Financial Report of the Union for Reform Judaism

For the Fiscal Year Ended June 30, 2011

UNION *for* REFORM JUDAISM
האיחוד ליהדות רפורמית
SERVING REFORM CONGREGATIONS IN NORTH AMERICA

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האיחוד ליהדות רפורמית
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February 9, 2012

Dear Union Supporters and Friends,

As the Chair of the Audit Committee, I am pleased to present for your review the Union for Reform Judaism's audited consolidated financial statements for the fiscal years ended June 30, 2011 and 2010. The URJ Audit Committee reviewed the reports in depth with the Union's independent auditors, EisnerAmper LLP.

Included with this letter are the Consolidated Statements of Financial Position as of June 30, 2011 and 2010, and Statements of Activities, Changes in Net Assets, and Cash Flows for the years ended June 30, 2011 and 2010. These statements include the assets, liabilities, and results of operations for our camps and ARZA for both years. Also included for the year ended June 30, 2011, is an unaudited comparison of actual results of operations with the approved budget.

The net assets of the URJ increased by $12 million during fiscal 2011, mainly because of investment gains and the sale of a non-operating camp site. Our cash position is strong.

My very special thanks to Norman Leopold, the immediate past Treasurer and Chair of the Audit Committee and, now URJ General Counsel, for his deep commitment and tireless efforts in his four years as Treasurer of the Union and for being an exemplary role model for me. We are fortunate that Norman will continue to bring a wealth of professional strengths, personal integrity, and a strong commitment to the Union's fiscal governance and mission, as he serves as Vice Chair of the Audit Committee. I personally will continue to appreciate his leadership, close collaboration, and devotion to the Union as we go forward with our work.

I am very pleased to welcome to our Finance team our new Associate Treasurer, Aaron Bloom, who has served on the Audit Committee for several years. Aaron, a CPA, has been a valued and dedicated volunteer of the Reform movement for many years, has also been part of the leadership team of the Men of Reform Judaism and the World Union for Progressive Judaism.

In addition, on behalf of the Audit Committee, I extend a special thank you to Donna Stein, our Chief Financial Officer, for all of her efforts throughout this past year, as well as Finance Director Mark Bartosh and the entire Finance staff for their dedication and contributions to the Union's fiscal well-being. We also welcome Barbara Saidel, our new Chief Operating Officer, and appreciate her contributions to this year's efforts.

L'Shalom,

Luise M. Burger

Luise M. Burger

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UNION FOR REFORM JUDAISM
Consolidated Financial Statements
For the Years Ended June 30, 2010 and 2011

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EISNERAMPER
ACCOUNTANTS & ADVISORS

UNION FOR REFORM JUDAISM

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 and 2010

EisnerAmper LLP
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Union for Reform Judaism
New York, New York

We have audited the accompanying consolidated statements of financial position of the Union for Reform Judaism (the "Union") as of June 30, 2011 and 2010, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Union's management. Our responsibility is to express an opinion on these 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 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 internal control over financial reporting. Accordingly, we express no such opinion. An audit 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements enumerated above present fairly, in all material respects, the financial position of the Union for Reform Judaism as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

EisnerAmper LLP

New York, New York
November 17, 2011

UNION FOR REFORM JUDAISM
Consolidated Statements of Financial Position
(In Thousands of Dollars)

	June 30, 2011	June 30, 2010
ASSETS		
Cash and cash equivalents	**$ 30,302**	$ 24,095
Contributions receivable, net (Note D)	**5,349**	7,918
Dues receivable, net (Note D)	**6,924**	7,513
Accounts and loans receivable, net (Note D)	**4,788**	4,796
Investments (Note B)	**47,409**	43,227
Property and equipment, net of accumulated depreciation (Note E)	**73,338**	73,032
Goodwill	**1,202**	1,202
Inventory	**781**	768
Prepaid pension costs (Note J)	**1,473**	-
Prepaid expenses and other assets	**3,776**	2,617
Total assets	**$ 175,342**	$ 165,168
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	**$ 4,953**	$ 5,329
Reserves for restructuring and leadership transition costs (Note A[1])	**3,044**	2,583
Pension liability (Note J)	**-**	208
Notes payable (Note F)	**8,302**	9,705
Annuities payable	**493**	575
Deferred revenue	**28,598**	28,846
Total liabilities	**45,390**	47,246
Commitments and contingency (Note N)		
Net assets (Notes G and H):		
Unrestricted	**84,551**	77,724
Temporarily restricted	**33,881**	28,630
Permanently restricted	**11,520**	11,568
Total net assets	**129,952**	117,922
Total liabilities and net assets	**$ 175,342**	$ 165,168

Please see the notes to consolidated financial statements

UNION FOR REFORM JUDAISM
Consolidated Statements of Activities and Changes in Net Assets
(In Thousands of Dollars)

	Year Ended June 30,							
	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating activities:								
Public support and revenues:								
Contributions and grants	$ 4,061	$ 6,480	$ 4	$ 10,545	$ 3,969	$ 6,690	$ 139	$ 10,798
Program fees	49,165	-	-	49,165	43,145	-	-	43,145
Membership dues available to the Union	12,940	-	-	12,940	12,208	-	-	12,208
Rental income, net	1,490	-	-	1,490	1,419	-	-	1,419
Investment return designated for current operations	423	-	-	423	-	-	-	-
Miscellaneous income	39	-	-	39	10	-	-	10
Total public support and revenue before release of restrictions	68,118	6,480	4	74,602	60,751	6,690	139	67,580
Net assets released from restrictions	6,517	(6,465)	(52)	-	6,923	(6,923)		-
Total revenues, gains and other support	74,635	15	(48)	74,602	67,674	(233)	139	67,580
Expenses:								
Programs	61,318	-	-	61,318	56,555	-	-	56,555
Supporting services:								
Management and general	5,565	-	-	5,565	5,527	-	-	5,527
Fundraising	1,110	-	-	1,110	953	-	-	953
Membership development	687	-	-	687	686	-	-	686
Total supporting services	7,362	-	-	7,362	7,166	-	-	7,166
Total expenses	68,680	-	-	68,680	63,721	-	-	63,721
Change in net assets from operations, before depreciation and amortization	5,955	15	(48)	5,922	3,953	(233)	139	3,859
Depreciation and amortization	4,504	-	-	4,504	4,598	-	-	4,598
Change in net assets from operations	1,451	15	(48)	1,418	(645)	(233)	139	(739)
Non-operating activities:								
Investment return in excess of spending rate not designated for current operations	1,618	5,567	-	7,185	1,129	2,560	-	3,689
Change in value of interest rate swaps	-	-	-	-	(26)	-	-	(26)
Reserve for leadership transition costs (Note A[1])	(1,250)	-	-	(1,250)	-	-	-	-
Pension-related changes other than periodic costs	1,682	-	-	1,682	245	-	-	245
Foreign currency translation losses	(184)	48	-	(136)	(27)	-	(3)	(30)
Net gain on sales of assets	3,700	-	-	3,700	-	-	-	-
Write off of pledges receivable	(190)	(379)	-	(569)	-	(696)	-	(696)
Change in net assets	6,827	5,251	(48)	12,030	676	1,631	136	2,443
Net assets, beginning of year	77,724	28,630	11,568	117,922	77,048	26,999	11,432	115,479
Net assets, end of year	$ 84,551	$ 33,881	$ 11,520	$ 129,952	$ 77,724	$ 28,630	$ 11,568	$ 117,922

Please see the notes to consolidated financial statements

UNION FOR REFORM JUDAISM
Consolidated Statements of Cash Flows
(In Thousands of Dollars)

	Year Ended June 30, 2011	Year Ended June 30, 2010
Cash flows from operating activities:		
Change in net assets	**$ 12,030**	$ 2,443
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**4,504**	4,598
Donated securities	**(314)**	(197)
Net unrealized appreciation in market value of investments	**(2,799)**	(2,777)
Net realized (gains) losses on sales of investments	**(3,610)**	45
Change in value of interest rate swaps	**-**	26
Expense attributed to uncollectible accounts	**569**	1,170
Permanently restricted contributions	**(4)**	(139)
Gains on sale of property and equipment	**(3,700)**	-
Changes in:		
Contributions receivable	**2,000**	1,124
Dues receivable	**589**	668
Accounts and loans receivable	**9**	(1,149)
Inventory	**(12)**	(29)
Prepaid pension costs	**(1,473)**	
Prepaid expenses and other assets	**(1,160)**	892
Accounts payable, accrued expenses and other liabilities	**(377)**	(470)
Reserves for restructuring and leadership transition costs	**461**	(1,775)
Pension liability	**(208)**	(291)
Annuities payable	**(83)**	(75)
Deferred revenue	**(248)**	3,373
Net cash provided by operating activities	**6,174**	7,437
Cash flows from investing activities:		
Proceeds from sales of investments	**51,300**	9,238
Proceeds from sales of donated securities	**314**	197
Purchases of investments	**(49,073)**	(9,896)
Proceeds from sales of property and equipment	**4,462**	-
Purchases of property and equipment	**(5,572)**	(4,707)
Net cash provided by (used in) investing activities	**1,431**	(5,168)
Cash flows from financing activities:		
Permanently restricted contributions	**4**	139
Principal payments on mortgages and notes	**(7,127)**	(1,922)
Proceeds from additional borrowings	**5,725**	1,366
Net cash used in financing activities	**(1,398)**	(417)
Net increase in cash and cash equivalents	**6,207**	1,852
Cash and cash equivalents, beginning of year	**24,095**	22,243
Cash and cash equivalents, end of year	**$ 30,302**	$ 24,095
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 303**	$ 462

Please see the notes to consolidated financial statements

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization and basis of presentation:

The Union for Reform Judaism (the "Union"), an Ohio corporation and the central body of the Reform Movement in North America, was founded in Cincinnati, Ohio, in 1873 as the Union for American Hebrew Congregations. In November 2003, the organization's name was changed to the Union for Reform Judaism.

The Union serves more than 900 congregations in the United States, Canada, the Bahamas, Puerto Rico, and the Virgin Islands. As the congregational arm of the Reform Movement, the Union's primary mission is to create and sustain vibrant Jewish congregations wherever Reform Jews live. The Union provides leadership and vision to Reform Jews on spiritual, ethical, and social issues, as well as materials and consultation for programs in the congregation. The Union also provides opportunities for individual growth and identity that congregations and individuals cannot provide by themselves, including camps, Israel programs, study kallot, and biennials.

The Union owns or supports a group of summer camps located throughout the United States and Canada. The financial statements of the camps have been included in the accompanying consolidated financial statements, with all inter-organizational transactions eliminated in the consolidation process.

The Union and its affiliates are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local taxes under comparable laws when applicable. Activities of the Union in Canada are carried out through related corporations that are either Canadian registered charities or otherwise exempt from income tax in Canada.

In March 2009, the Board of Trustees of the Union approved a restructuring plan designed to enhance mission delivery and increase efficiencies of that delivery. Implementation began in April 2009, and by the summer of 2010, the new structure was essentially in place. Cash outlays associated with the restructuring amounted to $762 and $1,426 for fiscal years 2011 and 2010, respectively, consisting principally of severance and unemployment costs to former employees, lease obligations and other closing costs relating to the former regional offices. As of June 30, 2011, there is $1,815 of reserves remaining from the total of $6,053 of restructuring expense recognized in fiscal year 2009 that are anticipated to be spent over the course of the next few years, relating to unemployment costs to former employees as well as to lease commitments for regional offices closed on June 1, 2009. The Union's Board approved the use of funds from the Board-designated quasi-endowment to underwrite restructuring costs.

During fiscal year 2011, the Union developed a plan to enhance mission delivery, as it transitions from its retiring Chief Executive Officer to the leadership of its new one. With the further restructuring this requires, the Board of Trustees of the Union established a leadership transition reserve of $1,250. Cash outlays associated with this reserve amounted to $20 in fiscal year 2011, as the transition team began its deliberations. The Union's Board approved the use of funds from the Board-designated quasi-endowment to underwrite restructuring costs.

The Union's consolidated financial statements are presented in thousands of dollars.

[2] Basis of accounting:

The consolidated financial statements of the Union have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to not-for-profit organizations.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[3] Functional allocation of expenses:

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated by management, using appropriate measurement methodologies, among the program, management, and fund-raising areas.

[4] Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

[5] Cash and cash equivalents:

For financial reporting purposes, the Union considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash equivalents and certificates of deposit considered to be part of the investment portfolio are reflected as investments in the accompanying consolidated financial statements.

[6] Investments:

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the accompanying consolidated statements of financial position, with realized and unrealized gains and losses included in the accompanying consolidated statements of activities and changes in net assets. The Union's mutual funds are also reported at their fair values, as determined by the related investment manager or advisor. Donated securities are reported at their fair values as determined on the dates of donation.

The Union had an investment in a certain not-readily-marketable security which is an ownership interest in a limited partnership, for which a market value is not readily obtainable. Because of the inherent uncertainty of the valuation of this investment, the Union and its investment managers monitored their position to reduce the risk of potential losses due to changes in fair value or the failure of counterparties to perform. The estimated value provided by the manager may differ from the actual value had a ready market for this investment existed. On June 30, 2009, the Union divested its limited partnership investment, with an immaterial amount retained by the manager and held for final settlement received in July 2010.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on investments are determined by comparison of the average cost of acquisition to proceeds at the time of disposition. The earnings from dividends and interest are recognized when earned.

Investment expenses include the services of bank trustees, investment managers and custodians. The balances of investment management fees disclosed in Note B are those specific fees charged by the Union's various managers in each fiscal year; however, they do not include those fees that are embedded in various other investment accounts and transactions.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[7] Property and equipment:

Property and equipment are reported at their original costs or at their fair values on the dates of donation. Depreciation is provided over the estimated useful lives of these assets, which range from 3 to 45 years. Likewise, leasehold improvements are amortized over the term of the underlying leases. Depreciation and amortization are calculated using the straight-line method.

The Union capitalizes interest on property and equipment constructed for its own use. There was no interest capitalized in fiscal years 2011 and 2010.

[8] Goodwill:

Costs of net assets in purchased organizations in excess of the underlying fair value of net assets at dates of acquisition are recorded as goodwill and assessed annually for impairment. Goodwill will be adjusted to fair value and a corresponding impairment loss recognized if considered impaired.

[9] Inventory:

Inventory consists of publications and music and camp supplies that are valued at the lower of cost or market value, using the first-in, first-out method. The Union estimates the lower of cost or market value of inventory by adjusting the unit cost instead of maintaining an overall reserve for obsolescence.

[10] Accrued vacation liability:

Accrued but unused vacation days may not be carried over from one fiscal year to another, except with the approval of the department head or when it conflicts with state mandate or where prohibited by law. The accrued vacation liability at June 30, 2011 and 2010 was approximately $6 and $94, respectively.

[11] Net assets:

Net assets are classified as unrestricted, temporarily restricted or permanently restricted, in accordance with donor-imposed restrictions or lack thereof. Each of these three classes of net assets is displayed in the accompanying consolidated financial statements, and the amounts of changes in each of these classes of net assets are displayed in the accompanying consolidated statements of activities and changes in net assets.

Unrestricted net assets represent those resources that are not subject to donor restriction. The Board of Trustees has designated a portion of net assets to serve as an endowment of the Union to provide reserves for programs and operations.

Temporarily restricted net assets represent those resources that are subject to the requirements of the Ohio Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and the use of which has been restricted by donors or state law to specific purposes and/or the passage of time. When a restriction expires, that is when a stipulated time restriction ends, a purpose restriction is accomplished, or assets are appropriated, temporarily restricted net assets are reclassified as unrestricted and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

Permanently restricted net assets represent those resources subject to donor-imposed stipulations that they be maintained permanently by the Union. The purposes for which the income and net capital appreciation arising from the underlying assets may be used depends on the wishes of those donors. Under the terms of UPMIFA, those earnings are classified as temporarily restricted in the accompanying consolidated statements of activities, pending appropriation by the Board of Trustees.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[12] Contributions and pledges:

Contributions are recorded as revenue upon the receipt of cash or unconditional pledges. Contributions are considered available for unrestricted use, unless specifically restricted by the donor. Conditional contributions are recorded when the specified conditions have been met.

The Union reports contributions in the temporarily or permanently restricted net-asset category if they are received with donor stipulations or time considerations as to their use. When a donor's restriction is met, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statements of activities and changes in net assets as net assets released from restrictions.

The Union is the beneficiary and trustee of several irrevocable split-interest agreements. Contribution revenue for split-interest agreements is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the respective donors and/or beneficiaries. The contribution is recognized as unrestricted revenue if the donor does not restrict the use of the assets contributed to the Union, and neither the agreement nor state law requires the assets received by the organization to be invested until the income beneficiary's death. If either of these situations exists, the contribution portion of the split-interest agreements is recognized as a temporarily restricted contribution (see Note C).

The Union records bequest income and the beneficial interest in perpetual trusts at the time it has an established right to such resources and can estimate the eventual proceeds.

[13] Membership dues:

The Union is charged with the responsibility of administering the proportional dues program referred to as the Maintenance of Union Membership ("MUM"). This program is the method by which the congregational members of the Union have agreed to assess themselves in order to provide financial support to the Union and the Hebrew Union College-Jewish Institute of Religion (the "HUC-JIR"), an unrelated entity. Dues consist of (i) a per capita charge based on the number of member units in the congregation and (ii) a fixed percentage of the congregation's generally recognized expenses.

The Union and the HUC-JIR have agreed on an allocation of gross MUM dues to the Union and HUC-JIR of 56% and 44%, respectively.

[14] Program fees:

Program fees consist of amounts charged to individuals or groups who participate in the numerous programs offered by the Union, such as summer camp.

[15] Rental income:

The Union leases a portion of its office space to unrelated not-for-profit organizations in accordance with signed lease agreements (see Note M). The Union also rents meeting space to affiliates, congregations, and other groups on a per-occurrence basis. Rental income is recognized in accordance with the lease agreement and as space is used by other parties.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[16] Foreign currency translation:

Substantially all assets and liabilities of foreign operations are translated at year-end exchange rates; support and revenue and expenses are translated at the average exchange rates during the year. Translation adjustments for such assets and liabilities are accumulated separately as part of unrestricted net assets. Gains and losses from foreign currency translations are included in the accompanying consolidated statements of activities and changes in net assets.

[17] Deferred revenue:

Revenues from camp activities are reported in the fiscal year in which the program is conducted. The portion applicable to subsequent fiscal years is reported as deferred revenue until earned.

[18] Prior year reclassifications:

Certain prior year amounts have been reclassified to conform to the current year's presentation.

[19] Measure of operations:

The Union includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including an authorized investment allocation.

[20] Fair value measurement:

As further described in Note B, the Union reports a fair-value measurement of all applicable financial assets and liabilities including investments, contributions and other receivables, short-term payables, and deferred revenues.

[21] Endowment funds:

The Union reports all applicable disclosures to its funds treated as endowment, both donor-restricted and board-designated (see Note H).

[22] Subsequent events:

The Union considers the accounting treatments and the related disclosures in the current fiscal year's consolidated financial statements that may be required as the result of all events or transactions that occur after the fiscal year end through the date of the independent auditor's report.

(In Thousands of Dollars)

NOTE B - INVESTMENTS

At each fiscal year-end, investments consisted of the following:

	June 30,			
	2011		2010	
	Fair Value	Cost	Fair Value	Cost
Cash and certificates of deposit	**$ 3,458**	**$ 3,458**	$ 6,312	$ 6,312
Mutual funds:				
Bond funds	**16,035**	**15,971**	15,300	15,093
Equity funds	**27,790**	**28,694**	21,252	25,280
Bonds and other	**126**	**101**	132	112
Limited partnership			231	44
	$ 47,409	**$ 48,224**	$ 43,227	$ 46,841

The Board of Trustees has authorized management to recognize 3% and 0% of the average market value of funds in the pooled investments designated for this purpose over the past three fiscal years as income from operations for fiscal years 2011 and 2010, respectively.

During fiscal year 2011, the investment pool was restructured, enhancing its diversification and lowering expenses.

For each fiscal year, investment return (net of fees of $22 and $118, respectively) consisted of the following:

	Year Ended June 30, 2011		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	**$ 295**	**$ 904**	**$ 1,199**
Net realized and unrealized gains	**1,746**	**4,663**	**6,409**
	2,041	**5,567**	**7,608**
Investment returns based on spending rate	**423**	**-**	**423**
Gains in excess of investment returns over authorized spending rate	**$ 1,618**	**$ 5,567**	**$ 7,185**

	Year Ended June 30, 2010		
	Unrestricted	Temporarily Restricted	Total
Interest and dividends	$ 182	$ 775	$ 957
Net realized and unrealized gains	947	1,785	2,732
	1,129	2,560	3,689
Investment returns based on spending rate	-	-	-
Gains in excess of investment returns over authorized spending rate	$ 1,129	$ 2,560	$ 3,689

(In Thousands of Dollars)

NOTE B - INVESTMENTS (CONTINUED)

ASC 820-10-05 establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets and liabilities at the reporting date. The types of investments and other assets included in Level 1 are exchange-traded equity and debt securities, short-term money-market funds, and actively traded obligations issued by the U.S. government and government agencies.

- Level 2: Valuations are based on (i) quoted prices for similar assets or liabilities in active markets, or (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include other U.S. government and agency securities and corporate equity and debt securities that are redeemable at or near the balance sheet date and for which a model was derived for valuation.

- Level 3: Fair value is determined based on pricing inputs that are unobservable and includes situations where there is little, if any, market activity for the asset or liability. Level 3 assets include securities in privately held companies, secured notes, private corporate bonds, and limited partnerships, the underlying investments of which cannot be independently valued, or cannot be immediately redeemed at or near the fiscal year-end.

The investment classified in Level 2 consists of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate fair value of the Union's interest therein, its classification in Level 2 is based on the Union's ability to redeem its interest at or near the fiscal year end. If the interest can be redeemed in the near term, the investment is classified as Level 2. This investment was fully redeemed in July 2010, at the amount stated in the table, below.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

The following table presents for each of these hierarchy levels the Union's financial assets that are measured at fair value on a recurring basis at each year-end:

	June 30,					
	2011			2010		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash and certificates of deposit	$ 3,458	$ -	$ 3,458	$ 6,312	$ -	$ 6,312
Mutual funds:						
Bond funds	16,035	-	16,035	15,300	-	15,300
Equity funds	27,790	-	27,790	21,252	-	21,252
Bonds and other	126	-	126	132	-	132
Limited partnership	-	-		-	231	231
Total	$ 47,409	$ -	$ 47,409	$ 42,996	$ 231	$ 43,227

(In Thousands of Dollars)

NOTE C - SPLIT-INTEREST AGREEMENTS

The Union's investments include deferred-giving vehicles subject to split-interest agreements. The different types of agreements currently maintained by the Union are the charitable gift annuity, the charitable remainder annuity trust ("CRAT"), the charitable remainder unitrust ("CRUT"), and a pooled life income fund ("PLF").

- Charitable gift annuities are unrestricted irrevocable gifts under which the Union agrees in turn to pay a life annuity to the donor or designated beneficiary. The contributed funds and the attendant liabilities immediately become part of the Union's general assets and liabilities, subject to the Union's maintaining an actuarial reserve.
- CRATS and CRUTS are time-restricted contributions not available to the Union until after the death of the donor, who, while living, receives an annual payout from such trusts, based on a fixed percentage of the market value of the invested funds for the CRAT, or a fixed dollar amount for the CRUT.
- The pooled life income fund is composed of donations which are consolidated in bond and equity mutual-fund investments. Contributors receive a *pro rata* share of the actual ordinary income of the fund until their deaths, at which point the donors' share of the investment assets become available to the organization.

The Union initially values deferred gifts of cash at face value and those of equity securities at fair value; these values are then actuarially discounted. Of the $47,409 and $43,227 recorded as investments in the accompanying consolidated statements of financial position at June 30, 2011 and 2010, respectively, $438 and $754 represent split-interest agreements at June 30, 2011 and 2010, respectively. The associated estimated liabilities due to annuitants amounted to $493 and $575 at June 30, 2011 and 2010, respectively.

NOTE D - RECEIVABLES

[1] Contributions receivable:

At each fiscal year-end, contributions receivable were estimated to be due as follows:

	Year Ended June 30,	
	2011	**2010**
One year	**$ 2,976**	$ 4,096
Two to five years	**2,196**	4,076
Thereafter	**1,079**	826
	6,251	8,998
Allowance for uncollectible contributions	**(334)**	(450)
Reduction of pledges due in excess of one year to present value, at a rate of 6%	**(568)**	(630)
	$ 5,349	$ 7,918

(In Thousands of Dollars)

NOTE D - RECEIVABLES (CONTINUED)

[2] Dues receivable:

At each fiscal year-end, dues receivable consisted of amounts due to the Union from congregations. All amounts are due within one year. Based on management's past experience, approximately $1,418 and $1,326 have been reserved for doubtful dues collections for fiscal years 2011 and 2010, respectively.

[3] Accounts, loans and other receivables:

At each fiscal year-end, accounts, loans and other receivables consisted of amounts due to the Union from employees, affiliates and unrelated parties for exchange-type transactions, such as management services, camp fees, and employee loans and advances. All amounts are due within one year. Based on management's past experience, approximately $95 and $93 have been reserved for doubtful collections of accounts and loans receivable for fiscal years 2011 and 2010, respectively. At each fiscal year-end, the amount due from affiliated organizations was $555 and $462, respectively (see Note L). Other receivables are expected to be fully collected.

NOTE E - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

	June 30, 2011	June 30, 2010
Land	**$ 11,498**	$ 11,640
Building and improvements	**114,011**	114,474
Furniture, fixtures, equipment, and other	**11,939**	12,128
Auto and camp vehicles and equipment	**854**	923
	138,302	139,165
Less accumulated depreciation	**(66,439)**	(66,570)
	71,863	72,595
Construction-in-progress	**1,475**	437
	$ 73,338	$ 73,032

Depreciation and amortization expense was $4,504 and $4,598 for fiscal years 2011 and 2010, respectively.

During fiscal year 2011, the Union disposed of certain property and equipment, with a net cost basis of $762, realizing a gain on these sales of $3,700. One of these properties, with a net book value of $83, was on the campus of the HUC-JIR, which received the proceeds from the sale of that property.

During fiscal year 2010, the Union disposed of certain property and equipment, with a net cost basis of $269 and a total cost of $310, associated with certain office closures due to the restructuring. The non-cash loss of $269 has been applied against the reserve for restructuring in the consolidated statements of financial position.

(In Thousands of Dollars)

NOTE F - NOTES PAYABLE

At each fiscal year-end, the Union had the following notes payable:

		June 30,	
		2011	**2010**
[1]	**Camp Eisner**		
	Outstanding 6% debenture notes payable, held by various synagogues and individuals. These notes were callable five years after issue and were due June 1, 1999. Bondholders have been given the option either to receive cash in the bonds for face value or to donate them to the camp.	**$ 35**	$ 35
[2]	**Crane Lake Camp, Inc.**		
	Mortgage note dated May 19, 1999, for the purchase of the assets of the camp. Annuity payments in variable amounts are due to the then-president of the camp in semi-annual installments through July 2028, as long as the president of the camp or his spouse is living. Upon the death of the survivor, a final payment is payable and the obligation to make future payments under the agreement ceases. This liability is valued at the present value of the future payments due over the life expectancy of the individuals, utilizing a discount rate of 6%. Gains and losses resulting from changes in the actuarial assumptions and accretions of the discount are recorded as increases or decreases in the accompanying consolidated statements of activities and changes in net assets. If the final payment referred to above occurs prior to January 24, 2010, then the Union is liable for the aggregate principal and unpaid interest then due and payable under the terms of a commercial promissory note, dated January 25, 1995, between the camp and a bank, of which approximately $0 and $26 remains unpaid as of June 30, 2011 and 2010, respectively.	**371**	502
[3]	**Community Development Foundation for Reform Judaism - Olin Sang Ruby Camp Institute**		
	Loan with an organization dated April 2003, in the original amount of $500. The loan is non-interest-bearing and payable in annual installments of $50. The loan is guaranteed by the Union.	**50**	50
	(carried forward)	**456**	587

(In Thousands of Dollars)

NOTE F - NOTES PAYABLE (CONTINUED)

	June 30, 2011	June 30, 2010
(brought forward)	**$ 456**	$ 587
[4] JP Morgan - Refinancing Loan		
Term loan with a bank dated May 25, 2004, in the amount of $5,900. The note has a variable rate based on LIBOR plus .75%, with monthly principal payments of $49 through May 1, 2014. The note is secured by a general security agreement on a portion of the Union's investments.		
The Union simultaneously entered into an interest-rate "swap" agreement with the same bank, for the purpose of converting the Union's floating rate component, LIBOR, to a fixed rate of 4.43%.		
A portion of the proceeds from this loan went to fund the land acquisition of the Olin Sang Ruby Camp Institute and to pay down the Union's outstanding camp-related credit lines.	**-**	2,311
The note has been fully paid off as of September 2010.		
[5] Avi Chai Foundation Loan - North American Camp Loan		
Term loan with a foundation dated May 18, 2006, in the original amount of $250. The loan is non-interest-bearing and payable in quarterly installments of $12.5. It matures on October 1, 2011.		
The proceeds from this loan went to fund the renovation of the Olin Sang Ruby Camp Institute. The loan is secured by a letter of credit.	**25**	75
[6] Grinspoon Institute Loans		
Term interest-free loan with a foundation dated August 5, 2005, in the original amount of $50. The note has been fully paid off as of August 2010.	**-**	16
[7] Avi Chai Foundation Loan – Kalsman Camp		
Term interest-free loan with a foundation dated January 29, 2007, in the original amount of $3,000. Principal payments of $150 are due in quarterly installments commencing in October 2007 and continuing through 2012.		
The proceeds of this loan went to fund the construction costs for Camp Kalsman. The loan is secured by a letter of credit.	**600**	1,200
(carried forward)	**1,081**	4,189

(In Thousands of Dollars)

NOTE F - NOTES PAYABLE (CONTINUED)

		June 30, 2011	June 30, 2010
(brought forward)		**$ 1,081**	$ 4,189
[8]	**Associated Bank - Camp Kalsman Loan**		
	Term loan with a bank dated June 1, 2007, in the original amount of $4,000. The loan has a variable interest rate of LIBOR plus 1.25%, with monthly principal payments of $333 commencing July 2009 through June 2017. Security interest in Camp Kalsman serves as collateral for the loan.		
	The Union simultaneously entered into an interest-rate "swap" agreement with the same bank, for the purpose of converting the Union's floating rate component, LIBOR, to a fixed rate of 5.42%.		
	The note has been fully paid off as of October 2010.	**-**	2,800
[9]	**Avi Chai Foundation Loan - Goldman Camp**		
	Term interest-free loan with a foundation dated February 2009, in the original amount of $500. Principal payments of $25 are due in quarterly installments commencing in October 2010 and continuing through 2014. The loan is secured by a letter of credit.	**325**	425
[10]	**Avi Chai Foundation Loan - Olin Sang Ruby Camp Institute**		
	Term interest-free loan with a foundation dated April 2009, in the original amount of $500. Principal payments of $25 are due in quarterly installments commencing in January 2009 and continuing through 2014. The loan is secured by a letter of credit.	**350**	450
[11]	**Avi Chai Foundation Loan - Greene Family Camp**		
	Term interest-free loan with a foundation dated May 2010, in the original amount of $800. Principal payments of $40 are due in quarterly installments commencing in January 2010 and continuing through 2015. The loan is secured by a letter of credit.	**720**	800
[12]	**Derek Newby - Maple Lake Center**		
	Term loan with a principal dated February 2010, in the original amount of $250 Canadian dollars ("CAD"). The loan has a fixed interest rate of 5%, with 40 principal payments of $4 CAD which are due in quarterly installments commencing in February 2010 and continuing through November 2025.	**251**	233
(carried forward)		**2,727**	8,897

(In Thousands of Dollars)

NOTE F - NOTES PAYABLE (CONTINUED)

	June 30, 2011	June 30, 2010
(brought forward)	**$ 2,727**	8,897
[13] Beaunaro, Inc. - Maple Lake Center		
Term interest-free loan with a principal dated November 2009, in the original amount of $350 CAD. The principal is due in one lump sum as of December 2013.	**333**	333
[14] Avi Chai Foundation Loan - Crane Lake/Eisner Camp		
Term interest-free loan with a foundation dated February 2011, in the original amount of $725. Principal payments of $36 are due in quarterly installments commencing in October 2011 and continuing through 2016. The loan is secured by a letter of credit.	**725**	-
[15] Signature Bank		
Loan with a bank dated September 13, 2010, in the original amount of $5,000. The loan has a fixed interest rate of 3.9% with monthly principal and interest payments starting on October 1, 2010 at $68. The note matures on September 15, 2015. The note is secured by a pledge agreement on a portion of the Union's investments.	**4,517**	-
Total notes payable	**8,302**	9,230
Interest-rate swap agreements	**-**	475
	$ 8,302	$ 9,705

Included in the Union's notes payable in fiscal year 2010 are two derivative instruments arising from the use of interest-rate "swap" agreements with two banks, to hedge the effects of fluctuations in interest rates related to two notes payable. Subsequent changes in the fair value of these derivatives are included in non-operating activities in the accompanying consolidated statements of activities and changes in net assets. The interest-rate differential received or paid is recognized over the term of the swap agreements as an adjustment to interest expense in the accompanying consolidated statements of activities and changes in net assets. During fiscal year 2011, each swap contract was fully liquidated.

Minimum annual future payments under the loan agreements, for years subsequent to June 30, 2011, are as follows:

Year Ending June 30,	Amount
2012	$ 1,859
2013	1,297
2014	1,657
2015	1,159
2016	2,071
Thereafter	259
	$ 8,302

(In Thousands of Dollars)

NOTE F - NOTES PAYABLE (CONTINUED)

At June 30, 2011, the Union had an unused unsecured line of credit totaling $3,000 that could be drawn as needed, with interest incurred at the lower of the prime rate or LIBOR plus 1.75%. The agreement expires on August, 1 2012. The line is available for the Union as authorized by the Board of Trustees.

At June 30, 2011, the Union had standby letters of credit totaling $3,984, which expire through 2015. The letters of credit are used as security for loans given by unrelated organizations for the renovation of several camp sites.

NOTE G - NET ASSETS

Unrestricted net assets at each fiscal year-end were composed of the following:

	June 30, 2011	June 30, 2010
Property, buildings, and equipment	**$ 65,034**	$ 63,819
Board-restricted funds	**11,552**	10,873
Operations and other	**7,965**	3,032
	$ 84,551	$ 77,724

At each fiscal year-end, net assets (including allocations of investment gains and losses) were temporarily restricted as follows:

	June 30, 2011	June 30, 2010
Building and improvements, principally camp-related	**$ 8,211**	$ 9,275
Direct membership support and programs	**1,612**	1,489
Camp and youth scholarships	**4,765**	3,295
Camp and youth programs	**2,828**	2,411
Religious Action Center/social action/Israel support/disaster relief	**12,621**	9,553
Books & music/other mission-related programs	**3,843**	2,607
	$ 33,881	$ 28,630

During each fiscal year, net assets were released from temporary restrictions for the following purposes:

	Year Ended June 30, 2011	Year Ended June 30, 2010
Building and improvements, principally camp-related	**$ 3,639**	$ 4,550
Direct membership support and programs	**325**	239
Camp and youth scholarships & programs	**640**	438
Camp and youth programs	**378**	556
Religious Action Center/social action/Israel support/disaster relief	**1,405**	1,108
Books & music/other mission-related programs	**78**	32
	$ 6,465	$ 6,923

(In Thousands of Dollars)

NOTE G - NET ASSETS (CONTINUED)

At each fiscal year-end, permanently restricted net assets were restricted to support the following:

	June 30, 2011	June 30, 2010
Camp scholarships & programs	**$ 4,026**	$ 4,024
Direct membership and support programs	**3,163**	3,158
Operating support	**2,023**	2,028
Books & music/other mission-related programs	**2,308**	2,358
	$ 11,520	$ 11,568

NOTE H - ACCOUNTING AND REPORTING FOR ENDOWMENTS

[1] The Endowments:

The Union's endowment was established based on its mission and consists of both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowment, known as quasi-endowment funds. Net assets associated with endowment funds are classified and reported based on generally accepted accounting principles. Board-designated funds are classified as unrestricted net assets, and funds with donor-imposed restrictions are classified as temporarily or permanently restricted net assets, with net gains reported as temporarily restricted pending appropriation by the Board of Trustees.

[2] Interpretation of relevant law:

UPMIFA is applicable to all of the Union's institutional funds, including its donor-restricted and board designated endowment funds. The Board of Trustees will continue to adhere to UPMIFA's requirements.

[3] Endowment net asset composition by type of fund for each fiscal year end:

June 30, 2011	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated quasi-endowment funds	**$ 11,552**	**$ -**	**$ -**	**$ 11,552**
Donor-restricted endowment funds	**-**	**14,190**	**11,520**	**25,710**
Total endowment funds	**$ 11,552**	**$ 14,190**	**$ 11,520**	**$ 37,262**

June 30, 2010	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated quasi-endowment funds	$ 10,873	$ -	$ -	$ 10,873
Donor-restricted endowment funds	-	9,360	11,568	20,928
Total endowment funds	$ 10,873	$ 9,360	$ 11,568	$ 31,801

(In Thousands of Dollars)

NOTE H - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

[4] Changes in endowment net assets for each fiscal year ended:

	June 30, 2011			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Net assets, beginning of year	**$ 10,873**	**$ 9,360**	**$ 11,568**	**$ 31,801**
Contributions	**80**	**1,642**	**5**	**1,727**
Investment return:				
Interest and dividends	**295**	**321**	**-**	**616**
Realized/unrealized appreciation	**1,746**	**3,134**	**-**	**4,880**
Total investment return	**2,041**	**3,455**	**-**	**5,496**
Appropriated for expenditures/donor releases/ foreign exchange loss	**(1,442)**	**(267)**	**(53)**	**(1,762)**
Net assets, end of year	**$ 11,552**	**$ 14,190**	**$ 11,520**	**$ 37,262**

	June 30, 2010			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Net assets, beginning of year	$ 11,967	$ 7,280	$ 11,432	$ 30,679
Contributions	25	720	139	884
Investment return:				
Interest and dividends	271	253	-	524
Realized/unrealized appreciation	737	1,415	-	2,152
Total investment return	1,008	1,668	-	2,676
Appropriated for expenditures/ foreign exchange loss	(2,127)	(308)	(3)	(2,438)
Net assets, end of year	$ 10,873	$ 9,360	$ 11,568	$ 31,801

[5] Funds with deficiencies:

From time to time, the fair value of assets associated with permanently restricted funds may decline below the historical dollar value of the donor's original permanently restricted contribution. Under the terms of UPMIFA, the Union has no responsibility to restore such decreases in value, should any exist.

NOTE H - ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)

[6] Return objectives and risk parameters:

The Union has an Investment Policy Statement ("IPS") for all funds in the investment pool, including endowment funds. The overall objective for endowment assets is to provide the operations of the Union with a relatively stable stream of spendable revenue that grows over time and at a minimum keeps pace with inflation. If this is to be achieved over the long term, the inflation-adjusted value of the endowment assets must be preserved, net of annual distribution to programs. IPS compliance is monitored closely by the Union's Investment Committee and reflects:

- Asset diversification to provide reasonable assurance that no single security or class of security will have disproportionate impact on the total endowment assets.

- Investments in liquid, equity, and fixed-income instruments:

  i. Fixed-income instruments should average approximately 40% of the total fixed-income plus equity portfolio value. Their performance is measured against an appropriate benchmark related to its composition. Currently, this benchmark is the Barclays Capital U. S. Aggregate Bond Index.

  ii. Equities should average approximately 60% of the total fixed-income plus equity portfolio value: approximately 30% domestic and 30% international (benchmark: MSCI EAFE Index). Target ranges for domestic equities are 22% large-cap (benchmark: S&P 500); 4% mid-cap (benchmark: Russell Mid-Cap Growth); 4% small-cap (benchmark: Russell 2000 Value).

  iii. Community Development investment instruments, consisting mainly of certificates of deposit in community-run banks may represent up to 1.8% of the total investment pool, which includes endowment funds.

- Assessment at least annually by the Investment Committee of the appropriateness of the IPS, with recommended changes, if any, to be approved by the Board of Trustees.

[7] Strategies employed for achieving objectives:

To satisfy its long-term, rate-of-return objectives, the Union relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The portfolio will be invested with care, skill, prudence and diligence in accordance with fiduciary laws and regulations. Donations of securities are liquidated as quickly as practical, and the proceeds are invested in accordance with the IPS.

The long-term investment objective for the endowment assets is to attain a total return (net of investment management fees) that exceeds the average annual spending rate, as determined each year by the Board of Trustees as part of the Union's budget process.

[8] Spending policy and how the investment objectives relate to the spending policy:

The Budget Committee, in consultation with the Investment Committee, recommends to the Board of Trustees for its consideration each year a spending rate that balances the need for endowment support, as specified by the Board or donors, and the long-term expected investment return on the endowment.

(In Thousands of Dollars)

NOTE I - PROGRAM INCOME AND PROGRAM EXPENSES

Program income in each fiscal year was as follows:

	Year ended June 30, 2011	Year ended June 30, 2010
Camps and Israel programs	**$ 41,709**	$ 36,417
North American Biennial	**-**	1,235
Congregational support centers/regional activities	**137**	23
Congregational Consultation/Education/Outreach/ Synagogue Management/Worship/Family Concerns	**445**	374
Youth	**3,242**	2,294
Religious Action Center/Social Action/Disaster Relief/World Judaism	**1,081**	938
Press/RJ Magazine	**1,417**	1,500
ARZA	**867**	344
Other general programs of the Union	**267**	20
	$ 49,165	$ 43,145

Major program expenses in each fiscal year were as follows:

	Year ended June 30, 2011	Year ended June 30, 2010
Camps and Israel programs	**$ 40,083**	$ 35,862
North American Biennial	**-**	1,601
Congregational support centers/regional activities	**3,580**	3,507
Congregational Consultation/Education/Outreach/ Synagogue Management/Worship/Family Concerns	**4,990**	5,125
Youth	**4,422**	3,317
Religious Action Center/Social Action/Disaster Relief/World Judaism	**4,453**	3,870
Press/RJ Magazine	**2,195**	2,178
ARZA	**795**	588
Other general programs of the Union	**800**	507
	$ 61,318	$ 56,555

(In Thousands of Dollars)

NOTE J - RETIREMENT PLANS

[1] Defined-benefit retirement plan

The Union has a contributory, defined-benefit retirement plan (the "Plan") covering certain of its employees and employees of several affiliates. Plan assets are held in investment accounts operated in trust by various financial institutions. Effective June 30, 2010, the Plan's sponsor has frozen participation and benefit accruals in compliance with a resolution of the Board of Trustees.

The following table sets forth the Plan's funded status and the amounts recognized in the Union's consolidated financial statements at each fiscal year-end:

	June 30, 2011	June 30, 2010
Actuarial present value of benefit obligations:		
Accumulated benefit obligation, including vested benefits of $15,551 and $15,557 at each fiscal year-end, respectively	$ (15,702)	$ (15,745)
Projected benefit obligation	$ (15,702)	$ (15,745)
Fair value of plan assets	17,175	15,537
Funded status in excess (deficit) of plan assets	$ 1,473	$ (208)
Prepaid pension costs (accrued liability) in the statements of financial position	$ 1,473	$ (208)
Amounts recognized in changes in unrestricted net assets at each fiscal year-end:		
Net gains	$ 1,682	$ 245
Prior service costs	-	-
	$ 1,682	$ 245
Benefits cost	$ (114)	$ (80)
Components of net periodic benefits cost:		
Service cost	$ -	$ -
Interest cost	1,015	1,005
Expected return on plan assets	(1,129)	(1,085)
Net amortization and deferral	-	-
Net periodic benefit costs	$ (114)	$ 80
Employee contributions	$ -	$ -
Benefits paid	$ 1,067	$ 967
Weighted average assumptions:		
Discount rate	6.65%	6.65%
Expected return on plan assets	7.50%	7.50%
Rate of compensation increase	N/A	N/A

(In Thousands of Dollars)

NOTE J - RETIREMENT PLANS (CONTINUED)

[1] Defined-benefit retirement plan: (continued)

Investments of Plan assets will be made for the purpose of providing retirement reserves for the present and future benefit of participants of the Plan. The assets must be invested with the care, skill and diligence a prudent person acting in this capacity would exercise to comply with all objectives outlined herein, the Investment Advisors Act of 1940, and all other governing statutes.

The Union's investment objective is to achieve an average annual return of 7.5% or better on all the pension assets to meet its long-term pension obligations.

The primary objective for the Plan Trustees is to provide a balance among capital appreciation, preservation of capital and current income. The objectives of the Plan should be pursued as a long-term goal designed to meet the benchmark objectives for the Plan without taking undue risk.

The Trustees of the Plan recognize that risk, volatility, and loss of purchasing power due to inflation are present to some degree in all types of investment vehicles. Although high levels of risk are to be avoided, the assumption of some risk is warranted to allow the investment manager the opportunity to achieve satisfactory long-term results consistent with the objectives of the Plan.

The Trustees of the Plan have discretion as to the asset allocation decisions of the total plan assets. The Union requests adherence to the following asset-allocation range:

	Minimum Percentage	Maximum Percentage
Domestic large-cap equities	24%	28%
Domestic mid-cap equities	9%	13%
Domestic small-cap equities	2%	5%
International equity	22%	28%
Fixed income	32%	38%

At each fiscal year-end, the fair value of total plan assets held was as follows:

	June 30, 2011	June 30, 2010
Cash and cash equivalents	**$ 251**	$ 145
Certificates of deposit	**200**	300
Mutual funds:		
Bond funds	**5,800**	6,278
Equity funds	**10,755**	8,724
Group annuity contract	**169**	90
	$ 17,175	$ 15,537

The investments in the common and collective trusts are composed of both domestic and international equity mutual funds administered by various financial institutions. The Union contributed nothing to the Plan for fiscal years 2011 and 2010.

(In Thousands of Dollars)

NOTE J - RETIREMENT PLANS (CONTINUED)

[1] Defined-benefit retirement plan (continued)

The following table illustrates the benefit distributions that would be paid each fiscal year if all "non-highly compensated" participants who are expected to retire were to elect a lump-sum distribution instead of monthly payments. "Highly compensated" participants are currently not allowed to elect a lump-sum distribution.

As a result, monthly payments are included below for those participants:

Year Ending June 30,	Expected Benefit Distributions
2012	$ 937
2013	965
2014	1,032
2015	1,057
2016	1,103
2017-2020	6,064

Net pension expense was $0 and $80 for fiscal years 2011 and 2010, respectively.

Those member rabbis, cantors, and senior staff (consisting of department heads, program directors and several executives) who are not covered under the Plan are covered instead under a plan of the Reform Pension Board or the American Conference of Cantors.

[2] Defined-contribution plan

The Union established a defined-contribution retirement plan under Section 403(b) of the Internal Revenue Code during fiscal year 2010. In fiscal year 2011 and 2010, the Union contributed 2% of the base salary for each eligible participant. In addition, employees may make voluntary contributions to the plan, for which, in fiscal year 2011 and 2010, the Union made a matching contribution of up to 3% of base salary for each eligible participant. Total plan expense for fiscal year 2011 and 2010 was approximately $365 and $335.

NOTE K - CREDIT RISK

Financial instruments that potentially subject the Union to concentrations of credit risk consist principally of cash and cash-equivalent accounts that are deposited in financial institutions in amounts which, from time to time, may exceed federal insurance limits. However, management believes that the Union does not face a significant risk of loss on these accounts.

(In Thousands of Dollars)

NOTE L - RELATED-PARTY TRANSACTIONS

The Union provides various management services, which include providing payroll and fringe benefits, for several unconsolidated, affiliated organizations. These services are billed to the respective affiliated organization. For each fiscal year-end, affiliate receivables consisted of the following:

	June 30,	
	2011	**2010**
Women of Reform Judaism, the Federation of Temple Sisterhoods	**$ 226**	$ 109
Men of Reform Judaism	**322**	334
Reform Pension Board	**7**	19
	$ 555	$ 462

NOTE M - RENTAL INCOME AGREEMENT

The Union has entered into several agreements to lease a portion of its condominium unit to unrelated not-for-profit organizations and an agreement to sublease its office space in San Francisco. The following are minimum lease payments to be received, excluding condominium charges, for each fiscal year:

Year Ending June 30,	Amount
2012	$ 1,633
2013	1,659
2014	1,672
	$ 4,964

NOTE N - COMMITMENTS AND CONTINGENCY

[1] Lease agreements:

The Union has entered into operating leases for the use of office facilities and certain office equipment which expire through April 2014. Certain of the leases are subject to escalations for increases in real estate taxes and other operating expenses.

For each fiscal year, minimum annual future rental commitments under the lease agreements, excluding escalation costs, are as follows:

Year Ending June 30,	Amount
2012	$ 571
2013	408
2014	372
2015	231
2016	134
Thereafter	39
	$ 1,755

NOTE N - COMMITMENTS AND CONTINGENCY (CONTINUED)

[1] Lease agreements: (continued):

Certain operating leases provide for renewal options for additional years at their fair rental value at the time of the renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases.

Rent expense amounted to approximately $585 and $648 for fiscal years 2011 and 2010, respectively.

[2] Convention agreements:

The Union has entered into multiple agreements for the use of hotel and conference space for the North American Biennial and the NFTY Convention. The agreements stipulate that in the event of a cancellation the Union would be subject to certain cancellation fees.

[3] Legal matters:

The Union is subject to legal action in the routine course of conducting business. In management's opinion, however, there is no current legal action the outcome of which would have a material adverse impact on the Union's financial position.

NOTE O - SUBSEQUENT EVENTS

Subsequent events were evaluated through November 17, 2011, which is the date the financial statements were available to be issued.

In August 2011, the Union borrowed $7,000 from a bank for a term of ten years. The interest rate during the first five years is fixed at 4.875%. The note may be prepaid without penalty after the third year of the term.

UNION for REFORM JUDAISM

COMPARISON OF THE ACTUAL RESULTS OF
OPERATING ACTIVITY WITH THE BUDGET

FOR THE FISCAL YEAR ENDED
June 30, 2011

Union for Reform Judaism
Reconciliation of Budget Comparison to the Audited Statement of Activities

Please note that the following internally-generated statement of operations, showing actual vs. budgeted performance for fiscal year 2011, differs from the audited statement of activities for unrestricted net assets and change in unrestricted net assets for the following principal reasons:

○ The external consolidated statements include the results of our camps and Israel programs and ARZA, while the internal statements exclude camps and Israel programs, which operate on a calendar year for internal reporting purposes, and ARZA.

○ The internal statements are on a modified cash basis. The most significant difference from the audited statements is the fact that the internal statements reflect membership and annual campaign revenue as the cash is received.

○ The external statements include depreciation expense and investmentreturn not designated to current operations and other nonoperating activity not reflected in the internal statements.

Union for Reform Judaism
Budget Comparison - Revenues
For the Year ended June 30, 2011

	ACTUAL YEAR ENDED JUNE 30, 2011	BUDGET YEAR ENDED JUNE 30, 2011	AMOUNT OVER or (UNDER) BUDGET	% of VARIANCE
MUM				
Congregational Dues -Cash Basis	24,410,682	26,089,000	(1,678,318)	(6.4)%
Less: Distribution to Hebrew Union College-Jewish Institute of Religion	10,740,700	11,592,496	(851,796)	(7.3)%
Net Dues Available for URJ	**13,669,982**	**14,496,504**	**(826,522)**	**(5.7)%**
OTHER REVENUES				
Program Fees	4,581,749	3,457,447	1,124,302	32.5%
Operating Revenue	1,948,790	1,854,460	94,330	5.1%
Annual Campaign for URJ	1,498,204	1,445,000	53,204	3.7%
Other unrestricted grants/contributions	1,181,810	1,021,547	160,263	15.7%
Rental Income	1,438,485	1,442,620	(4,135)	(0.3)%
Investment return designated for operations	422,533	375,000	47,533	0.0%
Other Income	348,105	365,000	(16,895)	(4.6)%
Releases from restrictions/Board funds	1,911,687	2,214,500	(302,813)	(13.7)%
Total Other Revenues	**13,331,362**	**12,175,574**	**1,155,788**	**9.5%**
Total Revenues	**27,001,344**	**26,672,078**	**329,266**	**1.2%**

Union for Reform Judaism
Budget Comparison - Expenditures by Function
For the Year ended June 30, 2011

	ACTUAL YEAR ENDED JUNE 30, 2011	BUDGET YEAR ENDED JUNE 30, 2011	AMOUNT OVER or (UNDER) BUDGET	% of VARIANCE
EXPENDITURES				
PROGRAMMATIC EXPENDITURES				
Congregational Support Centers	3,508,013	3,619,592	(111,579)	(3.1)%
Congregational Consulting	3,573,223	4,020,276	(447,053)	(11.1)%
Youth Engagement	4,431,141	3,528,588		
RAC/Social Action/Worldwide Judaism	4,006,855	3,653,310	353,545	9.7%
URJ Books & Music/Production	1,247,074	1,303,902	(56,828)	(4.4)%
RJ Magazine	1,116,560	1,241,944	(125,384)	(10.1)%
Advancing Reform Judaism Programs/Grants	1,320,549	1,518,158	(197,609)	NM
Total Programmatic Expenditures	**19,203,415**	**18,885,770**	**317,645**	**1.7%**
OTHER EXPENDITURES				
Marketing/Communications/Web	492,761	527,356	(34,595)	(6.6)%
Administration/Trustees	1,707,814	1,449,315	258,499	17.8%
Facilities	1,521,062	1,748,815	(227,753)	(13.0)%
Development	551,213	625,282	(74,069)	(11.8)%
Finance & Audit	932,708	919,249	13,459	1.5%
Human Resources	389,782	357,488	32,294	9.0%
Information Technology	1,140,190	935,048	205,142	21.9%
Meetings and Conventions	125,498	200,034	(74,536)	(37.3)%
MUM/List Management	686,902	717,721	(30,819)	(4.3)%
Reserves	250,000	306,000	(56,000)	(18.3)%
Total Administrative and Other	**7,797,930**	**7,786,308**	**11,622**	**0.1%**
TOTAL OPERATIONAL EXPENSES	**27,001,344**	**26,672,078**	**329,266**	**1.2%**
Excess(shortfall) Revenue vs. Expense	**-**	**-**	**-**	

Union for Reform Judaism
Budget Comparison - Expenditures by Natural Expense Category
For the Year ended June 30, 2011

	ACTUAL YEAR ENDED JUNE 30, 2011	BUDGET YEAR ENDED JUNE 30, 2011	AMOUNT OVER or (UNDER) BUDGET	% of VARIANCE
Salaries & Benefits	17,162,508	17,757,078	(594,570)	(3.3)%
% of Total	63.6%	66.6%		
Rent and Occupancy Costs	1,571,708	1,617,151	(45,443)	(2.8)%
% of Total	5.8%	6.1%		
Programs, Office, Printing, Other	4,127,894	4,276,298	(148,404)	(3.5)%
% of Total	15.3%	16.0%		
Travel & Meetings	3,889,234	2,715,551	1,173,683	43.2%
% of Total	14.4%	10.2%		
Reserves	250,000	306,000	(56,000)	(18.3)%
% of Total	0.9%	1.1%		
Totals	**27,001,344**	**26,672,078**	**329,266**	1.2%

Thank You.

Your membership in a Union congregation has made the Reform Movement the largest and most vibrant branch of Judaism.

UNION *for* REFORM JUDAISM
האיחוד ליהדות רפורמית
SERVING REFORM CONGREGATIONS IN NORTH AMERICA

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