair value of the twelve quarter rolling average of the assets associated with the endowment as of the quarter prior to the year end (up to 7% at June 30, 2012 and 2011). In establishing this policy, Federation considered the long-term expected return on its endowment. Over the long-term, Federation expects the current spending policy to allow the endowment to meet the needs of the Federation. This is consistent with Federation's objectives to balance purchasing power of the endowment assets held in perpetuity, provide additional growth through new gifts and investments returns, as well as provide a funding source for investment in Federation programs and services. Distributions in the amount of \$222,000 (5% of the twelve quarter rolling average) and \$250,000 (5.9% of the twelve quarter rolling average) were made for the years ended June 30, 2012 and 2011, respectively.

Endowment composition by type of fund as of June 30:

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor Restricted Endowment Fund:				
Sunshine Brooks Endowment	\$ -	\$ 50,741	\$ 2,500,000	\$ 2,550,741
Board Designated - Quasi Endowment	1,819,614	-	-	1,819,614
Total Endowment Funds	\$ 1,819,614	\$ 50,741	\$ 2,500,000	\$ 4,370,355
	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Fund:				
Sunshine Brooks Endowment	\$ -	\$ 335,392	\$ 2,500,000	\$ 2,835,392
Board Designated - Quasi Endowment	1,875,000	-	-	1,875,000
Total Endowment Funds	\$ 1,875,000	\$ 335,392	\$ 2,500,000	\$ 4,710,392

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Note 9 - Endowment Net Assets: (Continued)

Changes in endowment net assets for the years ended June 30:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets at June 30, 2010	\$ 1,347,662	\$ 232,761	\$ 2,500,000	\$ 4,080,423
Investment return:				
Interest and dividends	64,152	91,045	-	155,197
Net realized and unrealized gains	268,465	461,404	-	729,869
Investment expenses	<u>(2001)</u>	<u>(3,096)</u>	-	<u>(5,097)</u>
Total Investment Return	330,616	549,353	-	879,969
Board-designated transfers	446,722	-	-	446,722
Appropriation of endowment net assets	<u>(250,000)</u>	<u>(446,722)</u>	-	<u>(696,722)</u>
Endowment Net Assets at June 30, 2011	1,875,000	335,392	2,500,000	4,710,392
Investment return:				
Interest and dividends	60,052	88,852	-	148,904
Net realized and unrealized losses	(117,509)	(178,140)	-	(295,649)
Investment expenses	<u>(2,329)</u>	<u>(3,463)</u>	-	<u>(5,792)</u>
Total Investment Return	(59,786)	(92,751)	-	(152,537)
Board-designated transfers	34,500	-	-	34,500
Appropriation of endowment net assets	<u>(30,100)</u>	<u>(191,900)</u>	-	<u>(222,000)</u>
Endowment Net Assets at June 30, 2012	<u>\$ 1,819,614</u>	<u>\$ 50,741</u>	<u>\$ 2,500,000</u>	<u>\$ 4,370,355</u>

Federation has a beneficial interest in endowment funds held by Jewish Community Foundation (“JCF”). Federation has not recorded this asset in the accompanying consolidated financial statements. JCF’s spending policy is to disburse 5% annually, based upon endowment principal market value. If the market value of the Endowment Principal of any fund, at the end of each month, is less than the initial value of all contributions made to the Endowment Principal, then distributions will be limited to interest and dividends received. Given the recent market declines, many of JCF’s endowment fund distributions have been limited. The distributions are used to further the Organization’s mission. The Organization received \$129,073 and \$102,939 in distributions for the years ended June 30, 2012 and 2011, respectively. The fair value of the beneficial interest in the JCF totaled \$2,572,035 and \$2,705,893 at June 30, 2012 and 2011, respectively.

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Note 10 - Retirement Plan:

The Organization provides a 403(b) Thrift Plan, which is administered by Mutual of America. The Plan covers substantially all of the Organization's full time employees. The Organization made 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 through December 31, 2008. Beginning January 1, 2009, the Organization made contributions for eligible employees equal to 7% of compensation up to \$30,000 and an additional 4.3% of compensation in excess of \$30,000. The Organization's contributions to the retirement plan totaled \$140,197 and \$134,290 for the years ended June 30, 2012 and 2011, respectively.

Note 11 - Operating Lease:

Federation leases its office facilities from UJF Holdings Corporation on a month-to-month basis. UJF Holdings Corporation is a non-profit 501(c)(3) organization whose specific purposes include the support activities for the benefit of, the performance of the functions of, or the carrying out of the purposes of the Jewish Federation of San Diego County. Federation paid rent totaling \$95,520, utilizing a co-operative cost sharing model for all building tenants for the year ended June 30, 2012. Federation paid rent totaling \$1 for the year ended June 30, 2011. Federation has recorded the fair market value of rent totaling \$176,400 as rental expense and donated rent support for the year ended June 30, 2011.

Note 12 - Restatement:

An adjustment resulting in a reclassification of net assets was made during the current year, which resulted in a restatement of previously reported amounts as follows, as of and for the year ended June 30, 2011:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Statement of Financial Position:			
Unrestricted net assets	\$ 3,659,918	\$ (59,623)	\$ 3,600,295
Temporarily restricted net assets	\$ 2,845,813	\$ 59,623	\$ 2,905,436
Statement of Activities:			
Net assets released from restriction	\$ 575,042	\$ 90	\$ 575,132
Unrestricted net assets at beginning of year	\$ 3,230,875	\$ (59,713)	\$ 3,171,162
Unrestricted net assets at end of year	\$ 3,659,918	\$ (59,623)	\$ 3,600,295
Temporarily restricted net assets at beginning of year	\$ 2,222,564	\$ 59,713	\$ 2,282,277
Temporarily restricted net assets at end of year	\$ 2,845,813	\$ 59,623	\$ 2,905,436

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2012**

ASSETS

	Jewish Federation of			
	San Diego County	UJF Israel Center, LLC	Eliminations	Consolidated
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Current Assets:</u>				
Cash and cash equivalents	\$ 633,898	\$ 50,008	\$ -	\$ 683,906
Investments	3,786,727	-	-	3,786,727
Pledges receivable, net	2,435,457	-	-	2,435,457
Other receivables	423,644	546,536	(870,675)	99,505
Other current assets	23,614	3,300	-	26,914
Prepaid expenses	10,179	-	-	10,179
Accrued interest receivable	80	-	-	80
Total Current Assets	<u>7,313,599</u>	<u>599,844</u>	<u>(870,675)</u>	<u>7,042,768</u>
<u>Noncurrent Assets:</u>				
Pledges receivable	34,000	-	-	34,000
Investments	4,457,860	-	-	4,457,860
Property and equipment, net	141,191	-	-	141,191
Note receivable	-	-	-	-
Total Noncurrent Assets	<u>4,633,051</u>	<u>-</u>	<u>-</u>	<u>4,633,051</u>
TOTAL ASSETS	<u>\$ 11,946,650</u>	<u>\$ 599,844</u>	<u>\$ (870,675)</u>	<u>\$ 11,675,819</u>

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2012**

LIABILITIES AND NET ASSETS

	Jewish Federation of San Diego County	UJF Israel Center, LLC	Eliminations	Consolidated
<u>Current Liabilities:</u>				
Accounts payable and accrued expenses	\$ 134,320	\$ 165,870	\$ -	\$ 300,190
Payable to other funds	325,936	544,739	(870,675)	-
Grants payable:				
Jewish Federations of North America allocations	1,045,935	-	-	1,045,935
Payable to local and national agencies	1,390,623	-	-	1,390,623
Customized giving allocations payable	91,745	-	-	91,745
Total Current Liabilities	2,988,559	710,609	(870,675)	2,828,493
<u>Noncurrent Liabilities:</u>				
Grants payable:				
Payable to local and national agencies	405,000	-	-	405,000
Customized giving allocations payable	34,000	-	-	34,000
Total Noncurrent Liabilities	439,000	-	-	439,000
 Total Liabilities	 3,427,559	 710,609	 (870,675)	 3,267,493
<u>Net Assets:</u>				
Unrestricted:				
Undesignated	2,044,541	(110,765)	-	1,933,776
Board designated - Quasi endowment	1,819,614	-	-	1,819,614
Total Unrestricted	3,864,155	(110,765)	-	3,753,390
Temporarily restricted	2,154,936	-	-	2,154,936
Permanently restricted	2,500,000	-	-	2,500,000
Total Net Assets	8,519,091	(110,765)	-	8,408,326
 TOTAL LIABILITIES AND NET ASSETS	 \$ 11,946,650	 \$ 599,844	 \$ (870,675)	 \$ 11,675,819

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	Jewish Federation of San Diego County	UJF Israel Center, LLC	Eliminations	Consolidated
Unrestricted Net Assets:				
Revenue and Support:				
Campaign contributions and pledges	\$ 6,930,386	\$ 243,000	\$ -	\$ 7,173,386
Plus: Net recovery for uncollectible pledges	9,800	-	-	9,800
Campaign Revenue, Net	6,940,186	243,000	-	7,183,186
Program revenue	206,335	30,335	-	236,670
Other revenue	56,565			56,565
Legacies	427,367	-	-	427,367
Net assets released from restrictions	603,116			603,116
Total Revenue and Support	<u>8,233,569</u>	<u>273,335</u>	<u>-</u>	<u>8,506,904</u>
Investment Income:				
Interest and dividends	67,506	-	-	67,506
Net realized and unrealized gains	(117,684)	-	-	(117,684)
Investment fees	(3,968)	-	-	(3,968)
Total Investment Income	<u>(54,146)</u>	<u>-</u>	<u>-</u>	<u>(54,146)</u>
 Total Unrestricted Income	 <u>8,179,423</u>	 <u>273,335</u>	 <u>-</u>	 <u>8,452,758</u>
Grants and Expenses:				
Grants:				
Local agencies	1,741,502	-	-	1,741,502
Jewish Federations of North America	1,045,935	-	-	1,045,935
Customized giving	1,180,939	-	-	1,180,939
National agencies	3,100	-	-	3,100
Total Grants	<u>3,971,476</u>	<u>-</u>	<u>-</u>	<u>3,971,476</u>
 Program Services	 <u>1,793,353</u>	 <u>493,286</u>	 <u>-</u>	 <u>2,286,639</u>
Supporting Services:				
General and administrative	629,523	-	-	629,523
Fundraising	1,412,025	-	-	1,412,025
Total Supporting Services	<u>2,041,548</u>	<u>-</u>	<u>-</u>	<u>2,041,548</u>
 Total Grants and Expenses	 <u>7,806,377</u>	 <u>493,286</u>	 <u>-</u>	 <u>8,299,663</u>
 Change in Unrestricted Net Assets	 <u>373,046</u>	 <u>(219,951)</u>	 <u>-</u>	 <u>153,095</u>

(Continued)

**JEWISH FEDERATION OF SAN DIEGO COUNTY AND AFFILIATE
SUPPLEMENTARY CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

	Jewish Federation of San Diego County	UJF Israel Center, LLC	Eliminations	Consolidated
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Temporarily Restricted Net Assets:</u>				
<u>Revenue and Support:</u>				
Campaign contributions and pledges	\$ 379,526	\$ -	\$ -	\$ 379,526
Net assets released from restrictions	(946,116)	-	-	(946,116)
Total Revenue and Support	<u>(566,590)</u>	<u>-</u>	<u>-</u>	<u>(566,590)</u>
<u>Investment Income:</u>				
Interest and dividends	156,022	-	-	156,022
Net realized and unrealized gains	(333,847)	-	-	(333,847)
Investment fees	(6,085)	-	-	(6,085)
Total Investment Income	<u>(183,910)</u>	<u>-</u>	<u>-</u>	<u>(183,910)</u>
Change in Temporarily Restricted Net Assets	<u>(750,500)</u>	<u>-</u>	<u>-</u>	<u>(750,500)</u>
Change in Net Assets	(377,454)	(219,951)	-	(597,405)
Net Assets at Beginning of Year	<u>8,896,545</u>	<u>109,186</u>	<u>-</u>	<u>9,005,731</u>
NET ASSETS AT END OF YEAR	<u>\$ 8,519,091</u>	<u>\$ (110,765)</u>	<u>\$ -</u>	<u>\$ 8,408,326</u>