United Jewish Charities of Greater Charlotte, Inc.

Financial Statements
December 31, 2011

United Jewish Charities of Greater Charlotte, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Jewish Charities of Greater Charlotte, Inc.
d/b/a Jewish Federation of Greater Charlotte
Charlotte, North Carolina

We have audited the accompanying statement of financial position of United Jewish Charities of Greater Charlotte, Inc., (a not-for-profit organization) as of December 31, 2011, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the management of United Jewish Charities of Greater Charlotte, Inc. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year comparative information has been derived from the Organization's 2010 financial statements and, in our report dated June 16, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 United Jewish Charities of Greater Charlotte, Inc., as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

C. DeWitt Foard & Company, P.A.

June 19, 2012

United Jewish Charities of Greater Charlotte, Inc.

Statement of Financial Position

December 31, 2011, with prior year comparative totals

	December 31,	
	2011	2010
ASSETS		
Cash and equivalents	$ 1,806,681	$ 1,678,224
Pledges Receivable:		
Campaign (net)	1,357,987	1,512,416
Other Receivables:		
Accounts receivable	33,374	32,967
Prepaid expenses	36,228	25,755
Investments	1,706,128	1,999,173
Equipment, net of $38,661 accumulated depreciation	34,097	27,808
TOTAL ASSETS	***$ 4,974,495***	***$ 5,276,343***
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 45,681	$ 34,002
Total Liabilities	***45,681***	***34,002***
Net Assets:		
Unrestricted:		
Undesignated	1,640,113	1,621,217
Designated	1,622,338	1,723,912
Total Unrestricted	***3,262,451***	***3,345,129***
Temporarily restricted	1,503,183	1,758,497
Permanently restricted	163,180	138,715
Total Net Assets	***4,928,814***	***5,242,341***
TOTAL LIABILITIES AND NET ASSETS	***$ 4,974,495***	***$ 5,276,343***

United Jewish Charities of Greater Charlotte, Inc.

Statement of Activities

Year Ended December 31, 2011, with prior year comparative totals

	Year Ended December 31, 2011				2010
	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTALS	Comparative Totals
SUPPORT AND REVENUE					
Contributions	$ -	$ 2,834,522	$ 19,264	$ 2,853,786	$ 3,811,984
Charlotte Jewish News	100,545	-	-	100,545	108,910
Judaic Resource Center	113,716	-	-	113,716	102,279
Investment income	(60,105)	1,257	5,201	(53,647)	225,216
Other revenue	58,494	-	-	58,494	19,061
Net Assets Released from Restrictions:					
Satisfied by time	2,869,971	(2,869,971)	-	-	-
Satisfied by payment	221,122	(221,122)	-	-	-
TOTAL	***3,303,743***	***(255,314)***	***24,465***	***3,072,894***	***4,267,450***
EXPENSES					
Grants	2,148,265	-	-	2,148,265	2,104,622
Salaries	527,070	-	-	527,070	484,865
Program costs	177,120	-	-	177,120	87,217
Judaic Resource Center	145,483	-	-	145,483	143,343
Charlotte Jewish News	96,220	-	-	96,220	102,444
Campaign and marketing	57,615	-	-	57,615	39,553
Benefits and staff expense	92,033	-	-	92,033	78,602
Supplies and administrative	33,219	-	-	33,219	36,400
Payroll taxes	34,986	-	-	34,986	34,567
Meetings and conference	27,627	-	-	27,627	18,884
Occupancy	14,577	-	-	14,577	14,986
Postage	1,623	-	-	1,623	3,510
Depreciation and amortization	9,294	-	-	9,294	9,902
Professional fees	18,450	-	-	18,450	6,200
Banking and investment costs	2,839	-	-	2,839	1,600
TOTAL	***3,386,421***	***-***	***-***	***3,386,421***	***3,166,695***
CHANGE IN NET ASSETS	***(82,678)***	***(255,314)***	***24,465***	***(313,527)***	***1,100,755***
NET ASSETS, BEGINNING	***3,345,129***	***1,758,497***	***138,715***	***5,242,341***	***4,141,586***
NET ASSETS, ENDING	***$ 3,262,451***	***$ 1,503,183***	***$ 163,180***	***$ 4,928,814***	***$ 5,242,341***

United Jewish Charities of Greater Charlotte, Inc.

Statement of Cash Flows

Year Ended December 31, 2011 with prior year comparative totals

	Year Ended December 31,	
	2011	2010
OPERATING ACTIVITIES		
Change in net assets	$ (313,527)	$ 1,100,755
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	9,294	9,902
Contributions restricted for long-term purposes	19,264	7,138
Realized and unrealized losses (gains) on investments	88,626	(192,095)
(Increase) decrease in operating assets:		
Campaign pledges receivable	154,429	(973,861)
Accounts receivable	(407)	(4,178)
Prepaid expenses	(10,473)	2,722
Increase (decrease) in operating liabilities:		
Accounts payable	11,679	11,116
Cash Flows from Operating Activities	***(41,115)***	***(38,501)***
INVESTING ACTIVITIES		
Proceeds from sale of investments	255,313	344,261
Purchase of investments	(50,894)	(260,360)
Purchase of equipment	(15,583)	-
Cash Flows from Investing Activities	***188,836***	***83,901***
FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	(19,264)	(7,138)
Cash Flows from Financing Activities	***(19,264)***	***(7,138)***
CHANGE IN CASH	***128,457***	***38,262***
CASH AND EQUIVALENTS, BEGINNING	***1,678,224***	***1,639,962***
CASH AND EQUIVALENTS, ENDING	***$ 1,806,681***	***$ 1,678,224***

NOTE 1 - NATURE OF ACTIVITIES

Organization
United Jewish Charities of Greater Charlotte, Inc., d/b/a Jewish Federation of Greater Charlotte (JFGC) is a North Carolina not-for-profit corporation that began in 1995 and operates from its location at 5007 Providence Road, Charlotte, North Carolina. The purpose of JFGC is to benefit the Jewish community by providing centralized fundraising and distribution of resources to promote and maintain Jewish activities.

Other activities
JFGC also publishes a newspaper, *Charlotte Jewish News*, and maintains a library, *Judaic Resource Center*, for the benefit of the Jewish community. These activities are included in the accompanying financial statements but are not presented in a separate fund.

Affiliated organizations
JFGC conducts fundraising activities which benefit a variety of not-for-profit organizations which operate in the Jewish community. Amounts allocated to these charities are detailed in Note 10.

Funding sources
JFGC is supported primarily by contributions from individuals, companies, foundations, and others.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets can be both undesignated and designated in nature. Undesignated, unrestricted net assets are those currently available for use in the day-to-day operations. The Board of Directors has set aside to be utilized/invested to meet specific objectives of JFGC. Such amounts are reflected as unrestricted, designated net assets in the accompanying statement of financial position.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of JFGC and/or the passage of time. When a 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.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by JFGC. The donors of these assets generally permit JFGC to use the income earned on any related investments for general or specific purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Presentation
Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. JFGC recognizes unconditional promises to give as support in the period the promise is received. Campaign pledges are shown as increases in temporarily restricted net assets and are then released during the year the campaign funds will be utilized. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law.

Cash and equivalents
Cash and equivalents consists of cash on hand, cash in banks, certificates of deposit with an original maturity of 90 days or less, and money market funds.

Equipment
Equipment valued at $500 or more is carried on the books at its original cost and depreciation expense is recorded using the straight-line method of depreciation over an estimated life of five years.

Donated services
JFGC records donated services as contributions when the services either (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Numerous individuals volunteer their time and perform a variety of tasks that assist JFGC with program services, management, and fundraising efforts. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria.

Federal income tax status
JFGC is exempt from Federal income tax on its exempt function income under Internal Revenue Code Section 501(c)(3). JFGC is classified as other than a private foundation as defined by Section 509(a) of the Internal Revenue Code. Generally accepted accounting procedures require an organization to recognize a tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. JFGC has no uncertain tax positions as of December 31, 2011.

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

Prior-year comparative totals
The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read with the JFGC's 2010 financial statements, from which the summarized information was derived.

NOTE 3 - RECEIVABLES

Reserves
Management's assessment of the collectability of receivables is based on a review of individual accounts, historical experience, and current economic conditions. Pledges are presented net of an estimated reserve for bad debts of $252,256 and are expected to be collected during 2012. JFGC's policy is to present receivables related to the 2010 and prior campaigns net of a reserve of 100 percent of the balance. All other accounts receivable are presented at net realizable value with no bad debt allowance.

NOTE 4 - INVESTMENTS

Investments
Investments are reported at fair value. Investments consist of the following as of December 31, 2011:

Foundation for the Carolinas:		
Fixed income	$ 285,739	
Large cap equity	494,228	
Small cap equity	166,127	
International equity	332,254	
Hedge funds	299,860	
Other investments	102,920	$ 1,681,128
State of Israel bonds		25,000
TOTAL		$ 1,706,128

Endowment investments
Endowment investment are managed by Foundation for the Carolinas, who has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions while growing the funds. Actual returns in any given year will vary.

NOTE 5 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

NOTE 5 - FAIR VALUE MEASUREMENTS, continued

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Foundation for the Carolinas funds are classified as Level 3 assets and are valued based on the value of the underlying assets, which are generally publicly-traded. The State of Israel bonds are classified as Level 3 assets and are valued at face value. The following table sets forth a summary of changes in the fair value of JFGC's level 3 assets for the year ended December 31, 2011.

Balance, beginning of year	$	1,763,533
Net increase (decrease) in value		(88,626)
Purchases of investments		50,894
Sales of investments		(19,673)
BALANCE, END OF YEAR	$	1,706,128

Investment income
Investment income for the year 2011 is comprised of the following:

Interest and dividend income	$	54,202
Capital gains, realized and unrealized		(88,626)
Less – investment fees		(19,223)
TOTAL	$	(53,647)

NOTE 6 - NET ASSETS

Designated
Unrestricted, board designated net assets as of December 31, 2011, have been reserved to be used for the following purposes:

Perpetual fund	$	1,044,298
Community contingency fund		446,894
Board discretionary fund		99,903
Judaic Resource Center endowment		36,113
Israel at 60 fund		4,712
Florence Jaffa (spendable portion)		(9,582)
TOTAL	$	1,622,338

NOTE 6 - NET ASSETS, continued

Temporarily restricted
Temporarily restricted net assets as of December 31, 2011, were restricted to be used for the following purposes:

Time restrictions – Campaign funds		$ 1,393,287
Unutilized funds:		
Community Shiliach	$ 36,614	
Community planning	18,398	
Visual arts	12,109	
All other, no fund greater than $10,000	42,775	109,896
TOTAL		$ 1,503,183

Permanently restricted
Permanently restricted net assets must be held by JFGC in perpetuity. As of December 31, 2011, permanently restricted net assets consist of the following.

Florence Jaffa	$ 106,896
Bernstein	10,025
Linda Seigel Lion of Judah	19,857
Library campaign	26,402
TOTAL	$ 163,180

NOTE 7 - LEASES

Operating lease - offices
JFGC leases its facilities from the Foundation of Shalom Park, Inc., an affiliated organization, under an agreement which expires in 2046, but may be terminated effective December 31, 2036. Rent payments made during the current year and payable during year 2012 are as follows:

	2011	2012
JFGC	$ 7,477	$ 7,979
Judaic Resource Center	13,255	14,145
Charlotte Jewish News	466	496
TOTAL	$ 21,198	$ 22,620

NOTE 7 - LEASES

Operating lease - equipment
JFGC leases a copier under an operating agreement which may not be cancelled. Lease payments made during 2011 were $6,657. Future minimum payments due under these operating leases are as follows:

2012	$	5,233
2013		2,517
2014		1,478
TOTAL	$	9,228

NOTE 8 - FUNCTIONAL EXPENSES

Expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent and various allocation methods appropriate to the type of expense. Expenses by function for the year 2011 were as follows:

Program services	$	2,662,432
Management and general		262,912
Fundraising		461,077
TOTAL	***$***	***3,386,421***

NOTE 9 - RETIREMENT PLAN

JFGC maintains a retirement plan, as described in Internal Revenue Code Section 401(k), for the benefit of its employees. Employees can make pretax contributions to the plan up to limits established by the Internal Revenue Service. JFGC can make matching or discretionary non-elective contributions on behalf of its employees. For the fiscal year ended December 31, 2011, JFGC made matching contributions that did not exceed four percent of pay and totaled $10,676 for the year.

NOTE 10 – CONCENTRATIONS OF RISK

Cash
JFGC regularly maintains cash balances at financial institutions in excess of FDIC and SIPC insured limits. At December 31, 2011, the uninsured balance of cash was $1,064,050. However, management believes that the risk related to the accounts is minimal because of the strong credit rating of the financial institutions.

Investments
Investments are insured by the Securities Investor Protection Corporation up to $500,000. JFGC invests in a variety of investments, which are subject to fluctuations in market values and expose JFGC to a certain degree of investment risk.

NOTE 10 – CONCENTRATIONS OF RISK, continued

Support
During 2011, 52 percent of JFGC's contributions were provided by four families. This represents a significant concentration of risk that operations could be affected if one or more if these donors discontinued or reduced their support.

Geographic area
JFGC operates in a small geographic area and is therefore sensitive to changes in the local economy.

NOTE 11 - ALLOCATIONS TO AFFILIATED ORGANIZATIONS

JFGC allocated $2,148,265 to other not-for-profit entities that operate in the Jewish community during the year 2011, as follows:

United Jewish Federations	$	858,467
Jewish Community Center of Charlotte, Inc.		395,000
Foundation of Shalom Park rent subsidies		284,936
Jewish Family Services		245,000
Jewish Day School		150,000
Hillel		25,000
Charlotte Jewish Preschool		30,000
Preschool on Sardis		20,000
Hebrew Cemetery		12,000
BBYO		12,000
Other allocations, not exceeding $12,000		115,862
TOTAL	$	2,148,265

NOTE 12 - SUBSEQUENT EVENTS

JFGC has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements are available to be issued. During this period, no material recognizable subsequent events were identified.