

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
YEAR ENDED AUGUST 31, 2009

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
YEAR ENDED AUGUST 31, 2009

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Jewish Federation of Greater Orlando, Inc.
Maitland, Florida

We have audited the accompanying statement of financial position of The Jewish Federation of Greater Orlando, Inc. (the "Federation") as of August 31, 2009 and the related statements of activities, changes in net assets, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Federation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Federation's 2008 financial statements which were audited by Geller, Ragans, James, Oppenheimer & Creel, which merged with CCR LLP as of January 1, 2010, and whose report dated April 21, 2009, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jewish Federation of Greater Orlando, Inc. as of August 31, 2009 and the results of its activities and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

CCR LLP

Orlando, Florida
April 28, 2010

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2009

(WITH COMPARATIVE TOTALS FOR 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2009</u>	<u>Total 2008</u>
ASSETS					
Cash (Note 2)	\$ 1,440,251	\$ 45,118		\$ 1,485,369	\$ 2,012,321
Investments held by T.O.P. Foundation (Note 9)	5,294,869		\$ 253,408	5,548,277	6,140,397
Accounts receivable, primarily from local agencies	174,560			174,560	216,435
Contributions receivable (Notes 3 and 6)	1,253,782	309,902		1,563,684	4,450,330
Other assets	13,990			13,990	18,490
Bond issue costs (net of accumulated amortization of \$70,467 for 2009 and \$58,357 for 2008)	242,298			242,298	251,116
Land, buildings and equipment (Notes 4, 5 and 6)	17,392,861			17,392,861	13,104,595
Total assets	<u>\$ 25,812,611</u>	<u>\$ 355,020</u>	<u>\$ 253,408</u>	<u>\$ 26,421,039</u>	<u>\$ 26,193,684</u>
LIABILITIES					
Notes payable (Notes 5 and 6)	1,508,317			1,508,317	133,317
Bonds payable (Note 6)	5,660,000			5,660,000	5,915,000
Accounts payable	512,035			512,035	227,012
Accrued expenses	2,935			2,935	10,293
Allocations payable (Note 7)	861,726			861,726	1,179,445
Interest rate swap liability (Note 14)	636,604			636,604	409,468
Total liabilities	<u>9,181,617</u>			<u>9,181,617</u>	<u>7,874,535</u>
NET ASSETS					
Unrestricted	16,630,994			16,630,994	14,641,989
Temporarily restricted:		355,020		355,020	3,436,124
Facility support and expansion			253,408	253,408	241,036
Permanently restricted					
Total net assets	<u>16,630,994</u>	<u>355,020</u>	<u>253,408</u>	<u>17,239,422</u>	<u>18,319,149</u>
Total liabilities and net assets	<u>\$ 25,812,611</u>	<u>\$ 355,020</u>	<u>\$ 253,408</u>	<u>\$ 26,421,039</u>	<u>\$ 26,193,684</u>

See independent auditor's report and notes to financial statements.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

STATEMENTS OF ACTIVITIES

YEAR ENDED AUGUST 31, 2009

(WITH COMPARATIVE TOTALS FOR 2008)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009	Total 2008
Revenue and other support:					
Contributions	\$ 2,255,974			\$ 2,255,974	\$ 2,868,406
Donations received through T.O.P. (Note 9)	667,913		\$ 19,266	687,179	2,275,327
Investment income	58,752			58,752	124,454
Investment income (loss) - T.O.P. (Note 9)	(353,268)		(3,030)	(362,526)	(485,826)
Tuition income	53,636			53,636	68,587
Program fee and sponsorship revenue	255,535			255,535	347,690
Rental income - local agencies	742,090			742,090	751,622
Miscellaneous income	5,188			5,188	5,839
	<u>3,685,820</u>	<u>(6,228)</u>	<u>16,236</u>	<u>3,695,828</u>	<u>5,956,099</u>
Net assets released from restrictions (Note 8):					
Satisfaction of program restrictions	3,078,740	(3,074,876)	(3,864)		
	<u>6,764,560</u>	<u>(3,081,104)</u>	<u>12,372</u>	<u>3,695,828</u>	<u>5,956,099</u>
Total revenue and other support					
Expenses:					
Unallocated payments to affiliated organizations:					
United Jewish Appeal and overseas	296,985			296,985	425,480
Local community services and regional agencies	820,744			820,744	707,416
Grants paid through T.O.P. (Note 9)	916,773			916,773	1,168,840
Program services	558,394			558,394	767,672
Management and general	748,390			748,390	857,038
Facility	966,359			966,359	762,371
Fundraising	240,774			240,774	312,845
	<u>4,548,419</u>			<u>4,548,419</u>	<u>5,001,662</u>
Total expenses					
Change in net assets from operating activities	2,216,141	(3,081,104)	12,372	(852,591)	954,437
Unrealized loss on interest rate swap (Note 16)	(227,136)			(227,136)	(224,269)
Change in net assets	\$ 1,989,005	\$ (3,081,104)	\$ 12,372	\$ (1,079,727)	\$ 730,168

See independent auditor's report and notes to financial statements.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
 STATEMENTS OF CHANGES IN NET ASSETS
 YEAR ENDED AUGUST 31, 2009
 (WITH COMPARATIVE TOTALS FOR 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, September 1, 2007, as previously stated	\$ 14,050,531	\$ 3,469,670	\$ 253,979	\$ 17,774,180
Adjustment (Note 16)	(185,199)			(185,199)
Change in net assets, as adjusted (Note 16)	<u>776,657</u>	<u>(33,546)</u>	<u>(12,943)</u>	<u>730,168</u>
Net assets, September 1, 2008, as adjusted (Note 16)	14,641,989	3,436,124	241,036	18,319,149
Change in net assets	<u>1,989,005</u>	<u>(3,081,104)</u>	<u>12,372</u>	<u>(1,079,727)</u>
Net assets, August 31, 2009	<u>\$ 16,630,994</u>	<u>\$ 355,020</u>	<u>\$ 253,408</u>	<u>\$ 17,239,422</u>

See independent auditor's report and notes to financial statements.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED AUGUST 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$(1,079,727)	\$ 730,168
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	488,127	478,733
Provision for doubtful accounts	288,303	(20,942)
Loss from T.O.P. investments	362,526	485,826
Payment of grants through T.O.P.	916,773	1,168,840
Contributions invested in T.O.P.	(687,179)	(2,275,327)
Unrealized loss on interest rate swap	227,136	224,269
(Increase) decrease in:		
Accounts receivable, local agencies	41,875	536,415
Contributions receivable	2,598,343	(74,582)
Other assets	4,500	(313)
Increase (decrease) in:		
Accounts payable	285,023	87,532
Accrued expenses	(7,358)	6,157
Allocations payable	(317,719)	(280,510)
Net cash provided by operating activities	<u>3,120,623</u>	<u>1,066,266</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(4,762,162)</u>	<u>(341,040)</u>
Net cash used in investing activities	<u>(4,762,162)</u>	<u>(341,040)</u>
Cash flows from financing activities:		
Payments on bonds payable	(255,000)	(240,250)
Payments on notes payable		(50,000)
Proceeds from notes payable	1,375,000	
Bond issue costs	<u>(5,413)</u>	<u>(1,009)</u>
Net cash provided by (used in) financing activities	<u>1,114,587</u>	<u>(291,259)</u>
Net (decrease) increase in cash	(526,952)	433,967
Cash, beginning of year	<u>2,012,321</u>	<u>1,578,354</u>
Cash, end of year	<u>\$ 1,485,369</u>	<u>\$2,012,321</u>
Cash paid for interest	<u>\$ 239,133</u>	<u>\$ 237,511</u>

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED AUGUST 31, 2009

(WITH COMPARATIVE TOTALS FOR 2008)

	Program Services	Support Services			Total	Total 2009	Total 2008
		Management and General	Facility	Fund-raising			
Salaries	\$ 327,998	\$ 96,396	\$ 106,091	\$ 92,120	\$ 294,607	\$ 793,830	
Employee benefits	24,191	8,212	8,176	8,746	25,134	81,315	
Payroll taxes	25,301	7,490	8,846	7,210	23,546	55,895	
Total salaries and benefits	377,490	112,098	123,113	108,076	343,287	931,040	
Programs and events	55,299	360		36,377	36,737	121,248	
Conferences	779	60	37		97	1,903	
Advertising and marketing	10,089	27,372		15,633	43,005	31,335	
Awards	521	75		2,741	2,816	3,337	
Occupancy costs	470	30,251	1,244		31,495	40,930	
Facility administration			174,102	420	174,522	132,172	
Bad debts		16,159			16,159	96,744	
Bank fees	694	126,211		288	127,193	129,921	
Consulting	786	162,150		550	163,486	152,120	
Food and beverage	2,951	5,203	50	6,696	14,949	10,290	
Insurance		10,678	10,800	2,637	24,115	41,198	
Interest		80,247	147,689		227,936	234,170	
Miscellaneous	10,652	8,585	1,272	576	10,433	35,424	
Office machines (purchase, rentals and maintenance) and other maintenance	31	10,550	65,996		76,546	2,719	
Office supplies	10,645	7,169	5,363	5,584	18,316	20,326	
Postage	2,440	6,286	1,839	15,268	23,393	26,146	
Printing	1,766	977		11,480	12,457	18,092	
Professional fees		117,566			117,566	24,878	
Recruiting		2,103			2,103	1,461	
Telephone and internet	2,881	7,509	13,692	21	21,222	44,321	
Travel	53,370	1,649	1,661	8,263	11,573	119,386	
Total administrative expense before depreciation and amortization	530,864	733,258	547,058	214,610	1,494,926	2,221,193	
Depreciation and amortization	27,530	15,132	419,301	26,164	460,597	478,733	
	\$ 558,394	\$ 748,390	\$ 966,359	\$ 240,774	\$ 1,955,523	\$ 2,699,926	

See independent auditor's report and notes to financial statements.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2009

1. Summary of significant accounting policies and general matters:

Nature of operations:

The Jewish Federation of Greater Orlando, Inc. is a not-for-profit organization formed to provide social, financial, and human resource services to the Central Florida Jewish community. The Federation's primary mission is to foster and enhance the Jewish Community's relationship with the State of Israel while promoting both the welfare and education of Jews in Central Florida.

Use of estimates:

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

Investments:

Investments held by the Tampa-Orlando-Pinellas Jewish Foundation (T.O.P.) are maintained by T.O.P. in pooled or segregated investment funds. These funds are reported by T.O.P. and recorded by the Federation at their fair market value.

Land, buildings and equipment:

Land, buildings and equipment are stated at cost except for gifted property which is stated at the estimated fair market value at the date of the gift. Depreciation is provided on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	15 - 40 years
Equipment	5 - 10 years

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED AUGUST 31, 2009

1. Summary of significant accounting policies and general matters (continued):

Interest rate swap:

Interest rate swaps are used by the Federation to manage liquidity and interest rate exposure by hedging against the changes in the amount of future cash flows associated with payments on variable rate debt. The Federation entered into an agreement with a major financial institution in 2006. The interest rate swap is carried in the statement of financial position at fair value which is an estimate of the net present value of the expected cash flows of the transactions between the Federation and the financial institution over the life of the interest rate swap agreement using relevant mid-market data inputs and the assumption of no unusual market conditions or forced liquidation. Changes in fair value are presented as unrealized gains and losses on interest rate swaps in the accompanying statement of activities.

Amortization:

Amortization of bond issue costs is being provided using the straight-line method over the term of the bonds.

Contributions:

Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or solicited for a restricted purpose.

Net asset classes:

The accompanying financial statements present information regarding the Federation's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The three classes are differentiated by donor restrictions.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED AUGUST 31, 2009

1. Summary of significant accounting policies and general matters (continued):

Net asset classes (continued):

Unrestricted net assets may be designated for specific purposes by the Federation or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets are subject to donor stipulations that expire by the passage of time or can be fulfilled or removed by actions pursuant to the stipulations. Temporarily restricted net assets consist principally of gifts restricted by donors for funding of specific projects.

Permanently restricted net assets are subject to donor stipulations requiring that they be maintained permanently, thereby restricting the use of principal. Usually, donor stipulations allow the income earned to be used currently for a designated purpose. Permanently restricted net assets consist principally of permanent endowment balances.

Income taxes:

The Federation is exempt from payment of federal and state income taxes under Internal Revenue Code Section 501(c)(3).

Uncertain tax positions:

Effective September 1, 2008, the Federation implemented the new accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board [FASB] Accounting Standards Codification (ASC) 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities.

As of August 31, 2009, the Federation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED AUGUST 31, 2009

1. Summary of significant accounting policies and general matters (continued):

Codification:

Effective July 1, 2009, the Financial Accounting Standard Board's (FASB) Accounting Standards Codification (ASC) became the single official source of authoritative nongovernmental U.S. generally accepted accounting principles (GAAP). The historical GAAP hierarchy was eliminated and the ASC became the only level of authoritative GAAP. The Federation's accounting policies were not affected by the conversion to ASC. However, references to specific accounting standards in the notes have been changed to refer to the appropriate ASC topics in certain instances or otherwise omitted.

Comparative information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Federation's financial statements for the year ended August 31, 2008, from which the summarized information was derived.

2. Cash:

Cash includes all highly liquid debt instruments purchased with a maturity of three months or less (cash equivalents).

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

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED AUGUST 31, 2009

3. Contributions receivable:

At August 31, 2009 and 2008, contributions receivable consisted of the following:

Unrestricted:

Campaign Year	2009	2008
2009	\$ 372,589	
2008	208,719	\$ 892,070
2007	200,494	301,519
2006	93,201	40,914
2005 and prior	1,078,468	346,640
	<u>1,953,471</u>	<u>1,581,143</u>
Net present value adjustment	(78,868)	(13,764)
Provision for uncollectible contributions	(620,821)	(332,518)
	<u>\$1,253,782</u>	<u>\$ 1,234,861</u>

Temporarily Restricted:

Community Capital Expansion	\$ 446,000	\$ 4,209,130
Net present value adjustment	(136,098)	(652,213)
Provision for uncollectible contributions		(341,448)
	<u>\$ 309,902</u>	<u>\$ 3,215,469</u>

Substantially all of the Federation's contributions receivable are due from contributors in Central Florida. Approximately fifteen percent (15%) of gross pledges receivable are due from one donor at August 31, 2009 and fifty percent (50%) were due from one donor at August 31, 2008. Community Capital Expansion contribution receivables are generally due over a five-year period unless otherwise specified by the donor. Other unrestricted contributions are due currently.

4. Land, buildings and equipment:

	2009	2008
Land and improvements	\$ 2,824,857	\$ 2,094,410
Building and improvements	19,554,712	15,127,289
Construction in process	23,129	857,408
Equipment	1,066,901	628,330
	<u>23,469,599</u>	<u>18,707,437</u>
Less accumulated depreciation	6,076,738	5,602,842
	<u>\$17,392,861</u>	<u>\$13,104,595</u>

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED AUGUST 31, 2009

5. Notes payable:

The Federation has an available line of credit of \$500,000. The line of credit is collateralized by real estate and is due in monthly payments of interest only at prime (3.26% at August 31, 2009). The outstanding balance at August 31, 2009 and 2008 was \$133,317. The line of credit matures June 2011.

The Federation has an outstanding note payable due on demand to the Harris Rosen Foundation. The note is non-interest bearing. The outstanding balance at August 31, 2009 was \$1,375,000. According to the terms of the note, the Federation plans to pay the note using contributions received for Community Capital Expansion.

6. Bonds payable:

The Federation has entered into agreements with the Orange County Industrial Development Authority and banks for the issuance of tax-exempt and taxable bonds. The bonds, collateralized by letters of credit issued by the banks, Capital Expansion pledges, land, building and equipment and leases, call for annual sinking fund deposits and redemptions maturing in 2028. Interest on the bonds is payable monthly and is established at market value by the bond's remarketing agent. At August 31, 2009 interest was set at 0.33% and 0.45% for tax-exempt and taxable bonds, respectively. The agreements set the bond's maximum interest rate at the lower of 12% or the maximum amount allowed by law. Terms of the agreement require the Federation to meet certain financial standards and limit investments and the creation of additional liabilities, as defined in the agreement. Bonds payable at August 31, 2009 included \$4,565,000 of tax-exempt bonds and \$1,095,000 of taxable bonds. Balances at August 31, 2008 were \$4,715,000 for tax-exempt bonds and \$1,200,000 for taxable bonds.

The bonds have restrictive covenants that require the Federation to maintain certain financial ratios as determined in the agreement. At August 31, 2009, the Federation was not in compliance with all of these requirements. The Federation obtained a waiver from the issuing bank for the year ended August 31, 2009.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED AUGUST 31, 2009

6. Bonds payable (continued):

Principal payments on long-term debt, including bonds and notes payable, of the Federation over the next five fiscal years are as follows:

<u>Year ending August 31,</u>	<u>Amount</u>
2010	\$ 1,640,000
2011	413,317
2012	290,000
2013	305,000
2014	315,000
Thereafter	4,205,000

Total interest expense was \$227,936 and \$234,170 in 2009 and 2008, respectively. In addition to this amount, \$3,230 and \$13,633 of interest was capitalized to construction in progress in 2009 and 2008, respectively.

7. Allocations payable:

Unrestricted fund allocations are payable to the United Jewish Appeal and to various local, regional, national and international agencies as follows:

	<u>2009</u>	<u>2008</u>
United Jewish Appeal	<u>\$ 384,204</u>	<u>\$ 477,710</u>
Local agencies:		
Central Florida Hillel	\$ 16,032	\$ 31,241
Jewish Community Center	183,482	172,426
Jewish Family Services	93,077	164,385
Jewish Pavilion	34,834	38,650
Holocaust Center	35,453	69,087
Kinneret	6,739	46,224
Hebrew Day School	75,701	147,518
Regional and national agencies	<u>32,204</u>	<u>32,204</u>
Total local agencies	<u>477,522</u>	<u>701,735</u>
	<u>\$ 861,726</u>	<u>\$ 1,179,445</u>

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED AUGUST 31, 2009

8. Assets released from donor restrictions:

Net assets during the years ended August 31, 2009 and 2008 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restrictions accomplished:

	2009	2008
Community Capital Expansion	\$ 3,074,876	\$ 117,817
T.O.P.	3,864	13,935
	\$ 3,078,740	\$ 131,752

9. Investments held by T.O.P.:

T.O.P. was established by the Jewish Federations of Tampa, Orlando and Pinellas to enhance fundraising for the Federations. T.O.P. receives gifts, bequests and contributions for the purpose of distributing and investing the principal and/or income for charitable, educational and religious purposes. The Presidents of each of the Federations appoint an equal number of members to the Board of T.O.P., and T.O.P. appoints board members from each of the three communities to serve on each community's grant and distribution committee. In addition, the Federations share in certain income and expenses of T.O.P.

The Federation accounts for its interest in the net assets of T.O.P. in accordance with the Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others Topic of the FASB ASC.

The Federation's interest in assets held by T.O.P. include:

1. Endowment funds from which the Federation receives annual distributions as specified by the donor.
2. Donations that specify the Federation as the ultimate beneficiary.
3. Donations that give the Federation variance power over the disbursement of funds.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED AUGUST 31, 2009

9. Investments held by T.O.P. (continued):

As noted above, the Federation's interest in investments held by T.O.P. is required to be recorded on the books of the Federation based on FASB ASC 958-605 "Transfers of assets to a not-for-profit or charitable trust that raises or holds contributions for others". While the Federation must record these assets on their books due to the above factors, they do not have immediate access to these funds. The Federation receives funds as stipulated by the Donor agreements.

T.O.P. invests funds it holds for the benefit of others in marketable securities and other instruments on a pooled or segregated basis, as appropriate to the fund.

The following summarizes the composition of investments held by T.O.P. at August 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Marketable securities	\$ 5,112,419	\$ 5,739,603
Land held for resale	25,000	25,000
Notes and mortgage receivable	523	523
State of Israel bonds	289,961	264,123
Other	120,374	111,148
	<u>\$ 5,548,277</u>	<u>\$ 6,140,397</u>

The following approximates the breakdown of marketable securities at August 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Corporate stocks	30%	31%
Corporate bonds	24%	14%
Mutual funds	46%	55%
	<u>100%</u>	<u>100%</u>

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED AUGUST 31, 2009

9. Investments held by T.O.P. (continued):

The following summarizes the activity of Federation assets held by T.O.P.:

	<u>2009</u>	<u>2008</u>
Gifts of cash	\$ 644,062	\$ 2,208,443
In-kind contributions	<u>43,117</u>	<u>66,884</u>
	<u>687,179</u>	<u>2,275,327</u>
Interest and dividends, net of management fees of \$53,929 for 2009 and \$79,211 for 2008	78,781	65,729
Realized and unrealized losses	<u>(441,307)</u>	<u>(551,555)</u>
	<u>(362,526)</u>	<u>(485,826)</u>
Total increases	324,653	1,789,501
Grants paid	<u>916,773</u>	<u>1,168,840</u>
Net change	<u>\$ (592,120)</u>	<u>\$ 620,661</u>

10. Fair value measurement:

Fair value hierarchy:

The Federation implemented the Fair Value Measurements and Disclosures Topic of FASB ASC as of September 1, 2008, which requires disclosure of a fair value hierarchy of inputs used to value an asset or a liability. The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities. For the Federation, Level 1 inputs include marketable securities that are actively traded.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly. For the Federation, Level 2 inputs include quoted prices for similar assets or liabilities, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED AUGUST 31, 2009

10. Fair value measurement (continued):

Fair value hierarchy (continued):

Level 3: Inputs that represent financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. The Federation does not use Level 3 inputs for any of its fair value measurements.

The fair value hierarchy for assets and liabilities measured at fair value at August 31, 2009 is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Marketable securities	\$ 5,112,419		\$ 5,112,419
Pooled investments		\$ 435,858	435,858
Contributions receivable		1,563,684	1,563,684
Interest rate swap agreement		<u>(636,604)</u>	<u>(636,604)</u>
	<u>\$ 5,112,419</u>	<u>\$ 1,362,938</u>	<u>\$ 6,475,357</u>

11. Temporarily restricted net assets:

Temporarily restricted net assets are available for the following purposes at August 31, 2009:

Capital Expansion	\$ 45,118
Time Restricted	<u>309,902</u>
	<u>\$ 355,020</u>

These amounts are included in temporarily restricted net assets until the donor restrictions have been met, at which time the funds are considered released from restrictions. Temporarily restricted net assets released from restrictions due to the satisfaction of purpose restrictions totaled \$3,074,876 for the year ended August 31, 2009.

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YEAR ENDED AUGUST 31, 2009

12. Permanently restricted net assets:

Permanently restricted net assets are restricted to investments in perpetuity, the income of which is available to support general operations.

13. Advertising and marketing costs:

The Federation has a policy of expensing advertising costs as incurred. These costs amounted to \$53,094 and \$31,335 for the years ended August 31, 2009 and 2008, respectively.

14. Interest rate swap:

The Federation entered into an interest rate swap agreement with a bank in 2006, fixing the rate on its debt to 4.09%. Based upon the terms of the swap agreement and the anticipated balances of the related debt during the remaining term of the swap agreement, management has determined that the swap agreement qualifies as a highly effective hedge under current accounting standards. The fair value of the interest rate swap is in an unfavorable position of \$636,604 and \$409,468 at August 31, 2009 and 2008, respectively, and is recorded as a current liability in the accompanying statement of financial position with the related unrealized loss reflected as a non-operating activity in the accompanying statement of activities.

15. Subsequent events:

In preparing these financial statements, the Federation has evaluated events and transactions for potential recognition or disclosure through April 28, 2010, the date the financials were available to be issued.

THE JEWISH FEDERATION OF GREATER ORLANDO, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED AUGUST 31, 2009

16. Adjustments:

During the fiscal year ending August 31, 2009, it was determined that the Federation was engaged in an interest rate swap agreement that had not been previously accrued and accounted for in the financial statements. The initial value of the interest rate swap of \$185,199 was reported as a decrease to net assets for the period ending August 31, 2007 as a prior period adjustment. Retroactive inclusion of the liability resulted in a decrease to the change in net assets of \$224,269 in the fiscal year ending August 31, 2008. The effects on net assets are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, September 1, 2007, as previously stated	\$ 14,050,531	\$3,469,670	\$ 253,979	\$ 17,774,180
Adjustment	<u>(185,199)</u>			<u>(185,199)</u>
Net assets, September 1, 2007 as adjusted	<u>13,865,332</u>	<u>3,469,670</u>	<u>253,979</u>	<u>17,588,981</u>
Change in net assets, as previously stated for the year ended August 31, 2008	1,000,926	(33,546)	(12,943)	954,437
Adjustment for change in value of interest rate swap for the year ended August 31, 2008	<u>(224,269)</u>			<u>(224,269)</u>
Change in net assets, for the year ended August 31, 2008, as adjusted	<u>776,657</u>	<u>(33,546)</u>	<u>(12,943)</u>	<u>730,168</u>
Net assets, September 1, 2008, as adjusted	<u>\$ 14,641,989</u>	<u>\$3,436,124</u>	<u>\$ 241,036</u>	<u>\$ 18,319,149</u>