

Financial Statements Together with
Report of Independent Certified Public Accountants

FJC

March 31, 2010

FJC

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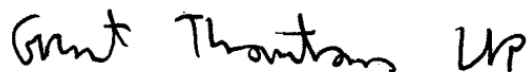
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
FJC

We have audited the accompanying statement of financial position of FJC as of March 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of FJC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. 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 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 FJC'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 financial statements, 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 FJC as of March 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



New York, New York
December 20, 2010

FJC
Statement of Financial Position
As of March 31, 2010

ASSETS

Cash and cash equivalents	\$	93,848
Investments		148,630,772
Loans receivable		54,697,827
Accrued interest receivable		134,445
Other assets		38,299
Fixed assets, net		<u>65,857</u>
Total assets	\$	<u>203,661,048</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accrued expenses	\$	55,000
Assets held for others		<u>25,696,278</u>
Total liabilities		<u>25,751,278</u>

Commitments

NET ASSETS

Unrestricted		
Donor-advised funds		164,847,063
General funds		<u>13,062,707</u>
Total net assets		<u>177,909,770</u>
Total liabilities and net assets	\$	<u>203,661,048</u>

The accompanying notes are an integral part of this financial statement.

FJC
Statement of Activities
For the year ended March 31, 2010

OPERATING SUPPORT, REVENUE AND GAINS	
Contributions of donor-advised funds	\$ 23,645,418
Management fees	211,418
Investment return	
Interest and dividends	4,621,474
Realized and unrealized gains, net	<u>21,047,648</u>
Total operating support, revenue and gains	<u>49,525,958</u>
OPERATING EXPENSES	
Program services	
Grants made to philanthropic organizations	24,615,564
Grant-making expenses	<u>633,243</u>
Total program services	25,248,807
Supporting services	
Management and general	<u>561,609</u>
Total operating expenses	<u>25,810,416</u>
Change in net assets	23,715,542
Net assets, beginning of year	<u>154,194,228</u>
Net assets, end of year	<u>\$ 177,909,770</u>

The accompanying notes are an integral part of this financial statement.

FJC
Statement of Cash Flows
For the year ended March 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 23,715,542
Adjustment to reconcile change in net assets to net cash used in operating activities	
Depreciation and amortization	18,817
Realized and unrealized gains and losses, net	(21,047,648)
Donated securities	(4,604,032)
Changes in assets and liabilities	
Accrued interest receivable	(24,373)
Other assets	(25,427)
Advances on loans receivable	(18,185,916)
Repayments on loans receivable	19,544,767
Accrued expenses	3,000
Net reduction to assets held for others	<u>(4,846,724)</u>
Net cash used in operating activities	<u>(5,451,994)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	86,865,297
Purchases of investments	<u>(81,451,489)</u>
Net cash provided by investing activities	<u>5,413,808</u>
Net decrease in cash and cash equivalents	(38,186)
Cash and cash equivalents, beginning of year	<u>132,034</u>
Cash and cash equivalents, end of year	<u>\$ 93,848</u>

The accompanying notes are an integral part of this financial statement.

1. ORGANIZATION

FJC, a not-for-profit organization, was incorporated in 1995 for the primary purpose of assisting families and individuals by providing total management of their charitable giving, helping them take full advantage of available tax benefits and helping them serve the charitable needs of the community.

Funds may be contributed to FJC to establish donor-advised funds. Donor-advised funds are invested in various ways based on donor recommendations. A donor may recommend that grants be made to charitable organizations from funds contributed, although FJC is not obligated to make such grants.

FJC has ultimate authority over the selection of charities to receive funds as well as the timing and amounts of the distributions. FJC distributes funds contributed and income earned on these funds to charitable organizations described in Sections 501(c)(3) and 509(a)(1), (2) or (3) of the Internal Revenue Code (the "IRC"). Funds may be distributed to an organization other than as described in these Sections if such organization's mission is in keeping with the charitable purposes of FJC and the organization agrees to: use the grant only in the furtherance of its stated and approved purposes, return any funds not used in this manner and provide an accounting of the use of the funds no later than one year from the date of the grant.

General funds represent unrestricted net assets that are available for charitable use or supporting services of FJC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP") using the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less when purchased, except for those cash equivalents which are included in FJC's investment portfolio which are held for long-term investment purposes.

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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 reported period. Actual results could differ from those estimates.

Revenue Recognition

Contributions are recorded as revenue when received unconditionally at fair value. Contributions received with no explicit donor restrictions are considered to be available for unrestricted use.

Grant-Making Expenses

Certain administrative costs that relate to making grants to philanthropic organizations have been allocated to grant-making expenses.

FJC
Notes to Financial Statements
For the year ended March 31, 2010

Advertising

Advertising costs are expensed as incurred. In fiscal 2010, total marketing and advertising costs amounted to approximately \$3,000.

Investments

The Financial Accounting Standards Board (“FASB”) Topic 820, under the FASB Accounting Standards Codification (“ASC”) defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. In fair valuing its investments, FJC uses 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy used by FJC are described below:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market. (Most reliable and objective valuation.)

Level 2 - Financial assets and liabilities whose values are based on the following:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets or liabilities in non-active markets;
- c. Pricing models whose inputs are observable for substantially the full term of the asset or liability;
- d. Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability; and Pro rata interest in a private or affiliated investment fund.
- e. Also included in Level 2 are investments measured using a net asset value (“NAV”) per share, or its equivalent, that may be redeemed at that NAV at the date of the statement of financial position or in the near term, which is generally considered to be within 90 days.

Level 3 - 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. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset or liability. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at the NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

Investments are classified within the level of the lowest significant input considered in determining fair value. In evaluating the level at which FJC’s investments have been classified, FJC has assessed factors including, but not limited to, price transparency, subscription activity, redemption activity and the existence or absence of certain restrictions such as a gate or lockup period.

FJC
Notes to Financial Statements
For the year ended March 31, 2010

In fiscal 2010, FJC adopted new FASB guidance related to fair value measurements and disclosure of investments in certain entities that do not have a quoted market price but that calculate the NAV per share or its equivalent. As a practical expedient, the guidance permits, but does not require, an entity to measure fair value of an investment in an investee within the scope of the amendments based on the investee's NAV per share or its equivalent. As a result of applying the practical expedient, the fair value of FJC's investments in funds of funds and limited partnership was determined based on the reported NAV beginning with the March 31, 2010 valuation. The adoption of this guidance did not have a material impact on the fair values of applicable investments; however, the use of the practical expedient required additional disclosures. See Note 3 for additional details.

Loans Receivable

The carrying values of FJC's variable rate loans receivable approximate fair value. Loans receivable carrying values approximate the present value of future cash flows, with consideration of expectations about possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants. Other inputs considered by FJC in estimating the fair values of loans receivable include FJC's security interests in collateral supporting the loans, borrowers' financial position, historical collections experience for principal and interest and borrowers' credit risk.

If necessary, management will provide an allowance for doubtful accounts based on consideration of the known financial condition of the responsible party, historical collection patterns and comparative aging. Such allowances are maintained at a level management considers adequate to provide for subsequent adjustments and potential uncollectible accounts. These estimates are reviewed periodically and if the financial condition of the responsible party changes significantly, FJC will evaluate the recoverability of any loans receivable due from that organization and write-off any amounts that are no longer considered to be recoverable. As of March 31, 2010, no allowance for doubtful accounts was determined to be necessary.

Fixed Assets

Furniture and fixtures, equipment and leasehold improvements are stated at cost less accumulated depreciation and amortization. FJC provides for depreciation of furniture, fixtures and equipment on a straight-line basis over the estimated useful lives of the assets ranging from five to ten years. Repairs and maintenance that do not improve or extend the life of the respective asset are charged to expense as incurred.

Amortization of leasehold improvements is provided on a straight-line basis over the lesser of the term of the lease or estimated useful lives of the improvements.

Assets Held for Others

Assets held for others are funds received from not-for-profit organizations, which have deposited funds with FJC primarily for the purpose of investing in FJC's agency loan fund, which is available to provide secured interest-bearing loans to charitable organizations. These funds can be withdrawn by the participants in accordance with FJC's policies. FJC does not have variance power over the use of these assets.

FJC
Notes to Financial Statements
For the year ended March 31, 2010

Concentration of Credit Risk

Market risk represents the potential loss FJC faces due to the decrease in value of investments. Financial instruments which potentially subject FJC to concentrations of credit risk consist of cash and cash equivalents. FJC maintains its cash and cash equivalents in various accounts which, at times, may exceed federally insured limits. FJC believes the credit risk related to these deposits is minimal. FJC also holds interests in uninsured money market funds that are held in accounts at brokerage firms and are reported with investments in the accompanying statement of financial position. The accounts at the brokerage firms are covered by SIPC insurance up to \$500,000.

Tax-Exempt Status

The Internal Revenue Service has ruled that FJC is a Section 501(c)(3) organization, exempt from federal income tax under Section 501(a) of the IRC. In addition, FJC is organized under the not-for-profit laws of New York State and, as such, is exempt from taxes for New York State and City income tax purposes.

Income Taxes

The FASB establish criterion that a tax position has to meet for some or all the benefits of that position to be recognized in an entity's financial statements. On initial application, this criterion will be applied to all tax positions for which the statute of limitations remains open. Only tax positions that meet the "more-likely-than-not" recognition threshold at the adoption date will be recognized or continue to be recognized. FJC adopted this standard effective April 1, 2009, and concluded that it had no material impact on its financial statements for the year ended March 31, 2010. The tax years ending 2007, 2008 and 2009 are still open to audit for both federal and state purposes. FJC has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it has nexus; and to review other matters that may be considered tax positions.

New Accounting Pronouncement

In January 2010, the FASB issued Accounting Standards Update ("ASU") 2010-06, Improving Disclosures about Fair Value Measurements. The guidance requires entities to disclose transfers of assets in and out of Levels 1 and 2 of the fair value hierarchy, and the reasons for such transfers. These disclosures will be effective for FJC in fiscal 2011. In addition, the guidance requires a separate presentation of purchases and sales in the Level 3 asset reconciliation. The adoption of this guidance in subsequent years is not expected to have a material effect on FJC's financial statements.

FJC
Notes to Financial Statements
For the year ended March 31, 2010

3. INVESTMENTS

The following is a summary of investments at March 31, 2010, at fair value:

U.S. equities	\$	35,408,026
International equities		736,138
U.S. government securities		6,463,478
Mutual funds		
Domestic equities		10,498,124
International equities		2,392,735
Fixed income		3,284,691
Alternative investments		
Funds of funds		13,586,893
Limited partnership		2,446,230
Real estate		1,917,238
Bonds		9,210,285
Commodities		65,414
Money market funds		<u>62,621,520</u>
	\$	<u>148,630,772</u>

Investment expenses for the year ended March 31, 2010 amounted to approximately \$352,000 and are reported within realized and unrealized gains, net, in the accompanying statement of activities.

FJC invests in certain alternative investments, including investments through “funds of funds,” as well as a privately held equity investment. Through these investments, FJC is indirectly involved in investment activities such as securities lending, short sales of securities, options, warrants, trading in futures and forwards contracts, swap contracts and other derivative products. Derivatives are tools used to maintain asset mix or adjust portfolio risk exposure. While these financial instruments may contain varying degrees of risk, FJC’s risk with respect to such transactions is limited to its capital balance in each investment.

FJC
Notes to Financial Statements
For the year ended March 31, 2010

The following table presents FJC's fair value hierarchy for those investments measured at fair value on a recurring basis at March 31, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. equities	\$ 35,408,026	\$ -	\$ -	\$ 35,408,026
International equities	736,138	-	-	736,138
U.S. government securities	6,463,478	-	-	6,463,478
Mutual funds				
Domestic equities	10,498,124	-	-	10,498,124
International equities	2,392,735	-	-	2,392,735
Fixed income	3,284,691	-	-	3,284,691
Alternative investments				
Funds of funds	-	13,586,893	-	13,586,893
Limited partnership	-	100,784	2,345,446	2,446,230
Real estate	-	-	1,917,238	1,917,238
Bonds	9,210,285	-	-	9,210,285
Commodities	65,414	-	-	65,414
Money market funds	<u>62,621,520</u>	<u>-</u>	<u>-</u>	<u>62,621,520</u>
	<u>\$ 130,680,411</u>	<u>\$ 13,687,677</u>	<u>\$ 4,262,684</u>	<u>\$ 148,630,772</u>

A reconciliation of Level 3 investments for the year ended March 31, 2010 follows:

	Beginning Balance at March 31, 2009	Net Income (Realized and Unrealized Gains/Losses)	Net Purchases and Sales (Including Contributions)	Net Transfers In (Out) of Level 3 (a) (b)	Ending Balance at March 31, 2010
Limited partnerships	\$ 3,350,893	\$ (731,229)	\$ (173,434)	\$ (100,784)	\$ 2,345,446
Funds of funds	9,524,694	4,062,199	-	(13,586,893)	-
Real estate	<u>-</u>	<u>101,757</u>	<u>1,815,481</u>	<u>-</u>	<u>1,917,238</u>
	<u>\$ 12,875,587</u>	<u>\$ 3,432,727</u>	<u>\$ 1,642,047</u>	<u>\$ (13,687,677)</u>	<u>\$ 4,262,684</u>

- (a) Transferred from Level 3 to Level 2 as a result of FJC's ability to redeem its investment at NAV or its equivalent at the date of the statement of financial position or in the near term, which FJC has determined to be within 90 days.
(b) FJC's policy is to recognize transfers in and transfers out at the end of the reporting period.

FJC
Notes to Financial Statements
For the year ended March 31, 2010

FJC uses the NAV per share or its equivalent to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists such investments by major category:

Type	Strategy	NAV In funds	# of Funds	Remaining Life	\$ Amount		Redemption Restrictions
					of Unfunded Commitments	Redemption Terms	
Funds of funds	Absolute return, diversified long/short, event-driven	\$13,586,893	5	N/A	N/A	2 funds are quarterly with 90 days notice; 1 fund is quarterly with 75 days notice; 1 fund is dealing date with 30 days notice; and 1 fund is quarterly with 45 days notice	Side pockets exist for 1 of the funds
Limited partnership	Long/short equity and fixed income	\$ 598,660	1	N/A	N/A	1 Year/Class A (\$100,784), redeemable quarterly with 60 days notice; 3 Year Class (\$497,876), redeemable at December 31 with 60 days notice	3 Year Class can be redeemed only after 3 years in fund. Redemptions can only occur once every 3 years.

4. LOANS RECEIVABLE

Loans receivable consists of interest-bearing loans to charitable organizations, at a variable interest rate (6.25% at March 31, 2010), with varying maturities through December 31, 2016. The loans are secured by assets of the charitable organizations. Certain loans receivable are also supported by personal guarantees on behalf of the borrowers.

A private foundation has pledged to FJC a security interest in a money market fund (with a fair value of approximately \$29,270,000 at March 31, 2010), to be used as collateral for the repayment of principal amounts in the event of default of any of the agency loans receivable. This amount is not recorded in the accompanying financial statements. This agreement remains in effect until July 1, 2012 and is renewable by mutual consent. A member of the private foundation's Board of Directors is an officer of FJC.

Approximately 31% of FJC's loans receivable portfolio is supported by underlying real estate collateral. Loans receivable carried at fair value as of March 31, 2010 are classified in the table below:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Loans receivable	\$ -	\$ -	\$ 54,697,827	\$ 54,697,827

FJC
Notes to Financial Statements
For the year ended March 31, 2010

The following table is a rollforward of the statement of financial position amounts for loans receivable classified by FJC in Level 3 of the valuation hierarchy:

Fair value at March 31, 2009	\$ 56,056,678
Advances on loans receivable	18,185,916
Repayments on loans receivable	<u>(19,544,767)</u>
Fair value at March 31, 2010	<u>\$ 54,697,827</u>

5. FIXED ASSETS, NET

As of March 31, 2010, fixed assets, net, consist of the following:

Equipment	\$ 18,474
Furniture and fixtures	60,991
Leasehold improvements	<u>127,173</u>
Total depreciable assets	206,638
Less: accumulated depreciation and amortization	<u>(140,781)</u>
	<u>\$ 65,857</u>

Depreciation and amortization expense charged to operations was approximately \$19,000 for the year ended March 31, 2010.

6. COMMITMENTS

FJC entered into a ten-year lease for new premises during fiscal 2004. The lease calls for annual escalations in minimum rent charged. Future minimum commitments under this agreement are approximately as follows:

Year Ending March 31	
2011	\$ 65,000
2012	67,000
2013	68,000
2014	<u>34,000</u>
	<u>\$ 234,000</u>

Rental expenses incurred were approximately \$76,000 for the year ended March 31, 2010.

FJC
Notes to Financial Statements
For the year ended March 31, 2010

7. KEY MAN LIFE INSURANCE

In July 2005, FJC purchased two term-life insurance policies on the life of FJC's president. The total stated value of these two policies is \$10 million. FJC pays annual premiums of approximately \$17,000 under the policies.

8. SUBSEQUENT EVENTS

In May 2009, the FASB issued new guidance related to subsequent events, establishing general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Entities are required to disclose the date through which subsequent events were evaluated as well as the rationale for why that date was selected. The adoption of this guidance in fiscal 2010 did not impact FJC's 2010 financial position, net assets or cash flows.

FJC evaluated its March 31, 2010 financial statements for subsequent events through December 20, 2010, the date the financial statements were available to be issued. FJC is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.