

Financial Statements

Independent Auditor's Report

BOARD OF DIRECTORS

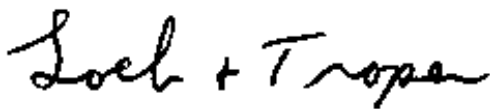
THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.

We have audited the accompanying balance sheet of The American Jewish Joint Distribution Committee, Inc. ("JDC") as of December 31, 2007, and the related statements of operations and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of JDC'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 American Jewish Joint Distribution Committee, Inc.'s December 31, 2006 financial statements and, in our report dated June 29, 2007 we 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 consideration of internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The American Jewish Joint Distribution Committee, Inc.'s internal control over financial reporting. Accordingly, we do not express such an 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.

As discussed in Note 3 to the financial statements, The American Jewish Joint Distribution Committee, Inc. changed its basis of accounting for pensions in accordance with SFAS 158.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The American Jewish Joint Distribution Committee, Inc. as of December 31, 2007, 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.



July 9, 2008

Balance Sheet

DECEMBER 31, 2007 AND 2006

EXHIBIT A

FINANCIAL REPORT

	UNRESTRICTED						TOTAL		
	Operating Fund	Legacy Fund	Board Designated Fund	Plant Fund	Total	Temporarily Restricted	Permanently Restricted	2007	2006
ASSETS									
Cash and cash equivalents (Note 2)	\$ 15,819,830	\$ 47,552,684	—	—	\$ 63,372,514	\$ 2,022	\$ 1,112,189	\$ 64,486,725	\$ 15,683,047
Time deposit in Israel - interest bearing	—	—	—	—	—	7,082,494	4,399,992	11,482,486	10,300,756
Investments (Notes 8 and 14)	8,958,388	135,559,467	\$ 15,365,408	—	159,883,263	159,741,693	18,162,585	337,787,541	358,715,642
Due from United Jewish Communities	150,000	—	—	—	150,000	—	—	150,000	—
Accounts and accrued interest receivable	—	5,213,165	—	—	5,213,165	—	—	5,213,165	897,198
Contributions receivable (Note 13)	—	2,127,373	—	—	2,127,373	20,514,729	—	22,642,102	28,145,902
Advances to communities, other receivables and other assets (net of allowance for uncollectible accounts of \$312,000 in 2007 and 2006)	7,986,048	—	—	—	7,986,048	866,185	—	8,852,233	6,723,174
Advances on account of future year's programs	85,055	—	—	—	85,055	—	—	85,055	154,023
Fixed assets-net (Note 10)	—	—	—	24,292,621	24,292,621	—	—	24,292,621	15,854,090
Total assets	\$ 32,999,321	\$ 190,452,689	\$ 15,365,408	\$ 24,292,621	\$ 263,110,039	\$ 188,207,123	\$ 23,674,766	\$ 474,991,928	\$ 436,473,832
LIABILITIES AND NET ASSETS									
Liabilities									
Accounts payable and accrued expenses	25,767,788	7,270,559	—	—	33,038,347	27,700,330	—	60,738,677	52,323,247
Annuity obligations (Note 14)	—	—	—	—	—	1,340,621	348,376	1,688,997	1,679,386
Loans payable (Note 6)	27,756,625	—	—	1,158,511	28,915,136	—	—	28,915,136	32,087,226
Due to related parties (Note 1)	—	—	—	—	—	3,975,167	—	3,975,167	3,751,224
Total liabilities	53,524,413	7,270,559	—	1,158,511	61,953,483	33,016,118	348,376	95,317,977	89,841,083
Net assets (deficit) (Exhibit B) (Note 12)		183,182,130	15,365,408	23,134,110	201,156,556	155,191,005	23,326,390	379,673,951	346,632,749
Total liabilities and net assets	\$ 32,999,321	\$ 190,452,689	\$ 15,365,408	\$ 24,292,621	\$ 263,110,039	\$ 188,207,123	\$ 23,674,766	\$ 474,991,928	\$ 436,473,832

See independent auditor's report.

The accompanying notes are an integral part of these statements.

Statement of Operations and Changes in Net Assets

EXHIBIT B

YEAR ENDED DECEMBER 31, 2007

(With Summarized Financial Information for 2006)

	UNRESTRICTED						TOTAL		
	Operating Fund	Legacy Fund	Board Designated Fund	Plant Fund	Total	Temporarily Restricted	Permanently Restricted	2007	2006
REVENUES, GAINS AND OTHER SUPPORT									
United Jewish Communities	\$ 50,241,772	—	—	—	\$ 50,241,772	\$ 48,228,034	—	\$ 98,469,806	\$ 99,439,236
Contributions	9,926,492	\$ 2,156,845	—	—	12,083,337	\$ 131,078,226	—	\$ 143,161,563	\$ 135,043,775
Other income - exchange gains	—	262,423	221,457	—	483,880	230,936	—	714,816	805,441
Investment income (Note 8)	—	19,706,532	1,526,192	—	21,232,724	15,321,511	71,325	36,625,560	32,528,522
Actuarial gains (loss) on annuity obligations (Note 14)	—	—	—	—	—	66,105	54,203	120,308	35,552
Net assets released from restriction (Note 12)	178,658,562	—	—	—	178,658,562	(178,658,562)	—	—	—
Total revenues, gains and other support	238,826,826	22,125,800	1,747,649	—	262,700,275	16,266,250	125,528	279,092,053	267,852,526
EXPENSES (EXHIBIT C)									
Program Services									
Relief and welfare	61,296,076	—	—	—	61,296,076	—	—	61,296,076	68,144,994
Health services	32,124,050	—	—	—	32,124,050	—	—	32,124,050	21,202,624
Services to the aged	40,684,341	77,491	—	—	40,761,832	—	—	40,761,832	43,331,767
Jewish education and religious	26,301,926	—	—	—	26,301,926	—	—	26,301,926	27,282,297
Education and manpower development	17,182,304	—	—	—	17,182,304	—	—	17,182,304	14,706,357
Social development	33,538,427	—	—	—	33,538,427	—	—	33,538,427	30,393,897
Multifunctional	19,526,797	—	62,747	—	19,589,544	—	—	19,589,544	19,120,465
Total program services	230,653,921	77,491	62,747	—	230,794,159	—	—	230,794,159	224,182,401
Supporting Services									
Management and general	12,990,597	1,363,305	—	\$ 692,298	\$ 15,046,200	—	—	15,046,200	14,243,847
Fund raising	2,839,603	353,070	—	17,412	3,210,085	—	—	3,210,085	2,951,073
Total supporting services	15,830,200	1,716,375	—	709,710	18,256,285	—	—	18,256,285	17,194,920
Total expenses	246,484,121	1,793,866	62,747	709,710	249,050,444	—	—	249,050,444	241,377,321
Change in net assets before other changes	(7,657,295)	20,331,934	1,684,902	(709,710)	13,649,831	16,266,250	125,528	30,041,609	26,475,205
Other changes in net assets									
Transfer for fixed assets and loan payments	(78,057)	(602,838)	—	680,895	—	—	—	—	—
Reclassifications	—	(2,486,140)	—	—	(2,486,140)	2,496,140	(10,000)	—	—
Transfer for operating fund programs	7,940,000	(7,940,000)	—	—	—	—	—	—	—
Pension and postretirement benefit adjustment (Note 3)	—	(5,545,810)	—	—	(5,545,810)	—	—	(5,545,810)	—
Cancellation of prior years appropriations	—	—	—	—	—	—	—	—	216,909
Change in net assets (Exhibit D)	204,648	3,757,146	1,684,902	(28,815)	5,617,881	18,762,390	115,528	24,495,799	26,692,114
Net assets (deficit) - beginning of year, as previously stated	(20,729,740)	179,424,984	13,680,506	14,617,522	186,993,272	136,428,615	23,210,862	346,632,749	308,709,532
Restatement (Note 10)	—	—	—	8,545,403	8,545,403	—	—	8,545,403	11,231,103
Net assets (deficit) -beginning of year, restated	(20,729,740)	179,424,984	13,680,506	23,162,925	195,538,675	136,428,615	23,210,862	355,178,152	319,940,635
Net assets (deficit) - end of year (Exhibit A)	\$ (20,525,092)	\$ 183,182,130	\$ 15,365,408	\$ 23,134,110	\$ 201,156,556	\$ 155,191,005	\$ 23,326,390	\$ 379,673,951	\$ 346,632,749

See independent auditor's report. The accompanying notes are an integral part of these statements.

Statement of Functional Expenses

YEAR ENDED DECEMBER 31, 2007

(With Summarized Financial Information for 2006)

PROGRAM SERVICES

	Relief and Welfare	Health Services	Services to the Aged	Jewish Education and Religious	Educational and Manpower Development	Social Development	Multi-Functional	Total
PROGRAM EXPENSES								
Grants to local communities	\$ 1,088,858	\$ 6,450,926	\$ 4,484,563	\$ 1,975,263	\$ 2,503,964	\$ 656,927	\$ 4,915,024	\$ 22,075,525
Cash assistance	3,246,321	—	—	27,000	—	—	56,832	3,330,153
Food and clothing to the needy individuals	28,427,604	367,947	309,219	91,548	—	—	16,833	29,213,151
Health care and rehabilitation	1,291,645	14,731,883	498,832	—	—	273,331	160,633	16,956,324
Medical supplies	—	1,664,842	3,237	—	—	—	—	1,668,079
Religious, cultural and outreach programs	3,160	—	51,934	2,206,343	62,633	1,563,813	1,488,822	5,376,705
Education and scholarships	15,000	280,263	—	13,913,012	386,393	600,670	272,060	15,467,398
Training and communal workers	45,489	411,112	142,200	3,269,031	12,627,975	5,742,055	1,982,152	24,220,014
Occupancy, warehousing, repairs and equipment	1,621,232	95,817	5,363,699	211,275	27,891	3,449,514	7,436,495	18,205,923
Emergency assistance and relief	21,411,503	5,837,727	731,436	10,000	89,536	681,537	826,010	29,587,749
Home care and personal assistance	242,175	5,000	22,194,968	—	—	—	21,000	22,463,143
Social, recreation and communal organizations	1,619,612	1,186,820	5,738,652	3,187,066	843,126	18,474,704	512,212	31,562,192
Miscellaneous	519,265	77,570	54,280	7,210	21,610	77,011	653,159	1,410,105
Total Program Expenses	59,531,864	31,109,907	39,573,020	24,897,748	16,563,128	31,519,562	18,341,232	221,536,461
MANAGEMENT AND ADMINISTRATIVE EXPENSES								
Payroll, social security benefits and consultants	1,433,824	824,221	966,181	1,141,215	503,221	1,640,787	1,014,538	7,523,987
Travel	120,468	69,250	81,177	95,883	42,280	137,857	85,240	632,155
Telephone and fax	46,104	26,503	31,067	36,695	16,181	52,759	32,622	241,931
Conferences, media and public relations	7,396	4,252	4,984	5,887	2,596	8,464	5,233	38,812
Contracted services, supplies and other expenses	156,420	89,917	105,403	124,498	54,898	178,998	110,679	820,813
Total management and administrative expenses	1,764,212	1,014,143	1,188,812	1,404,178	619,176	2,018,865	1,248,312	9,257,698
Interest expense	—	—	—	—	—	—	—	—
Depreciation and amortization	—	—	—	—	—	—	—	—
Investment management fees	—	—	—	—	—	—	—	—
Total expenses	61,296,076	32,124,050	40,761,832	26,301,926	17,182,304	33,538,427	19,589,544	230,794,159
Less investment management fees deducted from investment income on the statement of operations and changes in net assets	—	—	—	—	—	—	—	—
Total expenses as reported on the statement of operations and changes in net assets (Exhibit B)	\$ 61,296,076	\$ 32,124,050	\$ 40,761,832	\$ 26,301,926	\$ 17,182,304	\$ 33,538,427	\$ 19,589,544	\$ 230,794,159

See independent auditor's report.

The accompanying notes are an integral part of these statements.

EXHIBIT C

SUPPORTING SERVICES		TOTAL	
Management and General	Fund Raising	2007	2006
—	—	\$ 22,075,525	\$ 24,178,703
—	—	3,330,153	4,876,989
—	—	29,213,151	27,644,738
—	—	16,956,324	12,217,397
—	—	1,668,079	898,952
—	—	5,376,705	7,394,538
—	—	15,467,398	12,573,345
—	—	24,220,014	20,959,559
\$ 1,409,721	\$ 156,636	19,772,280	27,470,863
—	—	29,587,749	24,880,979
—	—	22,463,143	16,518,479
—	—	31,562,192	33,843,987
—	—	1,410,105	3,175,720
<u>1,409,721</u>	<u>156,636</u>	<u>223,102,818</u>	<u>216,634,249</u>
7,425,626	2,199,088	17,148,701	16,280,029
478,650	252,350	1,363,155	1,557,767
276,400	30,000	548,331	541,236
1,048,000	45,000	1,131,812	1,103,168
<u>1,335,547</u>	<u>509,599</u>	<u>2,665,959</u>	<u>2,847,589</u>
<u>10,564,223</u>	<u>3,036,037</u>	<u>22,857,958</u>	<u>22,329,789</u>
2,379,958	—	2,379,958	1,888,047
692,298	17,412	709,710	525,236
<u>1,184,611</u>	—	<u>1,184,611</u>	<u>1,257,651</u>
—	3,210,085	250,235,055	242,634,972
<u>(1,184,611)</u>	—	<u>(1,184,611)</u>	<u>(1,257,651)</u>
<u>\$ 15,046,200</u>	<u>\$ 3,210,085</u>	<u>\$ 249,050,444</u>	<u>\$ 241,377,321</u>

Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2007 AND 2006

EXHIBIT D

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets (Exhibit B)	\$ 24,495,799	\$ 26,692,114
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation and amortization	709,710	525,236
Permanently restricted contributions	—	(10,500)
Permanently restricted investment income	(71,325)	(1,808)
Realized and unrealized gains on investments	(33,062,470)	(29,269,249)
Actuarial gain on annuity obligations	(120,308)	(35,552)
Decrease (increase) in assets		
Due from United Jewish Communities	(150,000)	—
Accounts and accrued interest receivable	(4,315,967)	(197,804)
Contributions receivable	5,503,800	(10,902,250)
Advances to communities, other receivables and other assets	(2,129,059)	941,358
Due from employees	—	100,000
Advances on account of future year's programs	68,968	(83,500)
Increase in liabilities		
Accounts payable and accrued expenses	8,415,430	2,920,869
Due to related parties	223,943	169,072
Net cash used by operating activities	(431,479)	(9,152,014)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(202,521,107)	(127,123,443)
Proceeds from sale of investments	255,329,948	134,785,939
Purchase of fixed assets	(602,838)	(4,701,932)
Net cash provided by investing activities	52,206,003	2,960,564
Cash flows from financing activities		
Repayment of loans	\$ (30,442,783)	\$ (30,285,006)
Proceeds from loans	27,270,693	34,728,089
Proceeds from permanently restricted investment income	71,325	1,808
Proceeds from permanently restricted contributions	—	10,500
Payment of annuity obligations	(255,398)	(283,803)
Proceeds from investment income subject to annuity obligations	385,317	273,540
Net cash provided (used) by financing activities	(2,970,846)	4,445,128
Net increase (decrease) in cash and cash equivalents	48,803,678	(1,746,322)
Cash and cash equivalents - beginning of year	15,683,047	17,429,369
Cash and cash equivalents - end of year	\$ 64,486,725	\$ 15,683,047
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 2,379,958	\$ 1,329,868

See independent auditor's report.

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

December 31, 2007

NOTE 1 Nature of Organization

The American Jewish Joint Distribution Committee, Inc. (JDC) was established in 1914 to channel funds being raised to aid Jews in Europe and Palestine. Today, over 90 years later, JDC is still serving as the overseas arm of the American Jewish community, sponsoring programs of relief, rescue and reconstruction primarily to meet Jewish needs around the globe.

JDC is supported primarily by general contributions and funds from United Jewish Communities.

JDC is related to The International Institute for the Study of Jewish Communities, Schusterman-JDC Support Foundation, the Center for the Advancement of Jewish Civilization, Inc., The Thalheimer Family-JDC Support Foundation, Inc., The Center for Jewish Community Development, Inc. through common board control, and AJJDC Real Estate Company Limited (wholly owned subsidiary).

The JDC is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 Summary of Significant Accounting Policies

Basis of presentation The financial statements are prepared on the accrual basis.

Consolidated financial statements Consolidated in these financial statements are the following not-for-profit corporations related through common board control: The American Jewish Joint Distribution Committee, Inc., Center for Advancement of Jewish Civilization, Inc., the Center for Jewish Community Development, Inc. and AJJDC Real Estate Company Limited. All intercompany transactions and balances are eliminated in the combined financial statements.

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

Cash and cash equivalents Cash and cash equivalents include investments in highly liquid instruments with maturities when acquired of three months or less.

Investments Investments are stated at fair value as follows:

Publicly traded securities held by JDC	Market value
Limited partnership investments which are invested by the limited partnerships in publicly traded securities	Market value

The financial statements may include investments whose estimated fair values, in the absence of readily ascertainable market values, have been determined by the investment manager. The methods and procedures used to value these investments may include, but are not limited to: (1) performing comparisons with prices of comparable or similar securities; (2) obtaining valuation-related information from issuers; and/or (3) other analytical data relating to the investment and using other available indications of value. However, because of the inherent uncertainty of valuation, the estimated fair values for the aforementioned securities and interests may differ from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Fixed assets Fixed assets are stated at cost. Depreciation and amortization are recorded on the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the term of the lease. Depreciation and amortization are not recorded in the year of acquisition.

Promises to give Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years 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.

Appropriations Appropriations for grants are expensed in the year authorized.

Unrestricted net assets Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. In addition, resources which are set aside for board-designated purposes are unrestricted.

Restricted net assets Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets are limited by donors for investment.

Contributions Unconditional contributions are reported as either temporarily or permanently 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 as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional expenses The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services for which the costs have been incurred.

Exchange rates The U.S. dollar equivalents of the local currencies were calculated either at the actual rates of exchange or at an average of the rates during the year.

Summarized financial information for 2006 The financial statements include 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 JDC's financial statements for the year ended December 31, 2006, from which the information was derived.

NOTE 3 Retirement Plan

JDC sponsors a noncontributory defined benefit pension plan covering its New York staff and overseas foreign service personnel. Prior service cost has been fully funded. JDC's policy is to fund pension cost accrued. As of December 31, 2007, there were 218 participants. Of these, there are 125 active, 68 retirees and 25 terminated vested. Of the 125 active, 84 are vested and 41 are not vested. The following table summarizes the benefit obligations, fair value of plan assets and the plan's funded status as of December 31, 2007:

Benefit obligation	\$	(31,811,380)
Fair value of plan assets		24,540,821
Funded status	\$	(7,270,559)
Accrued pension benefit cost	\$	7,270,559
Accumulated benefit obligation		24,391,195
Employer contribution		2,363,925
Benefits paid		1,329,628
Net periodic pension cost		2,493,924

Assumptions in the accounting were as follows:

Weighted average assumptions	
Discount rate	6.00%
Expected return on plan assets	7.50%
Rate of compensation increase	5.00%

Plan Assets

JDC's retirement plan assets by category are as follows:

Asset Category	
Equity securities	29%
Debt securities	30
Other	41
Total	100%

Investment Policies

JDC's investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, JDC formulates the investment portfolio composed of the optimal combination of equity and debt securities.

The expected returns on plan assets are developed in conjunction with actuaries and investment advisors, and take into account long-term expectations for future returns and investment strategy. Amounts are compared to historical averages for reasonableness.

Cash Flows

Estimated Contributions

JDC expects to contribute \$2,363,925 to the pension plan in 2008.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

Year Ended December 31

2008	\$	1,177,259
2009		1,234,720
2010		1,478,504
2011		1,495,150
2012		1,667,758
2013-2017		11,166,400

During September 2006, the Financial Accounting Standards Board issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." The requirement for implementation for not-for-profit organizations is effective for fiscal year ending after June 15, 2007. Adoption of SFAS No. 158 has resulted in an adjustment to net assets of \$6,254,182. In addition an adjustment of \$708,372 was made to record the change in the accrued pension benefit cost based on the current year's actuarial calculation.

NOTE 4 Deferred Compensation

Accounts payable and accrued expenses include approximately \$3,600,000 for deferred compensation. JDC offers its executive managers a non-matching deferred compensation plan. Currently, seven executive managers participate in the plan. Participants can opt to defer a portion of their salary into an independently managed investment account owned by JDC. These investments are not part of JDC's pooled investment accounts. Approximately \$2.2 million of the total represents contributions.

NOTE 5 Benefit Restoration Plan (BRP)

The JDC Personnel and Management Committee adopted a "Benefit Restoration Plan" ("BRP") to restore certain pension benefits to specified executive managers that were reduced due to the limitation contained in the Federal Omnibus Budget Reconciliation Act of 1993 (OBRA 93). The BRP attempts to equalize benefits to these managers as compared to all other JDC employees covered by the JDC Employee Retirement Plan ("Retirement Plan"). Under the BRP, the covered employees are entitled to receive a supplemental benefit, paid by JDC, consisting of the difference between the retirement benefit computed pursuant to the BRP and the statutory benefit computed pursuant to the JDC Retirement Plan. The supplemental benefit is reserved by JDC in a separate restricted fund, on a current basis, in accordance with computations made by JDC's actuary. Currently, three active executive managers and one retired executive manager participate in the BRP. The balance of the BRP is approximately \$1.86 million as of December 31, 2007.

NOTE 6 Loans Payable

JDC has a credit line with JP Morgan Chase of \$17,500,000. JDC will pay interest on the outstanding balance at .4% above the LIBOR rate. There is no outstanding principal balance at December 31, 2007.

JDC has a revolving credit line with Merrill Lynch, Pierce Fenner and Smith, Inc., which is renewed every six months. JDC will pay interest on the outstanding balance based upon the calculation of overnight federal funds, treasury bills and LIBOR. During 2007, the interest rate varied between 5.50-5.65%. The outstanding balance at December 31, 2007 was \$25,467,065. The line of credit was renewed on December 31, 2007 through June 30, 2008 with an interest rate of 4.5%.

JDC has a loan agreement with Wachovia Bank for \$2,500,000. The loan expires on April 1, 2010. At the time of expiration, a balloon payment for the remaining principal balance plus interest will be due. Interest is fixed at 4.79%. The balance at December 31, 2007 is \$2,289,560. Principal payments are as follows:

2008	\$	86,350
2009		90,316
2010		2,112,894

JDC has pledged unrestricted investments at December 31, 2007 with a market value of approximately \$3,040,230 for the above-mentioned loan and lines of credit as collateral.

Joint Israel of JDC has Beit Lechem loan for \$750,000. The maturity date is August 29, 2014. The current interest rate is 6.875% annually. The interest rate is adjusted every 6 months for LIBOR+1.375%. Repayments are made monthly (fixed amount of \$3,125 for the principal; interest amount varies). The balance at December 31, 2007 is \$250,000. Principal payments for the next five years and there after are as follows:

2008	\$	37,500
2009		37,500
2010		37,500
2011		37,500
2012		37,500
Thereafter		62,500
	\$	<u>250,000</u>

Joint Israel of JDC also has Beit Ribakoff loan for \$1,200,000. In order to obtain the loan, it was split into two parts. The balance as of December 31, 2007 is \$908,511. The first part of the loan is \$101,183 and matures on March 22, 2010. The repayment of the principal of the second part of the loan will begin in March of 2010 and extend for ten years. Principal payments for the next five years are as follows:

2008	\$	44,970
2009		44,970
2010		58,337
2011		80,733
2012		80,733
Thereafter		598,768
	\$	<u>908,511</u>

For both loans (Beit Lechem and Beit Ribakoff), a lien has been recorded to the benefit of Bank Leumi.

NOTE 7 Lease Commitments

JDC is committed under a lease obligation for office space that was due to expire December 31, 2010. JDC has extended the lease until December 31, 2015 which includes leasing additional office space beginning January 1, 2006.

Minimum rental commitments under the terms of the lease are as follows, subject to adjustments for escalation.

2008	\$	940,327
2009		961,225
2010		967,395
2011		988,298
2012		1,111,636
Thereafter		3,470,092
	\$	<u>8,438,973</u>

The rent expense for the year ended December 31, 2007 was \$1,082,573.

NOTE 8 Investments

	2007	2006
U.S. Government obligations	\$ 50,242,241	\$ 57,499,286
State of Israel bonds	1,591,519	1,922,395
Corporate bonds	473,915	405,520
Common and preferred stocks	87,567,526	126,844,647
Mutual funds	73,001,363	63,959,964
Limited partnership investments in publicly traded securities	<u>124,910,977</u>	<u>108,083,830</u>
	<u>\$ 337,787,541</u>	<u>\$ 358,715,642</u>

	2007	2006
Investment income		
Interest and dividends	\$ 4,747,701	\$ 4,516,924
Unrealized gain on investments	8,404,883	15,664,554
Realized gain on investments	<u>24,657,587</u>	<u>13,604,695</u>
	37,810,171	33,786,173
Investment fees	<u>(1,184,611)</u>	<u>(1,257,651)</u>
Total investment income	<u>\$ 36,625,560</u>	<u>\$ 32,528,522</u>

NOTE 9 Concentration of Credit Risk

Financial instruments which potentially subject JDC to a concentration of credit risk are cash accounts with major financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

NOTE 10 Fixed Assets

	Cost	Accumulated Depreciation and Amortization	Net	Estimated Useful Life
Headquarters NY				
Leasehold improvements	\$ 1,471,791	\$ 556,458	\$ 915,333	10 years
Furniture and equipment	400,399	319,583	80,816	5 years
Total Headquarters NY	\$ 1,872,190	\$ 876,041	\$ 996,149	
Overseas				
Argentina				
Land and buildings	\$ 280,500	\$ 41,330	\$ 239,170	50 years
Israel				
Land, buildings and building improvements	16,793,705	2,123,624	14,670,081	50 years
Vehicles	147,445	126,112	21,333	15 years
Former Soviet Union				
Land and buildings	8,975,772	609,884	8,365,888	50 years
Total overseas	\$ 26,197,422	\$ 2,900,950	\$ 23,296,472	
Total	\$ 28,069,612	\$ 3,776,991	\$ 24,292,621	

As of January 1, 2007, the net assets of JDC were restated to reflect overseas property not previously reported.

NOTE 11 Fair Value Of Financial Instruments

The following methods and assumptions were used by JDC in estimating the fair value of its financial instruments:

Cash and cash equivalents The carrying amount reported in the balance sheet approximates fair value because the instruments are liquid in nature.

Time deposit in Israel The carrying amount reported in the balance sheet approximates fair value due to their short-term nature.

Investments The fair value is based upon quoted market prices.

Contributions receivable The fair value is estimated by discounting the future cash flows using a risk-free rate.

Annuity obligations The fair value is estimated by discounting future cash flows using rates currently offered.

Loans payable The carrying amount reported in the balance sheet approximates fair value because JDC can obtain similar loans at similar terms.

	2007		2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 64,486,725	\$ 64,486,725	\$ 15,683,047	\$ 15,683,047
Time deposit in Israel	11,482,486	11,482,486	10,300,756	10,300,756
Investments	337,787,541	337,787,541	358,715,642	358,715,642
Contributions receivable	22,642,102	22,642,102	28,145,902	28,145,902
Annuity obligations	1,688,997	1,688,997	1,679,386	1,679,386
Loans payable	28,915,136	28,915,136	32,087,226	32,087,226

NOTE 12 Temporarily And Permanently Restricted Net Assets

Temporarily restricted net assets at December 31, 2007 and 2006 are available for:

	2007	2006
Relief and welfare	\$ 30,825,565	\$ 39,609,035
Health services	26,607,023	14,642,141
Services to the aged	11,518,165	9,985,708
Jewish education and religious	13,048,695	10,104,695
Education and manpower	22,579,633	16,533,159
Social development	22,363,371	16,059,683
Multifunctional	27,030,580	27,895,884
For periods after December 31	<u>1,217,973</u>	<u>1,598,310</u>
	<u>\$ 155,191,005</u>	<u>\$ 136,428,615</u>

During 2007 and 2006, temporarily restricted net assets were released from restrictions by incurring expenses satisfying the following restricted purposes:

	2007	2006
Relief and welfare	\$ 51,387,474	\$ 57,913,611
Health services	26,428,176	15,474,365
Services to the aged	34,007,438	36,398,764
Jewish education and religious	18,415,434	17,444,745
Education and manpower	13,704,737	11,426,165
Social development	22,199,585	19,114,652
Multifunctional	<u>12,515,718</u>	<u>13,406,654</u>
	<u>\$ 178,658,562</u>	<u>\$ 171,178,956</u>

Permanently restricted net assets at December 31, 2007 and 2006 are restricted to investment in perpetuity, the income from which is expendable to support:

	2007	2006
Relief and welfare	\$ 4,927,362	\$ 4,927,362
Services to the aged	3,752,189	3,762,189
Jewish education and religious	100,000	100,000
Education and manpower	250,000	250,000
Multifunctional	<u>13,592,090</u>	<u>13,520,766</u>
	22,621,641	22,560,317
Annuity trust agreements which, upon expiration, will become permanent endowments	<u>704,749</u>	<u>650,545</u>
	<u>\$ 23,326,390</u>	<u>\$ 23,210,862</u>

NOTE 13 Contributions Receivable

All unconditional contributions receivable have been recorded at present value. Those receivables that are due in more than one year have been discounted to their present value using a discount rate of 6%. The receivables are due as follows:

2008	\$ 10,815,854
2009	6,502,144
2010	4,985,977
2011	1,853,667
2012	729,167
Thereafter	<u>750,167</u>
	25,636,976
Less discount to present value	(1,594,874)
Less allowance	<u>(1,400,000)</u>
Present value of contributions receivable	<u>\$ 22,642,102</u>

NOTE 14 Charitable Remainder Trusts

The American Jewish Joint Distribution Committee's investments include funds subject to charitable remainder trust agreements. Contribution revenues for charitable remainder trusts are recognized at the date the agreement is established, net of the liability recorded for the present value of the future payments to be made to the respective donors and/or other beneficiaries. The present value of payments to beneficiaries of charitable remainder trusts is calculated using a 6% discount rate. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset class in the statement of operations and changes in net assets. The present value of the trusts is allocated to the temporarily and permanently restricted net asset classes as follows:

Temporarily restricted	\$ 1,217,973
Permanently restricted	704,749

The fair market value of the investments of the trusts totaled \$ 3,611,718 at December 31, 2007.