



CANNON & COMPANY

The Jewish Foundation of Memphis and Affiliate
Combined Financial Statements
Years Ended
December 31, 2009 and 2008

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CANNON & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
The Jewish Foundation of Memphis and Affiliate
Memphis, Tennessee

Independent Auditor's Report

We have audited the accompanying combined statements of financial position of *The Jewish Foundation of Memphis and Affiliate* as of December 31, 2009 and 2008 and the related combined statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on the 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 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 audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Jewish Foundation of Memphis and Affiliate as of December 31, 2009 and 2008, 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.

Certified Public Accountants

Memphis, Tennessee
August 26, 2010

**THE JEWISH FOUNDATION OF MEMPHIS AND AFFILIATE
COMBINED STATEMENTS OF FINANCIAL POSITION****DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 242,164	\$ 348,294
Contributions Receivable	2,996	2,996
Investments	14,346,375	11,644,254
Investments - Temporarily Restricted	2,479,525	827,063
Charitable Remainder Trust - Temporarily Restricted	419,574	380,330
Furniture and Equipment, Net of Accumulated Depreciation of \$70,988 and \$66,369, Respectively	76,935	81,554
Cash Surrender Life Insurance	<u>718,805</u>	<u>611,690</u>
Total Assets	<u>\$ 18,286,374</u>	<u>\$ 13,896,181</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 769	\$ 10,619
Assets Held for Others	5,941,690	4,713,342
Annuity Liability	84,221	93,310
Liability Under Trust Agreement - Temporarily Restricted	<u>228,340</u>	<u>213,375</u>
Total Liabilities	6,255,020	5,030,646
NET ASSETS		
Unrestricted:		
Donor Advised	9,360,595	7,871,517
Temporarily Restricted Net Assets	<u>2,670,759</u>	<u>994,018</u>
Total Net Assets	<u>12,031,354</u>	<u>8,865,535</u>
Total Liabilities and Net Assets	<u>\$ 18,286,374</u>	<u>\$ 13,896,181</u>

The accompanying notes form an integral part of these combined financial statements.

THE JEWISH FOUNDATION OF MEMPHIS AND AFFILIATE
COMBINED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009		2008		
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT					
Public Support	\$ 2,099,447	\$ 1,686,035	\$ 3,785,482	\$ 2,243,709	\$ 2,269,973
Donated Facilities	16,561		16,561	14,035	14,035
Donated Services	5,109		5,109		
Interest Dividends	189,189	30,640	219,829	415,795	465,712
Realized Capital Gains (Losses)	(752,568)	(80,420)	(832,988)	(1,125,536)	(1,235,819)
Unrealized Capital Gains (Losses)	2,334,963	292,413	2,627,376	(2,678,929)	(3,061,228)
Change in Trust	13,783		13,783	(19,916)	(19,916)
Fees and Cash Value of Life Insurance	206,228		206,228	184,893	184,893
Other Income	9,089		9,089	8,803	8,803
Total Unrestricted Revenues and Gains	<u>4,121,801</u>	<u>1,928,668</u>	<u>6,050,469</u>	<u>(416,401)</u>	<u>(1,373,547)</u>
Net Assets Released From Restriction	251,927	(251,927)	88,381	(88,381)	
Total Unrestricted Revenues, Gains, and Other Support	<u>4,373,728</u>	<u>1,676,741</u>	<u>6,050,469</u>	<u>(504,782)</u>	<u>(1,373,547)</u>
EXPENSES					
Program Expenses	2,584,751		2,584,751	2,380,976	2,380,976
Management and General	189,363		189,363	195,642	195,642
Fundraising Expenses	110,536		110,536	130,770	130,770
Total Expenses	<u>2,884,650</u>		<u>2,884,650</u>	<u>2,707,388</u>	<u>2,707,388</u>
CHANGE IN NET ASSETS	<u>1,489,078</u>	<u>1,676,741</u>	<u>3,165,819</u>	<u>(504,782)</u>	<u>(4,080,935)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>7,871,517</u>	<u>994,018</u>	<u>8,865,535</u>	<u>11,447,670</u>	<u>12,946,470</u>
NET ASSETS AT END OF YEAR	<u>\$ 9,360,595</u>	<u>\$ 2,670,759</u>	<u>\$ 12,031,354</u>	<u>\$ 7,871,517</u>	<u>\$ 8,865,535</u>

The accompanying notes form an integral part of these combined financial statements.

THE JEWISH FOUNDATION OF MEMPHIS AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009

	Program	Support Services		Total Functional Expenses
		Management and General	Fund Raising	
OPERATING EXPENSES				
Salaries	\$ 37,851	\$ 78,064	\$ 80,583	\$ 196,498
Employee Benefits and Payroll Taxes	5,733	11,824	12,206	29,763
Professional and Consulting Fees		21,759		21,759
Printing and Publications			3,704	3,704
Telephone		1,189	3,568	4,757
Conferences and Travel		1,490	1,744	3,234
B'nai Tzedek	6,177			6,177
Programming and Outreach	730			730
Occupancy	274	4,512	1,543	6,329
Donated Facilities	716	11,808	4,037	16,561
Postage & Shipping		1,328	1,328	2,656
Supplies		3,032		3,032
Entertainment			613	613
Computer		5,498		5,498
Dues and Subscriptions		147	497	644
Insurance			425	425
Miscellaneous			288	288
Total Operating Expenses	51,481	140,651	110,536	302,668
NON OPERATING EXPENSES				
Grants to Selected or Designated Organizations	2,501,802			2,501,802
Investment Management Fees		32,120		32,120
Disbursements to Trust Beneficiaries	31,468			31,468
Annuity Payments		11,973		11,973
Depreciation		4,619		4,619
Total Non Operating Expenses	2,533,270	48,712	-	2,581,982
Total Functional Expenses	\$ 2,584,751	\$ 189,363	\$ 110,536	\$ 2,884,650

The accompanying notes form an integral part of these combined financial statements.

THE JEWISH FOUNDATION OF MEMPHIS AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008

	Program	Support Services		Total Functional Expenses
		Management and General	Fund Raising	
OPERATING EXPENSES				
Salaries	\$ 48,625	\$ 82,225	\$ 81,019	\$ 211,869
Employee Benefits and Payroll Taxes	7,095	11,998	11,822	30,915
Professional and Consulting Fees		19,575		19,575
Printing and Publications			17,428	17,428
Telephone		1,319	3,958	5,277
Conferences and Travel		981	1,522	2,503
B'nai Tzedek	11,943			11,943
Programming and Outreach	1,841			1,841
Occupancy	1,196	3,166	1,603	5,965
Donated Facilities	2,814	7,450	3,771	14,035
Postage & Shipping		2,101	2,101	4,202
Supplies		5,846		5,846
Entertainment			1,064	1,064
Computer		6,241		6,241
Dues and Subscriptions		886	1,209	2,095
Insurance			4,161	4,161
Miscellaneous			1,112	1,112
Total Operating Expenses	73,514	141,788	130,770	346,072
NON OPERATING EXPENSES				
Grants to Selected or Designated Organizations	2,278,937			2,278,937
Investment Management Fees		37,265		37,265
Disbursements to Trust Beneficiaries	28,525			28,525
Annuity Payments		11,973		11,973
Depreciation		4,616		4,616
Total Non Operating Expenses	2,307,462	53,854	-	2,361,316
Total Functional Expenses	\$ 2,380,976	\$ 195,642	\$ 130,770	\$ 2,707,388

The accompanying notes form an integral part of these combined financial statements.

THE JEWISH FOUNDATION OF MEMPHIS AND AFFILIATE
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008

CASH FLOWS FROM OPERATING ACTIVITIES	2009	2008
Change in Net Assets	\$ 3,165,819	\$ (4,080,935)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Depreciation Expense	4,619	4,616
Donated Marketable Securities	(154,978)	30,110
(Gain)/Loss on Sale of Investments	1,371,175	1,578,429
Net Unrealized (Gain)/Loss on Investments	(4,078,999)	4,554,956
(Increase) Decrease in Other Assets	(77,008)	99,668
Increase (Decrease) in Accounts Payable and Accrued Expenses	(9,850)	1,256
Increase (Decrease) in Assets Held for Others	1,228,348	(2,890,681)
Increase (Decrease) in Annuity Liability	(9,089)	(8,803)
Increase (Decrease) in Liability Under Trust Agreement	14,965	(90,153)
Net Cash Used in Operating Activities	<u>1,455,002</u>	<u>(801,537)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds From Sale of Investments	6,226,573	10,032,943
Purchase of Fixed Assets	-	(2,710)
Purchase of Investments	(7,787,705)	(9,118,531)
Net Cash Provided by (Used in) Investing Activities	<u>(1,561,132)</u>	<u>911,702</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(106,130)	110,165
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>348,294</u>	<u>238,129</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 242,164</u>	<u>\$ 348,294</u>

The accompanying notes form an integral part of these combined financial statements.



THE JEWISH FOUNDATION OF MEMPHIS AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying combined financial statements include the accounts of the Jewish Foundation of Memphis and JFM Realty, Inc. both of which are under common control. Significant interorganization transactions and balances have been eliminated.

The Jewish Foundation of Memphis (the "Foundation") was established in late 1995 to provide the resources necessary to meet the future challenges and needs of agencies, synagogues and schools in the Memphis Jewish community. JFM Realty, Inc. was established in January 2000 to solicit contributions of real estate for the benefit of the Jewish community.

Donors may contribute to the following types of funds: Unrestricted Funds – Philanthropic (Donor Advised) Funds – unrestricted funds for which the donor or a designee has reserved the right to make non-binding distribution recommendations to the Board; Agency Funds – those restricted for the sole use of the named beneficiary; Designated Funds – those established to provide support to a specific agency, synagogue, school or program specified by the donor; those from which distributions are directed by a specified committee for future community support.

The combined financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with the provision of FASB ASC 958-205 (formerly SFAS 117), *Financial Statements of Not-for-Profit Organizations*.

The preparation of the 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the estimated liability for the Charitable Remainder Unitrust and the Charitable Gift Annuity.

Unconditional promises to give are recorded as revenues at the time an unconditional promise is received from a donor. Allowance for doubtful accounts are based on management past experience. No allowance was needed for 2009 and 2008.

Contributions are recorded at estimated fair value at the date of donation. With respect to publicly traded equity securities, fair values are deemed to be the average of high and low quoted trading prices on the date of the gift. It is the Foundation's policy to show restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Investments are carried at fair value as stated by the quoted market price at year end. Securities are held in custodial investment accounts administered by certain major financial institutions. The investment administrators are responsible for custody and investment management and disburse funds on instructions from the Board. Interest and dividend income are recorded on the accrual basis. Realized gains and losses on the sales of securities are calculated on the basis of specific identification of the securities sold.

Investments include various types of debt and equity securities among a mixture of companies in diverse markets. Investments are exposed to several risks, such as interest rate, market and credit risks. Due to the risks associated within certain investments, it is at least reasonably possible that changes to the value of the investments will occur in the near term and that such changes could materially affect the amounts reported in the Foundations financial statements.

Unconditional promises to give that are expected to be collected in future years, such as charitable remainder trusts, are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributions and grants are approved by the Foundation's Board of Directors (the "Board") and for accounting purposes, such distributions are recognized as expenses in the period an unconditional promise to give is made.



CANNON & COMPANY **THE JEWISH FOUNDATION OF MEMPHIS AND AFFILIATE**
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Donated facilities and professional services are recorded as contributions in the accompanying statements at their estimated values at the date of receipt.

The Internal Revenue Service has classified the Foundation as exempt from federal income taxes under Section 501(c)(3) of the United States Revenue Code.

For purposes of the statements of cash flows, the Foundation considers cash on hand and in savings and checking accounts, certificates of deposit and treasury bills with maturities of 90 days or less to be cash equivalents. The cash and cash equivalents balance excludes cash held in the long-term investment portfolio.

Furniture and equipment purchased are stated at cost, and property and equipment donated are recorded at management's estimated fair value at date of gift. Depreciation is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Computer Equipment	5
Software	3
Furniture	7
Leasehold Improvements	39

The Foundation did not have any components of comprehensive income. Thus, net income and comprehensive income are the same.

Certain items in the 2008 report have been reclassified to conform to the current year classification. Such reclassifications had no effect on previously reported net income.

The Foundation receives gifts of beneficial interest in a trust that is held by others. Under the terms of the trust the Foundation has the irrevocable right to receive a changing percentage of the income earned on the trust assets until 2 years past the death of the named beneficiaries. At the end of the two years the Foundation will receive a designated percentage of the trust assets. At the time of receipt a gift is recorded based on the fair value of the assets contributed to the trust (or the portion thereof that benefits the Foundation). Annual distributions from the trust are reported as unrestricted income based upon donor designations. The beneficial interest is reported at fair value, with the change in fair value reported as an increase or decrease in temporality restricted net assets. The beneficial interest is included in cash surrender life insurance on the statement of financial position.

Effective January 1, 2008, the Organization adopted FASB ASC 820-10 (formerly SFAS 157), *Fair Value Measurements*. This standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It describes three levels of input that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as certain U.S. Treasury, other U.S. Government and agency mortgage-backed debt securities that are highly liquid and are actively traded in over-the-counter markets.

Level 2—Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 inputs include the following: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active so that they are traded less frequently than exchange-traded instruments, the prices are not current or principal market information is not released publicly; (c) inputs other than quoted prices that are observable such as interest rates and yield curves, prepayment speeds, credit risks and default rates and (d) inputs derived principally from other corroborated by observable market data by correlation or other means. This category generally includes certain U.S. Government and agency mortgage-backed securities and highly structured or long-term derivative contracts.



CANNON & COMPANY **THE JEWISH FOUNDATION OF MEMPHIS AND AFFILIATE**
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Level 3—Unobservable inputs that are supported by little or no market activity that are significant to the fair value of the assets or liabilities. These unobservable inputs reflect the reporting entity's own assumptions about assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private equity investments, retained residual interest in securitizations, asset-backed securities and highly structured or long term derivative contracts.

During the year ended 2009, the Organization had no investments subject to FASB ASC 820-10 (SFAS 157) and had no investments in derivatives. Management has not elected the fair value option for certain financial assets and financial liabilities under FASB ASC 825-10 (formerly SFAS 159) since those assets were not affected by changes in management's risk management and investment strategy.

Subsequent events have been evaluated through August 26, 2010, which is the date the financial statements were available to be issued.

Effective January 1, 2009, The Jewish Foundation of Memphis and Affiliate adopted FASB ASC 855-10 (formerly SFAS 165), *Subsequent Events*, which establishes the accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, this standard sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The adoption did not have an impact on the financial position, results of operations or cash flows, other than the disclosures required.

Effective January 1, 2009, The Jewish Foundation of Memphis and Affiliate adopted FASB ASC 105-10 (formerly SFAS 168), *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*, which establishes the FASB Accounting Standards Codification (the "Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. The Codification will supersede all accounting standards in U.S. GAAP, aside from those issued by the SEC. The adoption did not have an impact on the financial position, results of operations or cash flows, other than the update of disclosures required.

NOTE 2 - CHARITABLE REMAINDER UNITRUST

During 1999, an individual established a charitable remainder unitrust for which the Foundation was named the trustee. A specified percent of the net fair market value of the assets of trust shall be paid to the designated beneficiaries in equal installments during their lives.

Upon death of the surviving recipient, the trust will terminate and the trustee will receive all the principal and income of the trust. The grantor has reserved the right to designate a beneficiary for no more than 50 percent of trust assets or to add an additional remainderman.

The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded in the statement of activities as a temporarily restricted contribution in the period the trust is established. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate of 3.2% and 3.8% for the years ended December 31, 2009 and 2008, respectively, and applicable mortality tables.

The Foundation is also named as beneficiary under certain trusts administered by others. The assets of those trusts are not included in the statement of financial position since the trusts are revocable or the beneficiary may be changed at the decision of the respective grantors.



CANNON & COMPANY **THE JEWISH FOUNDATION OF MEMPHIS AND AFFILIATE**
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 3 - CHARITABLE GIFT ANNUITY

In 2003, the Foundation entered into an annuity trust agreement whereby the Foundation agreed to provide a specified rate of return to the annuitants over their lives. Any remaining assets became the property of the Foundation.

The obligation was recorded at the present value of the expected future distributions. The difference between the fair value of the assets received and the liability to the donor was recognized as contribution revenue. On an annual basis the Foundation revalues the liability based on applicable mortality tables and discount rates.

NOTE 4 - INVESTMENTS

	<u>2009</u>	<u>2008</u>
Cash Held in Long-Term Investment Portfolio		
Cash	\$ 1,504,622	\$ 24,774
Government	778,632	714,168
Equities		
Common Stocks	337,677	362,710
Mutual Funds	10,228,480	8,141,894
Fixed Income		
Bonds	3,976,489	3,227,771
Total	<u>\$ 16,825,900</u>	<u>\$ 12,471,317</u>

The above balances include \$2,479,525 and \$827,063 of investments that are temporarily restricted for the years ended December 31, 2009 and 2008, respectively.

NOTE 5 - FURNITURE AND EQUIPMENT

Major classes of furniture and equipment consist of the following:

	<u>2009</u>	<u>2008</u>
Computer Equipment	\$ 18,478	\$ 18,478
Software	43,009	43,009
Leasehold Improvements	77,532	77,532
Furniture and Fixtures	8,904	8,904
	<u>147,923</u>	<u>147,923</u>
Less Accumulated Depreciation	<u>(70,988)</u>	<u>(66,369)</u>
Furniture and Equipment, Net	<u>\$ 76,935</u>	<u>\$ 81,554</u>

NOTE 6 - ASSETS HELD FOR OTHERS

Included in investments are assets that have been transferred by outside organizations to the Foundation to include in its investment portfolio. These funds can be used by those organizations upon demand and are thereby presented as a liability to those entities.

	<u>2009</u>	<u>2008</u>
Margolin Hebrew Academy	\$ 2,992,132	\$ 2,349,160
Temple Israel	604,277	543,132
Baron Hirsch Congregation	825,038	594,809
Jewish Family Service, Inc.	752,321	625,269
Bomblum Solomon Schechter School	230,449	155,021
Plough Towers	203,022	166,381
Beth Sholom	334,451	279,570
	<u>\$ 5,941,690</u>	<u>\$ 4,713,342</u>



CANNON & COMPANY **THE JEWISH FOUNDATION OF MEMPHIS AND AFFILIATE**
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 7 - RETIREMENT PLAN

The Foundation has a contributory money purchase retirement plan which is a qualified plan under the Internal Revenue Code. The Foundation's policy is to fund retirement costs accrued. All employees over the age of 18 are eligible to participate in the plan. The amount of the Foundation's annual contribution is equal to a percentage of the participant's yearly compensation. The Foundation's costs with respect to the plan were \$15,348 and \$16,105 for the years ended December 31, 2009 and 2008, respectively.

NOTE 8 - CONCENTRATIONS

The Foundation maintains several bank accounts. The Federal Deposit Insurance Corporation (FDIC) insures accounts at such institutions up to \$250,000 for the years ended December 31, 2009 and 2008, respectively. Cash exceeded federally insured limits by \$75,095 and \$0 for the years ended December 31, 2009 and 2008, respectively.

The Foundation receives its funding from the Jewish community in and around Memphis, Tennessee. This geographical concentration could significantly impact the operations of the Foundation should the economy or financial viability of the donors experience economic problems.

NOTE 9 - PURCHASE OF AN ANNUITY

The Foundation purchased a commercial annuity in early 2004 that specified payments consistent with the agreed upon amounts required in Note 3 – Charitable Gift Annuity. The contract does not allow for a cash surrender value nor does it allow for payments to a beneficiary. The contract is insured for \$100,000 per annuitant. Based on the life expectancy of the annuitants, this amount is sufficient to cover the expected distributions. However, in no way has this contract removed the liability from the Foundation.

NOTE 10 - DONATED FACILITIES

The estimated value of the donated facilities, based on the fair market value of similar property is approximately \$16,561 and \$14,035 for the years ended December 31, 2009 and 2008, respectively.

NOTE 11 – LINE OF CREDIT

In August of 2007, the Foundation entered into a \$100,000 line of credit with a bank bearing interest at 1.000 percentage point below prime. The line of credit matures August 1, 2010. The prime rate at December 31, 2009 and 2008 was 2.25% and 4%, respectively. The outstanding balance on the line of credit was \$0 for the years ended December 31, 2009 and 2008. Interest expense on the line was \$0 for the years ended December 31, 2009 and 2008.