



Allied Jewish Federation  
of Colorado



Jewish Community  
FOUNDATION

**Combining Financial Statements  
and  
Independent Auditors' Report  
June 30, 2011 and 2010**

**EKS&H**

**EHRHARDT • KEEFE  
STEINER • HOTTMAN PC**

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

**ALLIED JEWISH FEDERATION OF COLORADO  
JEWISH COMMUNITY FOUNDATION OF COLORADO**

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## INDEPENDENT AUDITORS' REPORT

The Coordinating Council of  
Allied Jewish Federation of Colorado and  
The Board of Directors of  
Jewish Community Foundation of Colorado  
Denver, Colorado

We have audited the accompanying combining balance sheets of Allied Jewish Federation of Colorado (the "Federation") and the Jewish Community Foundation of Colorado (collectively, the "Entities") as of June 30, 2011 and 2010 and the related combining statements of activities and cash flows for the years then ended. These combining financial statements are the responsibility of the Federation's management. Our responsibility is to express an opinion on these combining 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 audit to obtain reasonable assurance about whether the combining financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the combining financial statements and 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 combining financial statements referred to above present fairly, in all material respects, the financial position of the Entities as of June 30, 2011 and 2010 and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Ehrhardt Keefe Steiner + Hottman PC*

Ehrhardt Keefe Steiner & Hottman PC

November 29, 2011  
Denver, Colorado

**ALLIED JEWISH FEDERATION OF COLORADO**  
**JEWISH COMMUNITY FOUNDATION OF COLORADO**

**Combining Balance Sheets**  
**June 30, 2011**

	Allied Jewish Federation	Jewish Community Foundation	Eliminating Entries	Total
<b>Assets</b>				
Assets				
Cash and cash equivalents	\$ 342,278	\$ 193,731	\$ -	\$ 536,009
Assets limited as to use by trustee under bond agreement	-	13,733	-	13,733
Pledges receivable, net	5,332,120	-	-	5,332,120
Investments	-	31,835,747	-	31,835,747
Other assets	90,817	28,425	-	119,242
Property and equipment, net	466,816	3,346,790	-	3,813,606
Split-interest gifts	-	2,588,521	-	2,588,521
Interest in net assets of the Foundation	5,523,526	-	(5,523,526)	-
Intercompany receivable (payable)	<u>23,907</u>	<u>(23,907)</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 11,779,464</u>	<u>\$ 37,983,040</u>	<u>\$ (5,523,526)</u>	<u>\$ 44,238,978</u>
<b>Liabilities and Net Assets</b>				
Liabilities				
Accounts payable and accrued liabilities	\$ 1,151,225	\$ 41,760	\$ -	\$ 1,192,985
Line-of-credit	550,000	-	-	550,000
Due to other agencies	5,348,320	-	-	5,348,320
Bonds payable	-	3,444,410	-	3,444,410
Conditional contribution	500,000	-	-	500,000
Funds held on behalf of others	21,324	13,823,917	(5,523,526)	8,321,715
Obligations on split-interest gifts	<u>-</u>	<u>1,645,143</u>	<u>-</u>	<u>1,645,143</u>
Total liabilities	<u>7,570,869</u>	<u>18,955,230</u>	<u>(5,523,526)</u>	<u>21,002,573</u>
Net assets				
Unrestricted	4,208,595	12,324,815	-	16,533,410
Temporarily restricted	-	2,336,432	-	2,336,432
Permanently restricted	<u>-</u>	<u>4,366,563</u>	<u>-</u>	<u>4,366,563</u>
Total net assets	<u>4,208,595</u>	<u>19,027,810</u>	<u>-</u>	<u>23,236,405</u>
Total liabilities and net assets	<u>\$ 11,779,464</u>	<u>\$ 37,983,040</u>	<u>\$ (5,523,526)</u>	<u>\$ 44,238,978</u>

See notes to combining financial statements.

**ALLIED JEWISH FEDERATION OF COLORADO**  
**JEWISH COMMUNITY FOUNDATION OF COLORADO**

**Combining Balance Sheets**  
**June 30, 2010**

	<u>Allied Jewish Federation</u>	<u>Jewish Community Foundation</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>Assets</b>				
Assets				
Cash and cash equivalents	\$ 457,746	\$ 82,176	\$ -	\$ 539,922
Assets limited as to use by trustee under bond agreement	-	17,636	-	17,636
Pledges receivable, net	5,290,846	-	-	5,290,846
Investments	-	28,485,149	-	28,485,149
Other assets	80,037	23,625	-	103,662
Property and equipment, net	448,399	3,352,326	-	3,800,725
Split-interest gifts	-	2,623,224	-	2,623,224
Interest in net assets of the Foundation	5,300,813	-	(5,300,813)	-
Intercompany receivable (payable)	<u>9,034</u>	<u>(9,034)</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 11,586,875</u>	<u>\$ 34,575,102</u>	<u>\$ (5,300,813)</u>	<u>\$ 40,861,164</u>
<b>Liabilities and Net Assets</b>				
Liabilities				
Accounts payable and accrued liabilities	\$ 1,126,426	\$ 270,970	\$ -	\$ 1,397,396
Line-of-credit	385,000	-	-	385,000
Due to other agencies	5,272,261	-	-	5,272,261
Bonds payable	-	3,442,186	-	3,442,186
Conditional contribution	500,000	-	-	500,000
Funds held on behalf of others	75,920	11,914,565	(5,300,813)	6,689,672
Obligations on split-interest gifts	<u>-</u>	<u>1,531,639</u>	<u>-</u>	<u>1,531,639</u>
Total liabilities	<u>7,359,607</u>	<u>17,159,360</u>	<u>(5,300,813)</u>	<u>19,218,154</u>
Net assets				
Unrestricted	4,227,268	11,021,886	-	15,249,154
Temporarily restricted	-	2,485,606	-	2,485,606
Permanently restricted	<u>-</u>	<u>3,908,250</u>	<u>-</u>	<u>3,908,250</u>
Total net assets	<u>4,227,268</u>	<u>17,415,742</u>	<u>-</u>	<u>21,643,010</u>
Total liabilities and net assets	<u>\$ 11,586,875</u>	<u>\$ 34,575,102</u>	<u>\$ (5,300,813)</u>	<u>\$ 40,861,164</u>

See notes to combining financial statements.

**ALLIED JEWISH FEDERATION OF COLORADO  
JEWISH COMMUNITY FOUNDATION OF COLORADO**

**Combining Statements of Activities  
For the Year Ended June 30, 2011**

	Allied Jewish Federation				Jewish Community Foundation				Eliminating Entries	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total		
Revenues, gains, and other support										
Contributions, gross	\$ 10,005,112	\$ 1,308	\$ -	\$ 10,006,420	\$ 819,545	\$ 33,610	\$ 196,749	\$ 1,049,904	\$ (639,158)	\$ 10,417,166
Less donor-designated contributions	(3,688,555)	-	-	(3,688,555)	-	-	-	-	-	(3,688,555)
Contributions, net	6,316,557	1,308	-	6,317,865	819,545	33,610	196,749	1,049,904	(639,158)	6,728,611
Grant revenue	139,263	-	-	139,263	-	-	-	-	-	139,263
Special events, net of direct costs of \$340,542	(80,151)	-	-	(80,151)	-	-	-	-	-	(80,151)
Program income	91,459	-	-	91,459	20,400	-	-	20,400	-	111,859
Fees	2,642	-	-	2,642	167,421	-	-	167,421	-	170,063
Investment (loss) income, net of fees of \$78,243	52,228	-	-	52,228	76,878	-	-	76,878	-	129,106
Other income	36,730	-	-	36,730	10,000	-	-	10,000	-	46,730
Net realized and unrealized gains from investments	517,859	-	-	517,859	1,113,345	757,068	450,336	2,320,749	-	2,838,608
Change in value of split-interest agreements	-	-	-	-	-	(154,243)	-	(154,243)	-	(154,243)
	7,076,587	1,308	-	7,077,895	2,207,589	636,435	647,085	3,491,109	(639,158)	9,929,846
Net assets released from restrictions	1,308	(1,308)	-	-	974,381	(785,609)	(188,772)	-	-	-
Total revenues, gains, and other support	7,077,895	-	-	7,077,895	3,181,970	(149,174)	458,313	3,491,109	(639,158)	9,929,846
Expenses										
Program services										
Allocations and distributions to beneficiaries	6,575,454	-	-	6,575,454	1,525,909	-	-	1,525,909	(639,158)	7,462,205
Other program expenses	1,364,567	-	-	1,364,567	144,317	-	-	144,317	-	1,508,884
Less donor designated contributions	(3,688,555)	-	-	(3,688,555)	-	-	-	-	-	(3,688,555)
Total program services	4,251,466	-	-	4,251,466	1,670,226	-	-	1,670,226	(639,158)	5,282,534
Supporting services										
Management and general	796,714	-	-	796,714	462,873	-	-	462,873	-	1,259,587
Fundraising	1,494,497	-	-	1,494,497	195,942	-	-	195,942	-	1,690,439
Total supporting services	2,291,211	-	-	2,291,211	658,815	-	-	658,815	-	2,950,026
Total expenses	6,542,677	-	-	6,542,677	2,329,041	-	-	2,329,041	(639,158)	8,232,560
Change in net assets from operations	535,218	-	-	535,218	852,929	(149,174)	458,313	1,162,068	-	1,697,286
Bad debt expense	(103,891)	-	-	(103,891)	-	-	-	-	-	(103,891)
Transfers between the Federation and Foundation	(450,000)	-	-	(450,000)	450,000	-	-	450,000	-	-
Change in net assets	(18,673)	-	-	(18,673)	1,302,929	(149,174)	458,313	1,612,068	-	1,593,395
Net assets, beginning of year	4,227,268	-	-	4,227,268	11,021,886	2,485,606	3,908,250	17,415,742	-	21,643,010
Net assets, end of year	\$ 4,208,595	\$ -	\$ -	\$ 4,208,595	\$ 12,324,815	\$ 2,336,432	\$ 4,366,563	\$ 19,027,810	\$ -	\$ 23,236,405

See notes to combining financial statements.

**ALLIED JEWISH FEDERATION OF COLORADO  
JEWISH COMMUNITY FOUNDATION OF COLORADO**

**Combining Statements of Activities  
For the Year Ended June 30, 2010**

	Allied Jewish Federation				Jewish Community Foundation				Eliminating Entries	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total		
Revenues, gains, and other support										
Contributions, gross	\$ 9,413,844	\$ 211,129	\$ -	\$ 9,624,973	\$ 703,341	\$ 6,701	\$ 78,366	\$ 788,408	\$ (586,506)	\$ 9,826,875
Less donor-designated contributions	(3,168,016)	-	-	(3,168,016)	-	-	-	-	-	(3,168,016)
Contributions, net	6,245,828	211,129	-	6,456,957	703,341	6,701	78,366	788,408	(586,506)	6,658,859
Grant revenue	42,096	-	-	42,096	2,500	-	-	2,500	-	44,596
Special events, net of direct costs of \$396,965	(9,577)	-	-	(9,577)	-	-	-	-	-	(9,577)
Program income	32,578	-	-	32,578	11,680	-	-	11,680	-	44,258
Fees	3,446	-	-	3,446	151,065	-	-	151,065	-	154,511
Investment income, net of fees of \$116,486	(50,013)	-	-	(50,013)	473,524	-	-	473,524	-	423,511
Other income	34,422	-	-	34,422	10,870	-	-	10,870	-	45,292
Net realized and unrealized gains from investments	233,333	-	-	233,333	290,160	156,910	232,030	679,100	-	912,433
Change in value of split-interest agreements	-	-	-	-	-	40,315	-	40,315	-	40,315
	6,532,113	211,129	-	6,743,242	1,643,140	203,926	310,396	2,157,462	(586,506)	8,314,198
Net assets released from restrictions	211,129	(211,129)	-	-	505,031	(430,683)	(74,348)	-	-	-
Total revenues, gains, and other support	6,743,242	-	-	6,743,242	2,148,171	(226,757)	236,048	2,157,462	(586,506)	8,314,198
Expenses										
Program services										
Allocations and distributions to beneficiaries	6,321,651	-	-	6,321,651	3,206,824	-	-	3,206,824	(586,506)	8,941,969
Other program expenses	1,393,751	-	-	1,393,751	177,250	-	-	177,250	-	1,571,001
Less donor designated contributions	(3,168,016)	-	-	(3,168,016)	-	-	-	-	-	(3,168,016)
Total program services	4,547,386	-	-	4,547,386	3,384,074	-	-	3,384,074	(586,506)	7,344,954
Supporting services										
Management and general	927,019	-	-	927,019	532,288	-	-	532,288	-	1,459,307
Fundraising	1,608,685	-	-	1,608,685	212,561	-	-	212,561	-	1,821,246
Total supporting services	2,535,704	-	-	2,535,704	744,849	-	-	744,849	-	3,280,553
Total expenses	7,083,090	-	-	7,083,090	4,128,923	-	-	4,128,923	(586,506)	10,625,507
Change in net assets from operations	(339,848)	-	-	(339,848)	(1,980,752)	(226,757)	236,048	(1,971,461)	-	(2,311,309)
Bad debt expense	(239,281)	-	-	(239,281)	-	-	-	-	-	(239,281)
Forgiveness of payable due to other agencies	1,222,003	-	-	1,222,003	-	-	-	-	-	1,222,003
Transfers between Foundation and the Federation	(395,000)	-	-	(395,000)	395,000	-	-	395,000	-	-
Community capital planning project expenses	(108)	-	-	(108)	-	-	-	-	-	(108)
Change in net assets	247,766	-	-	247,766	(1,585,752)	(226,757)	236,048	(1,576,461)	-	(1,328,695)
Net assets, beginning of year	3,979,502	-	-	3,979,502	12,607,638	2,712,363	3,672,202	18,992,203	-	22,971,705
Net assets, end of year	\$ 4,227,268	\$ -	\$ -	\$ 4,227,268	\$ 11,021,886	\$ 2,485,606	\$ 3,908,250	\$ 17,415,742	\$ -	\$ 21,643,010

See notes to combining financial statements.

**ALLIED JEWISH FEDERATION OF COLORADO**  
**JEWISH COMMUNITY FOUNDATION OF COLORADO**

**Combining Statements of Cash Flows**  
**For the Year Ended June 30, 2011**

	Allied Jewish Federation	Jewish Community Foundation	Eliminating Entries	Total
Cash flows from operating activities				
Change in net assets	\$ (18,673)	\$ 1,612,068	\$ -	\$ 1,593,395
Adjustments to reconcile change in net assets to net cash used in operating activities				
Depreciation	43,134	6,782	-	49,916
Bad debt expense	103,891	-	-	103,891
Net realized and unrealized gains from investments	-	(2,320,749)	-	(2,320,749)
Change in value of split-interest agreements	-	154,243	-	154,243
Amortization of bond premium	-	2,224	-	2,224
Changes in assets and liabilities				
Pledges receivable	(145,165)	-	-	(145,165)
Other assets	(10,780)	(4,800)	-	(15,580)
Accounts payable and accrued liabilities	24,799	(229,210)	-	(204,411)
Due to other agencies	76,059	-	-	76,059
Intercompany receivable (payable)	(14,873)	14,873	-	-
Funds held on behalf of others	(54,596)	1,909,352	(222,713)	1,632,043
	<u>22,469</u>	<u>(467,285)</u>	<u>(222,713)</u>	<u>(667,529)</u>
Net cash (used in) provided by operating activities	<u>3,796</u>	<u>1,144,783</u>	<u>(222,713)</u>	<u>925,866</u>
Cash flows from investing activities				
Net cash flow from purchases and sales of investments	-	(829,333)	-	(829,333)
Interest in net assets of Foundation	(222,713)	-	222,713	-
Property and equipment purchases	(61,551)	(1,246)	-	(62,797)
Assets limited as to use by trustee under bond agreement	-	3,903	-	3,903
Net cash used in investing activities	<u>(284,264)</u>	<u>(826,676)</u>	<u>222,713</u>	<u>(888,227)</u>
Cash flows from financing activities				
Payments to beneficiaries of split-interest agreements	-	(206,552)	-	(206,552)
Proceeds on borrowings from line-of-credit	165,000	-	-	165,000
Net cash provided by (used in) financing activities	<u>165,000</u>	<u>(206,552)</u>	<u>-</u>	<u>(41,552)</u>
Net (decrease) increase in cash and cash equivalents	(115,468)	111,555	-	(3,913)
Cash and cash equivalents - beginning of year	457,746	82,176	-	539,922
Cash and cash equivalents - end of year	<u>\$ 342,278</u>	<u>\$ 193,731</u>	<u>\$ -</u>	<u>\$ 536,009</u>

Supplemental disclosure of cash flow information:

Cash paid for interest was \$86,552 for the year ended June 30, 2011.

See notes to combining financial statements.



**ALLIED JEWISH FEDERATION OF COLORADO**  
**JEWISH COMMUNITY FOUNDATION OF COLORADO**

**Combining Statements of Cash Flows**  
**For the Year Ended June 30, 2010**

	Allied Jewish Federation	Jewish Community Foundation	Eliminating Entries	Total
Cash flows from operating activities				
Change in net assets	\$ 247,766	\$ (1,576,461)	\$ -	\$ (1,328,695)
Adjustments to reconcile change in net assets to net cash used in operating activities				
Depreciation	45,217	6,617	-	51,834
Forgiveness of payable due	(1,222,003)	-	-	(1,222,003)
Bad debt expense	239,281	-	-	239,281
Net realized and unrealized gains from investments	(233,333)	(679,100)	-	(912,433)
Change in value of split-interest agreements	-	(40,315)	-	(40,315)
Amortization of bond premium	-	2,224	-	2,224
Changes in assets and liabilities				
Pledges receivable	(385,078)	-	-	(385,078)
Other assets	127,442	39,486	-	166,928
Accounts payable and accrued liabilities	341,834	186,083	-	527,917
Due to other agencies	(358,396)	-	-	(358,396)
Intercompany receivable (payable)	(163,206)	163,206	-	-
Funds held on behalf of others	2,710	44,795	612,863	660,368
	<u>(1,605,532)</u>	<u>(277,004)</u>	<u>612,863</u>	<u>(1,269,673)</u>
Net cash used in operating activities	<u>(1,357,766)</u>	<u>(1,853,465)</u>	<u>612,863</u>	<u>(2,598,368)</u>
Cash flows from investing activities				
Net cash flow from purchases and sales of investments	234,025	2,050,469	-	2,284,494
Interest in net assets of Foundation	612,863	-	(612,863)	-
Property and equipment purchases	(156,490)	-	-	(156,490)
Assets limited as to use by trustee under bond agreement	-	4,283	-	4,283
Net cash provided by investing activities	<u>690,398</u>	<u>2,054,752</u>	<u>(612,863)</u>	<u>2,132,287</u>
Cash flows from financing activities				
Payments to beneficiaries of split-interest agreements	-	(159,443)	-	(159,443)
Proceeds on borrowings from line-of-credit	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
Net cash used in financing activities	<u>(300,000)</u>	<u>(159,443)</u>	<u>-</u>	<u>(459,443)</u>
Net (decrease) increase in cash and cash equivalents	(967,368)	41,844	-	(925,524)
Cash and cash equivalents - beginning of year	<u>1,425,114</u>	<u>40,332</u>	<u>-</u>	<u>1,465,446</u>
Cash and cash equivalents - end of year	<u>\$ 457,746</u>	<u>\$ 82,176</u>	<u>\$ -</u>	<u>\$ 539,922</u>

Supplemental disclosure of cash flow information:

Cash paid for interest was \$75,295 for the year ended June 30, 2010.

See notes to combining financial statements.

**ALLIED JEWISH FEDERATION OF COLORADO  
JEWISH COMMUNITY FOUNDATION OF COLORADO**

**Notes to Combining Financial Statements**

**Note 1 - Nature of the Organization and Summary of Significant Accounting Policies**

Organization

Allied Jewish Federation of Colorado (the "Federation") is a not-for-profit corporation organized primarily to provide fundraising, information, and social organization for Colorado's Jewish community. The Federation's purpose is to raise money and to build and sustain Jewish life in Colorado, Israel, and around the world.

The Federation is organized into four independent centers with an overseeing Coordinating Council. The four centers are the Jewish Philanthropy Center; the Israel, National, and Overseas Center ("INO"); the Jewish Resource Center ("JRC"); and the Jewish Women's Philanthropy Center. Each center has its own board of directors. Three representatives from each center serve on the Coordinating Council, along with 19 other members of the Jewish community.

Jewish Community Foundation of Colorado (the "Foundation") is the center of long-term philanthropy for the Jewish community of Colorado; a place for the community to house and grow its endowments and long-term community investments. The Foundation educates the Jewish community about the benefits of planned giving and long-term sustained philanthropy guided by Jewish values. It houses a number of Colorado Jewish organizational endowments and restricted funds, including those of the Federation.

Flying J Ranch, LLC is a single member LLC, of which the Foundation is the sole member. Flying J Ranch, LLC's purpose is to own and maintain ranch property to be used by the Jewish community for summer camp programs.

The Federation is the sole member of the Foundation, and the Coordinating Council approves the nominations of the governing board of the Foundation. There are two separate supporting foundations within the Foundation and their purposes are to support the Foundation. They derive their tax-exempt status from the Foundation.

Basis of Presentation

The financial statements of the Federation have been combined with those that are shown as the Foundation, including two supporting foundations and the Flying J Ranch, LLC (collectively, the "Entities") as related organizations. All intercompany transactions have been eliminated.

The Federation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The net assets of the Entities are reported separately by class:

Unrestricted amounts are those currently available at the discretion of the governing boards for use in the Entities' operations and include resources invested in property and equipment.

**ALLIED JEWISH FEDERATION OF COLORADO**  
**JEWISH COMMUNITY FOUNDATION OF COLORADO**

**Notes to Combining Financial Statements**

**Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)**

Basis of Presentation (continued)

*Board-designated* amounts are unrestricted amounts that have been designated by the governing boards for various purposes, including building improvements, general reserves, and for the support or any emergencies of the Jewish community.

Temporarily restricted amounts are contributions restricted by donors specifically for certain time periods, purposes, or programs.

Permanently restricted amounts are monies that cannot be spent at the discretion of the Entities, but must be maintained permanently by the Foundation as required by the donor.

Credit Risk

Financial instruments that potentially subject the Entities to concentrations of credit risk consist primarily of cash and cash equivalents, investments, pledges receivable, and notes receivable. The Entities limit their exposure to credit risk by placing their cash and cash equivalents and certain investments in securities backed by the United States government and in instruments issued by quality financial institutions. Amounts are invested in several institutions to minimize risk.

The Entities reduce their credit risk related to notes receivable and investments through their involvement and limited oversight over the third-party investors and borrowers. From time to time during the year, the Federation exceeded the federally insured limits.

Cash and Cash Equivalents

For purposes of the combining statements of cash flows, the Entities consider all cash and short-term instruments with a maturity of three months or less when purchased to be cash equivalents, with the exception of cash and cash equivalents included in the combining balance sheets as part of the investment portfolio.

Pledges Receivable

Pledges relating to the annual campaign are expected to be collected within 18 months, or at the completion of the campaign, and are recorded at their net realizable value. No discount has been recorded, as these amounts would have been insignificant. An allowance for uncollectible pledges has been established by Federation management based on past collection experience and current economic conditions.

Promises to give relating to the campaigns, other than the annual campaign, that are expected to be collected within one year are recorded at their net realizable value. Promises to give relating to these campaigns that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on these amounts was computed using a rate of 7% for the years ended June 30, 2011 and 2010. Amortization of the discount is included in contribution revenue.

**ALLIED JEWISH FEDERATION OF COLORADO  
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**Notes to Combining Financial Statements**

**Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)**

Long-Lived Assets

The Entities review their long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Entities look primarily to the undiscounted future cash flows in their assessment of whether or not long-lived assets have been impaired. No impairment was recorded as of June 30, 2011 or 2010.

Split-Interest Agreements

Certain donors have entered into trust or annuity arrangements whereby the Foundation receives benefits that are shared with other beneficiaries. The Foundation has received interests in charitable remainder and lead trusts, a perpetual trust, and charitable gift annuities. Amortization of discounts and revaluations of expected future payments based on changes in life expectancy are recorded in the combining statements of activities as "change in value of split-interest agreements."

Investments and Investment Valuation

Cash and cash equivalents, equities, mutual funds, and exchange traded funds ("ETFs") with readily determinable fair values are reported at their fair value based on current market quotations.

Bonds are reported at fair value based on purchases and sales of the bonds within a publicly observable marketplace.

Limited partnership investments held by the Entities consist primarily of an interest in a private equity fund. The fair value of the fund is determined by the underlying assets of the fund.

Loan participation agreements ("LPAs") are reported at the value of the Entity's participation percentage in the original loan value. Interest is earned on the LPAs in accordance with the third-party loan agreement. In general, the LPAs are secured by a first deed of trust as part of the third-party loan agreement.

Notes receivable are recorded at the fair value of the note, net of any discount or premium if applicable. Interest is earned on the notes receivable in accordance with the note agreement. An allowance for uncollectible notes receivable has been established by the Entities management based on past collection experience and current economic conditions.

Real estate is reported at the lower of fair value at the date of gift or current fair value based on appraisals. Real estate is not measured at fair value on a recurring basis.

Net realized and unrealized gains and losses on investments are included in the change in net assets in the accompanying combining statements of activities.

**ALLIED JEWISH FEDERATION OF COLORADO  
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**Notes to Combining Financial Statements**

**Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)**

Fair Value Accounting

The Federation has adopted an established framework for measuring the fair value of assets and liabilities. Fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value framework requires enhanced disclosures about fair value measurements for assets valued on a recurring basis. The enhanced disclosures require the Entities to establish a hierarchy for assets and liabilities valued on a recurring basis, which is based on significant inputs.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement. These classifications (Levels 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of liquidity. See Note 7 for discussion of fair value measurements for assets valued on a recurring basis. The Federation does not have any liabilities valued at fair value on a recurring basis.

Property and Equipment

Depreciation of property and equipment is computed over the following estimated useful lives using the straight-line and accelerated methods:

	<u>Estimated Useful Lives</u>
Building and improvements	30 years
Furniture and equipment	3-8 years

Property and equipment are capitalized at purchased cost or fair value at the date of donation. The Entities follow the practice of capitalizing all expenditures and donations for buildings and equipment over \$500. Expenditures for lesser amounts are charged to operations.

Bond Issuance Costs

Costs incurred in issuing the bonds are being amortized over the life of the related bonds of 30 years on a method approximating the effective interest method. Amortization expense was \$2,224 for the years ended June 30, 2011 and 2010.

Contributions and Allocations

The Federation conducts an annual fundraising campaign to raise support for allocations to agencies in the subsequent year. Each year, based on the results of the campaign, the Coordinating Council makes a block grant to the INO and JRC. The allocation committees of those centers prepare allocations to various beneficiary agencies, which are then approved by their respective center boards. Allocations are recorded on an accrual basis when amounts are reasonably determinable.

**ALLIED JEWISH FEDERATION OF COLORADO  
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**Notes to Combining Financial Statements**

**Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)**

Contributions and Allocations (continued)

The Federation allows donors to designate their contributions to any qualifying Internal Revenue Code ("IRC") Section 501(c)(3) agency. The Federation receives resources in certain transactions where it is acting as an intermediary for the resource providers. Donor designated pledges are recorded as liabilities rather than revenue for the recipient organization of the pledges. Gross designations and distributions are presented in the combining statements of activities.

The Entities recognize cash donations as income when received. Grant revenue is earned as services are performed or as specific grant criteria are met. Unconditional pledges obtained during the campaign are recognized as income in the year that the pledge is received. Conditional promises to give are not included as support until such time as the conditions are substantially met.

All support is considered available for unrestricted use unless specifically restricted by the donor. A donor restriction expires when a stipulated time restriction ends or a purpose restriction is accomplished. Temporarily restricted net assets are then reclassified to unrestricted net assets and reported in the combining statements of activities as net assets released from restrictions.

The Foundation makes contributions to the Federation that are distributed from donor advised funds based on the recommendation of donors and also makes contributions to the Federation from the earnings on certain donor restricted endowment funds in accordance with the endowment agreements. These are recorded as contribution revenue on the Federation and as distributions to agencies on the Foundation. These transactions are eliminated upon consolidation.

Promises to give towards the Jewish Colorado Tomorrow ("JCT") capital campaign are recorded as temporarily restricted contributions of the Federation when the promise to give is made. The Board then has the discretion to designate use of the contributions in a manner consistent with the JCT capital campaign. As the promises to give are collected the cash is distributed to the Foundation, where it is held in an investment account until needed for a JCT project as designated by the Board.

During 2009, due to economic conditions, JCT was temporarily suspended. The Federation is currently in the process of determining the future viability of JCT.

Income Taxes

The Federation and Foundation are not-for-profit entities exempt from income taxes under IRC Section 501(c)(3) and as a public charity under Section 509. Accordingly, no provision for income taxes is made in these financial statements. Income from activities not directly related to the Federation's and Foundation's tax exempt purpose is subject to taxation as unrelated business taxable income. There was no significant unrelated business taxable income for the years ended June 30, 2011 or 2010.

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**Notes to Combining Financial Statements**

**Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)**

Income Taxes (continued)

The Federation and Foundation apply a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of June 30, 2011 and 2010.

If incurred, interest and penalties associated with tax positions are recorded in the period assessed in management and general expenses. No interest or penalties have been assessed as of June 30, 2011 and 2010.

During the year ended June 30, 2010, the Foundation was notified of an Internal Revenue Service examination for the year ended June 30, 2007. The examination began in April 2010 and has not been completed as of the date of the auditors' report. Management does not believe there will be any changes to the return filed for the year ended June 30, 2007 based upon this examination. Because the outcome of this examination is uncertain, no amounts have been accrued as of June 30, 2011 or 2010.

Tax years that remain subject to examination include 2008 through the current year for the federal returns and 2007 through the current year for the Foundation's Colorado return.

Donated Services

The Entities receive a significant amount of donated services from unpaid volunteers who assist in fundraising, program activities, and special events. No amounts have been recognized in the combining statements of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Advertising

Advertising costs are expensed in the year incurred. The total advertising costs for the Entities were \$40,261 and \$36,080 for the years ended June 30, 2011 and 2010, respectively.

**ALLIED JEWISH FEDERATION OF COLORADO  
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**Notes to Combining Financial Statements**

**Note 1 - Nature of the Organization and Summary of Significant Accounting Policies (continued)**

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the combining statements of activities. Certain costs have been allocated among the program, management and general, and fundraising categories for services benefited.

Subsequent Events

The Entities have evaluated all subsequent events through November 29, 2011, which is the date the combining financial statements were available to be issued, and determined that there were no subsequent events requiring disclosure.

**Note 2 - Pledges Receivable**

Federation pledges receivable consist of the following:

	June 30,	
	2011	2010
Annual campaign pledges receivable		
Current year campaign	\$ 4,643,396	\$ 4,527,045
Prior year campaign	454,642	369,149
Two years and prior campaigns	766,413	743,449
Total pledges receivable	5,864,451	5,639,643
Allowance for uncollectible pledges		
Current year campaign	(247,650)	(226,352)
Prior year campaign	(26,232)	(19,007)
Two years and prior campaigns	(271,118)	(247,641)
Total allowance for uncollectible pledges	(545,000)	(493,000)
Annual campaign pledges receivable, net	5,319,451	5,146,643
	12,669	144,203
Other pledges receivable		
Total pledges receivable	\$ 5,332,120	\$ 5,290,846



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**Notes to Combining Financial Statements**

**Note 3 - Property and Equipment**

Property and equipment consist of the following:

	June 30,	
	2011	2010
Land, building, and improvements	\$ 4,083,910	\$ 4,067,353
Furniture and equipment	872,522	847,991
Capital work in progress	551,921	389,062
	5,508,353	5,304,406
Less accumulated depreciation	(1,694,747)	(1,644,831)
	\$ 3,813,606	\$ 3,659,575

**Note 4 - Split-Interest Gifts**

The Foundation holds split-interest gifts that are comprised of the following:

	June 30, 2011		June 30, 2010	
	Fair Value	Annuity Obligation	Fair Value	Annuity Obligation
The Foundation has an irrevocable 5% interest in a perpetual trust.	\$ 141,568	\$ -	\$ 136,588	\$ -
Right to receive annual payments of 5% of net assets from a lead trust for 20 years. These have been recorded at the present value of the annual payments using a discount rate of 7.3%.	673,532	-	798,490	-
Remainder interests in seven trusts with investments recorded at fair value. The Foundation is obligated to make various payments of trust assets annually to the beneficiaries either over their lifetimes or for a period of 20 years. The obligations have been discounted to present value using discount rates ranging from 7% to 9% and actuarial life expectancy tables.	1,650,926	1,596,483	1,565,651	1,468,464

**ALLIED JEWISH FEDERATION OF COLORADO  
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**Notes to Combining Financial Statements**

**Note 4 - Split-Interest Gifts (continued)**

	<u>June 30, 2011</u>		<u>June 30, 2010</u>	
	<u>Fair Value</u>	<u>Annuity Obligation</u>	<u>Fair Value</u>	<u>Annuity Obligation</u>
Assets from a charitable gift annuity arrangement under which \$3,750 must be paid annually to the beneficiary until her death. The obligation has been discounted to present value using a 7.9% discount rate and actuarial life expectancy tables. A life insurance policy has been purchased to fund the obligation.	47,495	12,340	47,495	13,026
Assets from two charitable gift annuity arrangements under which \$4,450 and \$1,750 must be paid annually to the beneficiary until his death. The obligation has been discounted to present value using discount rates ranging from 7% to 8.9% and actuarial life expectancy tables.	<u>75,000</u>	<u>36,320</u>	<u>75,000</u>	<u>50,149</u>
	<u>\$ 2,588,521</u>	<u>\$ 1,645,143</u>	<u>\$ 2,623,224</u>	<u>\$ 1,531,639</u>

**Note 5 - Anticipated Bequests**

The Foundation has been notified in writing that it either has been named in the wills of individuals or that it is the intent of certain individuals to name the Foundation in their wills. These 113 bequests are for amounts totaling approximately \$15,800,000 as of June 30, 2011. Because these bequest pledges do not yet meet existing revenue recognition criteria, they have not been recorded on the books of the Foundation.

**ALLIED JEWISH FEDERATION OF COLORADO  
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**Notes to Combining Financial Statements**

**Note 6 - Investments**

Investments include the following:

	June 30,	
	2011	2010
Cash and cash equivalents	\$ 2,470,273	\$ 1,566,634
Equities	1,939,039	11,568,003
Mutual funds/ETFs	20,547,576	8,524,873
Bonds	1,429,262	1,758,238
Notes receivable	2,027,534	1,624,735
Loan participation agreements	1,310,450	1,403,515
Limited partnerships	1,046,600	989,992
Real estate	865,000	865,000
Cash surrender value of life insurance policies	200,013	184,159
	\$ 31,835,747	\$ 28,485,149

Investment returns consist of the following for the years ended:

	June 30,	
	2011	2010
Dividends and interest - reinvested, net of fees	\$ 127,754	\$ 423,511
Net realized gain on sale of investments	1,918	47,151
Net unrealized gain on investments	2,836,690	865,282
	\$ 2,966,362	\$ 1,335,944

**Note 7 - Fair Value Accounting**

Generally accepted accounting principles require disclosure about how fair value is determined and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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**Notes to Combining Financial Statements**

**Note 7 - Fair Value Accounting (continued)**

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

The following tables sets forth by level, within the fair value hierarchy, the Entities' assets measured at fair value on a recurring basis as of June 30, 2011 and 2010.

**ALLIED JEWISH FEDERATION OF COLORADO  
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**Notes to Combining Financial Statements**

**Note 7 - Fair Value Accounting (continued)**

Assets at fair value as of June 30, 2011:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,470,273	\$ -	\$ -	\$ 2,470,273
Equities				
Consumer discretionary	408,567	-	-	408,567
Technology	316,064	-	-	316,064
Financials	257,934	-	-	257,934
Materials	250,614	-	-	250,614
Industrials	235,106	-	-	235,106
Healthcare	189,384	-	-	189,384
Energy	128,289	-	-	128,289
Services	76,731	-	-	76,731
Conglomerates	50,763	-	-	50,763
Telecommunications services	25,587	-	-	25,587
Mutual funds/ETFs				
Global fixed income	6,730,444	-	-	6,730,444
Non-U.S. equity	3,943,724	-	-	3,943,724
Short-term fixed income	3,012,240	-	-	3,012,240
U.S. equity	2,964,191	-	-	2,964,191
Alternative investments	1,916,962	-	-	1,916,962
Commodities	1,021,257	-	-	1,021,257
Real estate	771,014	-	-	771,014
International	60,814	-	-	60,814
Emerging markets	40,460	-	-	40,460
Small-cap	34,112	-	-	34,112
Equity income	24,894	-	-	24,894
Large growth	14,754	-	-	14,754
Large value	12,710	-	-	12,710
Bonds				
Corporate	-	702,564	-	702,564
Israel	-	644,636	-	644,636
Government	-	82,062	-	82,062
Cash surrender value of life insurance policies	-	200,013	-	200,013
Notes receivable	-	-	2,027,534	2,027,534
Loan participation agreements	-	-	1,310,450	1,310,450
Limited partnerships	-	-	1,046,600	1,046,600
<b>Total</b>	<b><u>\$ 24,956,888</u></b>	<b><u>\$ 1,629,275</u></b>	<b><u>\$ 4,384,584</u></b>	<b><u>\$ 30,970,747</u></b>

**ALLIED JEWISH FEDERATION OF COLORADO  
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**Notes to Combining Financial Statements**

**Note 7 - Fair Value Accounting (continued)**

In addition to the investments valued on a recurring basis, the Foundation holds real estate valued on a non-recurring basis at a value of \$865,000 as of June 30, 2011.

Assets at fair value as of June 30, 2010:

Description	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,566,634	\$ -	\$ -	\$ 1,566,634
Equities	11,568,003	-	-	11,568,003
Mutual funds/ETFs	8,524,873	-	-	8,524,873
Bonds	-	1,758,238	-	1,758,238
Cash surrender value of life insurance policies	-	184,159	-	184,159
Notes receivable	-	-	1,624,735	1,624,735
Loan participation agreements	-	-	1,403,515	1,403,515
Limited partnerships	-	-	989,992	989,992
<b>Total</b>	<b><u>\$ 21,659,510</u></b>	<b><u>\$ 1,942,397</u></b>	<b><u>\$ 4,018,242</u></b>	<b><u>\$ 27,620,149</u></b>

In addition to the investments valued on a recurring basis, the Foundation holds real estate valued on a non-recurring basis at a value of \$865,000 as of June 30, 2010.

Level 1 assets in the Entities are cash and cash equivalents, equities, and mutual funds/ETFs. Cash and cash equivalents are valued based on quoted market prices of the underlying investments. Equities and mutual funds/ETFs are valued based on quoted daily market values that are directly observable in the marketplace by market participants and the fair value of the equities and mutual funds/ETFs is equivalent to the market value at the close of business on the reporting date.

Level 2 assets in the Entities are bonds and cash surrender value of life insurance policies. The bonds can be valued based on trades of the bonds within a publicly observable marketplace. The bond market is based on negotiated contracts between a limited number of parties rather than high-volume exchange transactions. The determination of pricing for bonds can be determined through review of transactions involving the specified bond, or a like-kind bond. The cash surrender value of life insurance policies is valued on the cash to be received on life insurance policies upon settlement of the policy due to death or maturity, net of any surrender fees and outstanding loans on the policy.

Level 3 assets in the Entities include notes receivable, loan participation agreements, and limited partnerships. The valuation technique used to measure fair value of the notes receivable is amortized cost, which approximates fair value. The valuation technique used to value the loan participation agreements is the Foundation's participation percentage interest in the outstanding balance on the underlying loan. The valuation technique used to value the limited partnerships are based on the Foundation's underlying investments determined by the investment advisor using the financial information applicable to the identified assets.

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**Notes to Combining Financial Statements**

**Note 7 - Fair Value Accounting (continued)**

There were no changes to the valuation techniques used during the year.

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended June 30, 2011 and 2010:

	<u>Notes Receivable</u>	<u>Loan Participation Agreements</u>	<u>Limited Partnerships</u>
Balance, June 30, 2009	\$ 1,442,878	\$ 920,450	\$ 1,123,141
Net purchases, sales, and issuance	181,857	481,052	(23,461)
Investment earnings (losses)	<u>-</u>	<u>2,013</u>	<u>(109,688)</u>
Balance, June 30, 2010	1,624,735	1,403,515	989,992
Net purchases, sales, and issuance	374,000	-	(84,986)
Investment earnings (losses)	<u>28,799</u>	<u>(93,065)</u>	<u>141,594</u>
Balance, June 30, 2011	<u>\$ 2,027,534</u>	<u>\$ 1,310,450</u>	<u>\$ 1,046,600</u>

**Note 8 - Net Assets**

Unrestricted net assets include the following Board-designated net assets and are set aside for needs of the Jewish community:

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
Community and emergency support	\$ 5,480,799	\$ 5,258,864
General reserves	175,000	150,000
Capital maintenance funds	<u>262,701</u>	<u>212,701</u>
Total board designated	5,918,500	5,621,565
Non-board designated unrestricted net assets	<u>(1,709,905)</u>	<u>(1,394,297)</u>
Total unrestricted net assets	<u>\$ 4,208,595</u>	<u>\$ 4,227,268</u>

**ALLIED JEWISH FEDERATION OF COLORADO  
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**Notes to Combining Financial Statements**

**Note 8 - Net Assets (continued)**

Temporarily restricted net assets include the following:

	June 30,	
	2011	2010
Split-interest gifts	\$ 888,608	\$ 993,824
Programs for Israel	669,372	645,289
Capital projects	288,268	366,602
Leadership programs	85,219	78,719
Scholarship programs	43,376	36,461
Other	361,589	364,711
	\$ 2,336,432	\$ 2,485,606

Permanently restricted net assets include investments in split-interest gifts, Israel bonds, and marketable securities. The investments are to be held in perpetuity; however, the income is either unrestricted or temporarily restricted depending on the donor's gift instrument.

**Note 9 - Investments in Endowments**

The Foundation's endowments consist of various individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In 2006, the Uniform Law Commission approved the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), which governs the investment and management of donor-restricted endowment funds by not-for-profit organizations. In 2008, the state of Colorado enacted UPMIFA and the Financial Accounting Standards Board issued guidance that is now governed under Accounting Standards Codification ("ASC") Topic 958, *Not-for-profit Entities Section 205*, which provides guidance on the net asset classification of donor-restricted endowment funds that is subject to UPMIFA as well as additional disclosure requirements for both donor-restricted and Board-designated endowments.

Under ASC Topic 958-205, the portion of an endowment that is perpetual in nature shall be classified as permanently restricted net assets. The remaining portion of accumulations to donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as dictated by the donor, or in absence of donor stipulation, as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.



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**Notes to Combining Financial Statements**

**Note 9 - Investments in Endowments (continued)**

The Investment Committee and the Foundation's management are responsible for selecting and managing the asset mix for the endowments of the Foundation. The target asset allocation is determined on a fund-by-fund basis, depending on the investment objectives of each fund. Each fund has been assigned a model portfolio as the target asset allocation. The model portfolios include a conservative model, a moderate model, a moderate without alternative investments model, and a growth model. Each model designates a target allocation to each of the following areas: (a) U.S. equities (12.5-25%), (b) international equities (12.5-25%), (c) hedged equities (5-15%), (d) alternative investments (0-20%), and (e) cash/fixed income (15-60%).

The spending policy is also determined on a fund-by-fund basis, depending on the spending objectives of each fund. This spending policy is either a percentage basis or flat distribution amount that will allow the endowment investments to grow in periods of strong growth while also allowing for distributions in years when investment values depreciate, ultimately allowing endowment investments to be maintained in perpetuity.

Invested endowment net assets have the following composition by type of fund as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted	\$ -	\$ 20,436	\$ 4,032,384	\$ 4,052,820
Total	<u>\$ -</u>	<u>\$ 20,436</u>	<u>\$ 4,032,384</u>	<u>\$ 4,052,820</u>

Changes in invested endowment net assets by type of fund for the fiscal year ended June 30, 2011 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 26,113	\$ 3,574,000	\$ 3,600,113
Investment return	-	76,028	458,339	534,367
Contributions	-	-	196,749	196,749
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(81,705)</u>	<u>(196,704)</u>	<u>(278,409)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 20,436</u>	<u>\$ 4,032,384</u>	<u>\$ 4,052,820</u>

**ALLIED JEWISH FEDERATION OF COLORADO  
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**Notes to Combining Financial Statements**

**Note 9 - Investments in Endowments (continued)**

Invested endowment net assets have the following composition by type of fund as of June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted	\$ -	\$ 26,113	\$ 3,574,000	\$ 3,600,113
Total	<u>\$ -</u>	<u>\$ 26,113</u>	<u>\$ 3,574,000</u>	<u>\$ 3,600,113</u>

Changes in invested endowment net assets by type of fund for the fiscal year ended June 30, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 5,398	\$ 3,325,953	\$ 3,331,351
Investment return	-	51,458	260,302	311,760
Contributions	-	-	78,366	78,366
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(30,743)</u>	<u>(90,621)</u>	<u>(121,364)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 26,113</u>	<u>\$ 3,574,000</u>	<u>\$ 3,600,113</u>

**Note 10 - Bonds Payable**

In March 2006, the Flying J Ranch, LLC issued Colorado Educational and Cultural Facilities Authority Series C-2 tax-exempt revenue bonds ("Series C-2 Bonds"). The net proceeds of the Series C-2 Bonds were used to acquire land that will be used for a camp for the Jewish community. Interest is due annually at 3.5%. Principal is due in one lump sum in March 2036. The bonds are secured by a letter-of-credit. No balances were outstanding on the letter-of-credit at June 30, 2011 and 2010.

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
Series C-2 bonds	\$ 3,500,000	\$ 3,500,000
Less unamortized bond issuance costs, net of accumulated amortization of \$8,896 (2011) and \$6,672 (2010)	<u>(55,590)</u>	<u>(57,814)</u>
	<u>\$ 3,444,410</u>	<u>\$ 3,442,186</u>

Assets limited as to use by trustee under the bond agreement include excess proceeds that were received from the bond financing that are required to be used on the Flying J Ranch, LLC or otherwise applied towards any redemption of the bonds.

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**Notes to Combining Financial Statements**

**Note 11 - Line-of-Credit**

The Federation has a \$1,000,000 line-of-credit to a bank, due December 2011. Interest is payable monthly at the greater of the prime rate or 5% (5% at June 30, 2011). The outstanding balance on the line-of-credit was \$550,000 and \$385,000 as of June 30, 2011 and 2010, respectively.

**Note 12 - Due to Other Agencies**

Due to other agencies consists of the following:

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
Current INO allocations	\$ 2,596,307	\$ 2,700,651
Current JRC allocations	1,393,485	1,381,495
Donor designations to local agencies	1,054,804	961,267
Donor designations to national agencies	<u>303,724</u>	<u>228,848</u>
	<u>\$ 5,348,320</u>	<u>\$ 5,272,261</u>

**Note 13 - Conditional Contribution**

The Federation received a \$500,000 contribution that is conditional upon construction of a particular project. Therefore, the contribution has been classified as a liability as of June 30, 2011 and 2010, until the project is under construction to the satisfaction of the donor, at which time the contribution revenue will be recognized.

**Note 14 - Employee Benefit Plan**

The Federation has a defined contribution plan (the "Plan") available to all full-time employees after three months of employment. Under this Plan, the Federation will match 100% of participants' contributions up to a maximum of 4% of their annual compensation. Employer matching and employee contributions are 100% vested upon contribution. In addition, the Federation can make a discretionary profit-sharing contribution to eligible participants. A discretionary profit-sharing contribution of up to 4% of compensation for all eligible employees was approved for the years ended June 30, 2011 and 2010. The Federation contributed \$53,253 and \$66,451 to the Plan during the years ended June 30, 2011 and 2010, respectively.