

**EISNERAMPER**

**WORLD JEWISH CONGRESS  
(AMERICAN SECTION), INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 and 2019**



# WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
World Jewish Congress (American Section), Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of World Jewish Congress (American Section), Inc. (the "American Section"), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

The American Section's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Jewish Congress (American Section), Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for each of the years then ended, in accordance with accounting principles generally accepted in the United States of America.



EISNERAMPER LLP  
New York, New York  
November 12, 2021



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# WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

## Statements of Financial Position

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,345,064	\$ 5,164,453
Pledges and bequests receivable, net	2,633,048	407,880
Investments	15,322,377	11,205,667
Prepaid and other assets	131,695	151,754
Property and equipment, net	<u>106,643</u>	<u>175,276</u>
	<b><u>\$ 20,538,827</u></b>	<b><u>\$ 17,105,030</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 282,209	\$ 257,043
Due to related party	<u>3,054,284</u>	<u>500,000</u>
Total liabilities	<u>3,336,493</u>	<u>757,043</u>
Other uncertainty (see Note L)		
Net assets:		
Without donor restrictions:		
Undesignated and available for general activities	13,795,793	14,849,082
With donor restrictions:		
Purpose restrictions	1,218,284	1,398,905
Time restricted for future use	2,088,257	-
Perpetual in nature	<u>100,000</u>	<u>100,000</u>
Total net assets with donor restrictions	<u>3,406,541</u>	<u>1,498,905</u>
Total net assets	<u>17,202,334</u>	<u>16,347,987</u>
	<b><u>\$ 20,538,827</u></b>	<b><u>\$ 17,105,030</u></b>

See notes to financial statements.

**WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.**

**Statements of Activities**

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue:</b>						
Contributions	\$ 14,472,974	\$ 950,000	\$ 15,422,974	\$ 15,759,769	\$ 3,015,678	\$ 18,775,447
Special events (net of direct benefits to donors of \$292,567 for 2019)	2,026,659	-	2,026,659	2,724,450	-	2,724,450
Legacies and bequests	4,289,843	2,088,257	6,378,100	5,423,571	-	5,423,571
Net investment income (loss)	311,280	497	311,777	638,345	(185)	638,160
Other income	26,118	-	26,118	50,818	-	50,818
Total public support and revenue before net assets released from restrictions	21,126,874	3,038,754	24,165,628	24,596,953	3,015,493	27,612,446
Net assets released from restrictions	1,131,118	(1,131,118)	-	3,740,463	(3,740,463)	-
Total public support and revenue	22,257,992	1,907,636	24,165,628	28,337,416	(724,970)	27,612,446
<b>Expenses:</b>						
Program services:						
International affairs	13,645,544	-	13,645,544	16,198,364	-	16,198,364
Organizational and inter-religious affairs	1,032,589	-	1,032,589	1,138,384	-	1,138,384
Public information	4,729,343	-	4,729,343	4,479,319	-	4,479,319
Academic, cultural and youth programs	1,873,343	-	1,873,343	2,206,058	-	2,206,058
Total program services	21,280,819	-	21,280,819	24,022,125	-	24,022,125
Supporting services:						
Management and general	396,995	-	396,995	497,084	-	497,084
Fund-raising	1,633,467	-	1,633,467	2,102,032	-	2,102,032
Total supporting services	2,030,462	-	2,030,462	2,599,116	-	2,599,116
Total expenses	23,311,281	-	23,311,281	26,621,241	-	26,621,241
<b>Change in net assets</b>	(1,053,389)	1,907,636	854,347	1,716,175	(724,970)	991,205
Net assets, beginning of year	14,849,082	1,498,905	16,347,987	13,132,907	2,223,875	15,356,782
<b>Net assets, end of year</b>	\$ 13,795,793	\$ 3,406,541	\$ 17,202,334	\$ 14,849,082	\$ 1,498,905	\$ 16,347,987

See notes to financial statements.

**WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.**

**Statement of Functional Expenses  
Year Ended December 31, 2020**

(with summarized financial information for the year ended 2019)

	Program Services					Supporting Services			Total Expenses	
	International Affairs	Organizational and Inter-Religious Affairs	Public Information	Academic Cultural and Youth	Total Program	Management and General	Fund-Raising	Total Supporting Services	2020	2019
Salaries	\$ 129,696	\$ 70,889	\$ 449,073	\$ 44,852	\$ 694,510	\$ 183,434	\$ 152,921	\$ 336,355	\$ 1,030,865	\$ 979,395
Payroll taxes and employee benefits	32,413	15,684	164,151	9,836	222,084	74,694	54,482	129,176	351,260	348,099
	162,109	86,573	613,224	54,688	916,594	258,128	207,403	465,531	1,382,125	1,327,494
Grants	13,385,250	892,350	1,784,700	1,784,700	17,847,000	-	-	-	17,847,000	21,353,505
Rent	18,106	9,896	62,692	6,262	96,956	25,608	21,348	46,956	143,912	205,610
Consultants and outside services	19,469	10,641	67,412	6,733	104,255	27,536	22,956	50,492	154,747	94,617
Equipment rental	12,955	7,081	44,856	4,480	69,372	18,322	15,275	33,597	102,969	-
Internet advertising	11,788	6,443	40,815	4,076	63,122	16,672	13,899	30,571	93,693	-
Office supplies and expenses	1,052	575	3,641	364	5,632	1,487	1,240	2,727	8,359	30,428
Books, subscriptions and memberships	1,205	659	4,173	417	6,454	1,705	1,421	3,126	9,580	11,638
Postage, shipping and messengers	1,137	621	3,936	393	6,087	1,608	1,340	2,948	9,035	4,376
Telephone	468	256	1,621	162	2,507	662	552	1,214	3,721	10,713
Printing and publications	5,573	3,046	19,298	1,927	29,844	7,883	6,572	14,455	44,299	5,144
Professional fees	6,029	3,295	20,876	2,085	32,285	8,527	7,109	15,636	47,921	29,500
Travel	1,576	862	5,458	545	8,441	2,230	1,859	4,089	12,530	45,878
Meetings and conferences	4,762	2,603	16,488	1,647	25,500	6,735	5,614	12,349	37,849	56,778
Space rental/catering related to special events	-	-	-	-	-	-	-	-	-	292,567
Depreciation and amortization	9,801	5,357	33,936	3,389	52,483	13,862	11,556	25,418	77,901	76,919
Bad debt expense	-	-	-	-	-	-	-	-	-	50,000
Direct mail costs	-	-	2,002,940	-	2,002,940	-	1,310,297	1,310,297	3,313,237	3,283,397
Miscellaneous	4,264	2,331	3,277	1,475	11,347	6,030	5,026	11,056	22,403	35,244
<b>Total expenses</b>	<b>13,645,544</b>	<b>1,032,589</b>	<b>4,729,343</b>	<b>1,873,343</b>	<b>21,280,819</b>	<b>396,995</b>	<b>1,633,467</b>	<b>2,030,462</b>	<b>23,311,281</b>	<b>26,913,808</b>
Less: Direct benefits to donors	-	-	-	-	-	-	-	-	-	(292,567)
<b>Total expenses per statements of activities</b>	<b>\$ 13,645,544</b>	<b>\$ 1,032,589</b>	<b>\$ 4,729,343</b>	<b>\$ 1,873,343</b>	<b>\$ 21,280,819</b>	<b>\$ 396,995</b>	<b>\$ 1,633,467</b>	<b>\$ 2,030,462</b>	<b>\$ 23,311,281</b>	<b>\$ 26,621,241</b>

See notes to financial statements.

**WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.**

**Statement of Functional Expenses  
Year Ended December 31, 2019**

	Program Services					Supporting Services			
	International Affairs	Organizational and Inter-Religious Affairs	Public Information	Academic Cultural and Youth	Total Program	Management and General	Fund-raising	Total Supporting Services	Total Expenses
Salaries	\$ 98,904	\$ 39,068	\$ 413,716	\$ 39,068	\$ 590,756	\$ 215,758	\$ 172,881	\$ 388,639	\$ 979,395
Payroll taxes and employee benefits	<u>25,080</u>	<u>8,236</u>	<u>161,188</u>	<u>8,236</u>	<u>202,740</u>	<u>81,954</u>	<u>63,405</u>	<u>145,359</u>	<u>348,099</u>
	123,984	47,304	574,904	47,304	793,496	297,712	236,286	533,998	1,327,494
Grants	16,015,129	1,067,675	2,135,351	2,135,350	21,353,505	-	-	-	21,353,505
Rent	20,764	8,202	86,854	8,202	124,022	45,294	36,294	81,588	205,610
Consultants and outside services	10,503	4,149	43,934	4,149	62,735	13,523	18,359	31,882	94,617
Office supplies and expenses	3,072	1,213	12,853	1,213	18,351	6,706	5,371	12,077	30,428
Books, subscriptions and memberships	1,175	464	4,916	464	7,019	2,565	2,054	4,619	11,638
Postage, shipping and messengers	442	175	1,848	175	2,640	964	772	1,736	4,376
Telephone	1,082	427	4,526	427	6,462	2,360	1,891	4,251	10,713
Printing and publications	520	205	2,173	205	3,103	1,133	908	2,041	5,144
Professional fees	-	-	-	-	-	29,500	-	29,500	29,500
Travel	4,633	1,830	19,380	1,830	27,673	10,107	8,098	18,205	45,878
Meetings and conferences	5,734	2,265	23,984	2,265	34,248	12,508	10,022	22,530	56,778
Space rental/catering related to special events	-	-	-	-	-	-	292,567	292,567	292,567
Depreciation and amortization	7,768	3,068	32,493	3,068	46,397	16,944	13,578	30,522	76,919
Bad debt expense	-	-	-	-	-	50,000	-	50,000	50,000
Direct mail costs	-	-	1,521,218	-	1,521,218	-	1,762,179	1,762,179	3,283,397
Miscellaneous	<u>3,558</u>	<u>1,407</u>	<u>14,885</u>	<u>1,406</u>	<u>21,256</u>	<u>7,768</u>	<u>6,220</u>	<u>13,988</u>	<u>35,244</u>
Total expenses	16,198,364	1,138,384	4,479,319	2,206,058	24,022,125	497,084	2,394,599	2,891,683	26,913,808
Less: Direct benefits to donors	-	-	-	-	-	-	(292,567)	(292,567)	(292,567)
Total expenses per statements of activities	<u>\$ 16,198,364</u>	<u>\$ 1,138,384</u>	<u>\$ 4,479,319</u>	<u>\$ 2,206,058</u>	<u>\$ 24,022,125</u>	<u>\$ 497,084</u>	<u>\$ 2,102,032</u>	<u>\$ 2,599,116</u>	<u>\$ 26,621,241</u>

See notes to financial statements.

**WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.****Statements of Cash Flows**

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	<b>\$ 854,347</b>	\$ 991,205
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	77,901	76,919
Bad debt expense	-	50,000
Donated securities	<b>(10,793,606)</b>	(13,905,576)
Proceeds from sales of donated securities	<b>10,793,606</b>	13,905,576
Net realized and unrealized gains on investments	<b>(244,360)</b>	(362,466)
Changes in:		
Pledges and bequests receivable	<b>(2,225,168)</b>	355,040
Prepaid and other assets	<b>20,059</b>	(61,959)
Accounts payable and accrued expenses	<b>25,166</b>	(13,919)
Due to related party	<b><u>2,554,284</u></b>	<u>500,000</u>
Net cash provided by operating activities	<b><u>1,062,229</u></b>	<u>1,534,820</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales of investments	<b>9,259,637</b>	7,131,115
Purchases of investments	<b>(13,131,987)</b>	(9,833,510)
Purchases of property and equipment	<b><u>(9,268)</u></b>	<u>(13,622)</u>
Net cash used in investing activities	<b><u>(3,881,618)</u></b>	<u>(2,716,017)</u>
<b>Change in cash and cash equivalents</b>	<b>(2,819,389)</b>	(1,181,197)
Cash and cash equivalents at beginning of year	<b><u>5,164,453</u></b>	<u>6,345,650</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 2,345,064</u></b>	<u>\$ 5,164,453</u>

See notes to financial statements.



## **WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.**

### **Notes to Financial Statements December 31, 2020 and 2019**

#### **NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **[1] The Organization:**

World Jewish Congress (American Section), Inc. (the "American Section"), incorporated in New York in 1950, is a publicly supported not-for-profit organization, exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code") and from state and local taxes under comparable laws. The American Section's goal is to protect human rights via integration of Jewish organizations and to disseminate information to the Jewish community and to various international, academic, cultural and youth programs.

The American Section is an affiliate of the World Jewish Congress (the "WJC"), which is a Swiss voluntary organization with representative offices and regional branches in various countries around the world. These affiliates, including the American Section and the World Jewish Congress LLC (the "LLC"), as described below, are subject to their own independent audits and filings in their countries of registration. The criteria of control and financial dependence that are required for the consolidation of financial statements have not been met, and the American Section does not include the financial position, operations, or cash flows of any foreign or domestic affiliate in the financial statements (see Note E).

During 2012, the American Section began fund-raising in the United States for one of its programs, which is the support of the WJC; previously, such fund-raising efforts had been conducted by a now-discontinued former affiliate. The American Section currently distributes all of its grants to the WJC, which operates in the United States through the LLC, a Delaware limited liability company which has the WJC as its sole member (see also Note E). The LLC, in turn, distributes grants to appropriate affiliated and non-affiliated entities.

##### **[2] Basis of accounting:**

The financial statements of the American Section 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.

##### **[3] Use of estimates:**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue, and expenses, as well the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

##### **[4] Cash and cash equivalents:**

The American Section considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, with the exception of money market funds and short-term investments that are designated to be part of the American Section's investment portfolio.

##### **[5] Investments:**

Investments in mutual funds, fixed income securities, and U.S. treasury bills are reported at their fair values in the statements of financial position based on quoted market prices. The American Section includes certain cash balances and short-term money-market funds held by brokerage houses as part of the investment portfolio.

The American Section's investments, in general, are subject to various risks, such as interest-rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

## **WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.**

### **Notes to Financial Statements December 31, 2020 and 2019**

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

##### **[5] Investments: (continued)**

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Donated securities are recorded at their estimated fair values on the dates of donation. The American Section's policy is to sell the donated securities immediately, and, accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

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

##### **[6] Property and equipment:**

Property and equipment are stated at their original costs at the dates of acquisition, or, if contributed, at their estimated fair values at the dates of donation, less accumulated depreciation and amortization. The American Section capitalizes items of property and equipment that have a cost of \$500 or more and a useful life of greater than one year, whereas minor costs of repairs and maintenance are expensed as incurred. Leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter. Depreciation is provided using the straight-line method over the respective estimated useful lives of the related furniture and office equipment assets, which range from three to five years.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. There were no triggering events during 2020 or 2019, requiring management to test for impairment that would require adjustments to property and equipment. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

##### **[7] Accrued vacation:**

Accrued vacation represents the American Section's obligation for the cost of unused employee vacation time payable in the event that all employees left the American Section. As of December 31, 2020 and 2019, the accrued vacation obligation was approximately \$113,000 and \$38,000, respectively, and was reported as a part of accounts payable and accrued expenses in the accompanying statements of financial position.

##### **[9] Net assets:**

###### *(i) Net Assets Without Donor Restrictions:*

The American Section's net assets without donor restrictions represent those resources for which there are no restrictions by donors as to their use and are available for current operations.

## **WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.**

### **Notes to Financial Statements December 31, 2020 and 2019**

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

##### **[9] Net assets: (continued)**

###### *(ii) Net Assets With Donor Restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor imposed restrictions, such as specific purposes and/specific period of time. Also included within net assets with donor restrictions are donor restrictions that are perpetual in nature and are subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). These donors have stipulated that those resources be maintained in perpetuity with the resultant income and net capital appreciation arising from the underlying assets to be used in satisfaction of the wishes of those donors. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, or funds are appropriated through an action of the Board of Directors, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions."

##### **[10] Revenue recognition:**

Contributions to the American Section are recognized as revenue upon the receipt of cash, other assets, or of unconditional pledges. The American Section records bequest income at the time it has an established right to a bequest and the proceeds are measurable. Contributions are recorded as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are not recorded as revenue until the donor's specified conditions have been met by requisite actions of the American Section's management or necessary events have taken place; if assets for conditional contributions are received prior to the satisfaction of those conditions, they would be recognized in the statements of financial position as funds received in advance. Contributions to be received over periods longer than a single year are discounted to present value, at an interest rate commensurate with the risk involved.

An allowance for uncollectible pledges receivable is provided, using management's estimate of potential defaults, which considers factors such as the prior collection history and the type of contribution.

Special events include fund-raising activities such as auctions and dinners. A portion of the gross proceeds paid by the attendees of the event represents payment for the direct costs of the benefits received by the attendees at the event. Such special-event income is reported net of the direct costs of the event that are attributable to the benefits that the donors receive referred to as "direct benefits to donor." As a result of the pandemic, in-person special events were unable to be held during 2020 and accordingly, there were no direct benefits to donors for the year ending December 31, 2020.

##### **[11] Functional allocation of expenses:**

The American Section's financial statements report certain categories of expenses that are attributable to programs and supporting services of the American Section. These costs have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by natural classification and function. Accordingly, certain expenses have been functionalized within the program and supporting services based on the nature of the expense. Indirect costs have been allocated on the basis of utilization of resources by each department and by employee time allocations.

## WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

### Notes to Financial Statements December 31, 2020 and 2019

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

##### [12] Income tax uncertainties:

The American Section is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the American Section's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the American Section's financial statements.

##### [13] Adoption of accounting principles:

(i) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made:*

In 2018, the FASB issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. ASU 2018-08 clarified and improved guidance concerning: 1) evaluating whether a transaction should be accounted for as an exchange transaction or as a contribution; and 2) determining whether a contribution received is conditional. ASU 2018-08 should be applied on a modified prospective basis. ASU 2018-08 was effective for annual periods beginning after December 15, 2018 for entities that are resource recipients. Accordingly, the American Section adopted the resource recipient portion for its year ended December 31, 2019. ASU 2018-08 is effective for annual periods beginning after December 15, 2019 for entities that are resource providers. The American Section adopted the resource provider portion for its year ended December 31, 2020, and this accounting guidance did not have a material effect on the American Section's financial statements.

(ii) *Revenue from Contracts with Customers:*

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry specific guidance. ASU 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard permits the use of either the retrospective or cumulative effect transition method. The standard is effective for fiscal years beginning after December 15, 2019, and accordingly, the American Section adopted this pronouncement for its year ended December 31, 2020 on the retrospective basis. Analysis of the various provisions of this standard resulted in no significant changes in the way the American Section recognized revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

##### [14] Upcoming accounting principles:

(i) *Leases:*

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), as amended, which supersedes the current leasing guidance and upon adoption, will require lessees to recognize right-of-use assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard is effective for the American Section for the annual period beginning after December 15, 2021. Upon the adoption of the guidance, operating leases are capitalized on the statements of financial position at the present value of lease payments. The statements of financial position amount recorded for existing leases at the date of adoption of ASU 2016-02 will be calculated using the applicable incremental borrowing rate at the date of adoption. The impact on the American Section's financial statements is currently being evaluated.

## WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

### Notes to Financial Statements December 31, 2020 and 2019

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

##### [14] Upcoming accounting principles: (continued)

###### (ii) *Contributed Nonfinancial Assets:*

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, the not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period; if utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; and (iv) the valuation and techniques and inputs used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Management is in the process of assessing the impact of this ASU on the financial statements and related note disclosures.

##### [15] Reclassification:

Certain information in the prior's financial statements has been reclassified to conform to the current year's presentation.

##### [16] Subsequent events:

The American Section evaluated subsequent events through November 12, 2021, the date on which the financial statements were available to be issued.

#### NOTE B - PLEDGES AND BEQUEST RECEIVABLES

Pledges and bequests receivables are estimated to be collected within one year of the dates of the statements of financial position. At December 31, 2019, pledges receivable were reported net of allowance for doubtful collections of \$50,000. There was no allowance at December 31, 2020.

## WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

### Notes to Financial Statements December 31, 2020 and 2019

#### NOTE C - INVESTMENTS

At each year-end, the American Section's investments consisted of the following:

	December 31,			
	2020		2019	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Money-market	\$ 222,089	\$ 222,089	\$ 75,464	\$ 75,464
Certificates of deposit	100,000	100,000	100,818	100,818
Corporate bonds	-	-	801,918	802,556
State of Israel bonds	256,004	256,004	250,292	250,292
U.S. Treasury bills	8,969,735	8,969,762	7,594,807	7,576,450
Mutual funds:				
Fixed-income	3,854,315	3,717,251	1,573,790	1,382,207
Equity securities	1,920,234	1,522,846	808,578	810,208
	<u>\$15,322,377</u>	<u>\$14,787,952</u>	<u>\$11,205,667</u>	<u>\$10,997,995</u>

During each year, net investment income consisted of the following:

	Year Ended December 31,	
	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 78,901	\$ 285,080
Investment management fees	(11,484)	(9,386)
Unrealized gains	326,753	311,760
Realized (losses) gains	<u>(82,393)</u>	<u>50,706</u>
	<u>\$ 311,777</u>	<u>\$ 638,160</u>

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy for 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 investments, at the reporting date.
- Level 2: Valuations are based on: (i) quoted prices for similar investments in active markets; or (ii) quoted prices for identical, or similar investments, 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 3: Valuations are based on pricing inputs that are unobservable and include situations where: (i) there is little, if any, market activity for the investments; or (ii) the investments cannot be independently valued.

## WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

### Notes to Financial Statements December 31, 2020 and 2019

#### NOTE C - INVESTMENTS (CONTINUED)

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The following table summarizes the fair values of the American Section's assets at each year-end, in accordance with the ASC Topic 820 valuation levels:

	December 31,					
	2020			2019		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Money-market	\$ 222,089	\$ -	\$ 222,089	\$ 75,464	\$ -	\$ 75,464
Certificates of deposit	-	100,000	100,000	-	100,818	100,818
Corporate bonds	-	-	-	-	801,918	801,918
State of Israel bonds	-	256,004	256,004	-	250,292	250,292
U.S. Treasury bills	8,969,735	-	8,969,735	7,594,807	-	7,594,807
Mutual funds	5,774,549	-	5,774,549	2,382,368	-	2,382,368
	<u>\$ 14,966,373</u>	<u>\$ 356,004</u>	<u>\$15,322,377</u>	<u>\$ 10,052,639</u>	<u>\$1,153,028</u>	<u>\$11,205,667</u>

#### NOTE D - PROPERTY AND EQUIPMENT

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

	December 31,	
	2020	2019
Furniture and office equipment	\$ 572,439	\$ 680,364
Leasehold improvements	<u>20,611</u>	<u>20,611</u>
	593,050	700,975
Less: accumulated depreciation and amortization	<u>(486,407)</u>	<u>(525,699)</u>
	<u>\$ 106,643</u>	<u>\$ 175,276</u>

During 2020 and 2019, the American Section disposed of fully-depreciated computer equipment and furniture and fixtures that were no longer in use of \$117,193 and \$97,825, respectively.

#### NOTE E - RELATED-PARTY TRANSACTIONS

In 2020 and 2019, the LLC was reimbursed \$1,488,714 and \$1,466,816, respectively, by the American Section for rent, compensation costs, benefits expenses, and other services performed by the LLC on behalf of the American Section.

In addition, the American Section granted \$17,847,000 and \$21,353,505 to the LLC during 2020 and 2019, respectively. At December 31, 2020 and 2019, the due to related party of \$3,054,284 and \$500,000, respectively, consisted entirely of a payable to the LLC. These amounts were paid subsequent to December 31, 2020 and 2019.

**WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.**

**Notes to Financial Statements  
December 31, 2020 and 2019**

**NOTE F - NET ASSETS WITH DONOR RESTRICTIONS**

At each year-end, net assets with donor restrictions consisted of the following:

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Purpose restricted:		
Red Card for Hate Program	<b>\$ 505,563</b>	\$ 1,005,563
Combating Anti-Semitism	<b>194,474</b>	177,676
Security Project	<b>400,000</b>	200,000
Yiddish Center	<b>114,084</b>	-
Other	<b>-</b>	12,000
	<b><u>1,214,121</u></b>	<u>1,395,239</u>
Total purposed restricted		
	<b><u>1,214,121</u></b>	<u>1,395,239</u>
Time-restricted for future periods	<b><u>2,088,257</u></b>	<u>-</u>
Accumulated endowment income subject to appropriation by the Board of Directors	<b><u>4,163</u></b>	<u>3,666</u>
Perpetual in nature	<b><u>100,000</u></b>	<u>100,000</u>
	<b><u>\$ 3,406,541</u></b>	<u>\$ 1,498,905</u>

Net assets that are perpetual in nature consist of an endowment contribution of \$100,000 received as part of the final dissolution of the World Jewish Congress Foundation.

At each year-end, net assets released from donor restrictions as a result of satisfying donor restrictions were as follows:

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Time-restrictions satisfied	<b>\$ -</b>	\$ 162,920
Purpose restricted:		
Red Card for Hate Program	<b>500,000</b>	294,437
Combating Anti-Semitism	<b>233,202</b>	322,324
Security Project	<b>200,000</b>	2,235,000
Yiddish Center	<b>185,916</b>	600,000
Other	<b>12,000</b>	125,782
	<b><u>1,131,118</u></b>	<u>3,740,463</u>
	<b><u>\$ 1,131,118</u></b>	<u>\$ 3,740,463</u>



# WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

## Notes to Financial Statements December 31, 2020 and 2019

### NOTE G - ACCOUNTING AND REPORTING FOR ENDOWMENT

#### [1] The endowment:

The endowment consists of one individual fund established for one purpose. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on existence or absence of donor-imposed restrictions.

#### [2] Interpretation of relevant law:

NYPMIFA is applicable to all of the American Section's institutional funds, including its donor-restricted endowment fund. The Board of Directors will continue to adhere to NYPMIFA's requirements.

#### [3] Changes in endowment net assets:

	December 31, 2020		
	With Donor Restrictions		Total
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	
Endowment net assets, beginning of year	\$ 3,666	\$ 100,000	\$ 103,666
Investment losses income	<u>497</u>	<u>-</u>	<u>497</u>
Endowment net assets, end of year	<u>\$ 4,163</u>	<u>\$ 100,000</u>	<u>\$ 104,163</u>

  

	December 31, 2019		
	With Donor Restrictions		Total
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	
Endowment net assets, beginning of year	\$ 3,851	\$ 100,000	\$ 103,851
Investment losses	<u>(185)</u>	<u>-</u>	<u>(185)</u>
Endowment net assets, end of year	<u>\$ 3,666</u>	<u>\$ 100,000</u>	<u>\$ 103,666</u>

Amounts subject to appropriation represent that portion of allocated investment income, derived from amounts held in perpetuity that has not been appropriated by the Board of Directors for expenditure.

#### [3] Funds with deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA may require the American Section to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2020 and 2019.

## WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

### Notes to Financial Statements December 31, 2020 and 2019

#### NOTE G - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

##### [4] Return objectives and risk parameters:

The American Section's Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets are those assets of donor-restricted funds that the American Section must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce acceptable rates of return with an appropriate level of investment risk.

##### [5] Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, the American Section relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest).

##### [6] Spending policy and investment objectives:

According to the donor's stipulation, the American Section can withdraw a maximum of 3% of the fair value of the endowment on an annual basis. If the appropriation is in excess of accumulated earnings, the principal of the endowment can be used. The Board has chosen not to appropriate from the endowment during 2020 or 2019.

#### NOTE H - CONCENTRATION OF REVENUES

During 2020 and 2019, the American Section received donations of approximately \$8,336,000 and \$10,592,000, respectively, from one donor, representing approximately 48% and 50%, respectively, of total revenues received during the same time period. These contributions are concentrations of revenues to the American Section, and the American Section's operations may be significantly affected should this level of funding cease.

#### NOTE I - JOINT COSTS

The American Section has allocated joint costs for activities that include informational materials for the public and appeals for contributions. These activities primarily include direct-response campaigns.

During each year, joint costs were allocated as follows:

	Year Ended December 31,	
	2020	2019
Program	\$ 2,002,940	\$ 1,521,218
Fund-raising	<u>1,310,297</u>	<u>1,762,179</u>
	<u>\$ 3,313,237</u>	<u>\$ 3,283,397</u>

## **WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.**

### **Notes to Financial Statements December 31, 2020 and 2019**

#### **NOTE J - EMPLOYEE-BENEFIT PLAN**

The employees of the American Section participate in an employee-benefit plan under Section 401(k) of the Internal Revenue Code into which employees may voluntarily contribute a portion of their annual compensation. The American Section has the option to make a discretionary contribution of up to 6% of an employee's annual compensation for employees who have up to three years of continuous employment and up to 12% for employees with over three years. The level of the discretionary contribution is determined by an employee's level of responsibility and seniority. The American Section's contributions amounted to \$89,114 and \$85,967 in 2020 and 2019, respectively.

#### **NOTE K - CREDIT RISK**

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

#### **NOTE L - OTHER UNCERTAINTY**

The extent of the impact of the COVID-19 outbreak on the American Section's programming, operational and financial performance is uncertain and will depend on the continued future developments of the outbreak and external restrictions imposed. The potential economic impact brought by, and the duration of, the COVID-19 pandemic is difficult to assess or predict, and may have an adverse impact on the American Section's operations.