EISNERAMPER

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, 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

EISNERAMPER LLP
New York, New York
November 11, 2020

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Statements of Financial Position

	December 31, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	**$ 5,164,453**	$ 6,345,650
Pledges receivable, net	**407,880**	812,920
Investments	**11,205,667**	8,140,806
Prepaid and other assets	**151,754**	89,795
Property and equipment, net	**175,276**	238,573
	$ 17,105,030	$ 15,627,744
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	**$ 257,043**	$ 270,962
Due to related party	**500,000**	-
Total liabilities	**757,043**	270,962
Other uncertainty (see Note M)		
Net assets:		
Without donor restrictions:		
Undesignated and available for general activities	**14,849,082**	13,132,907
With donor restrictions:		
Purpose restrictions	**1,398,905**	1,960,955
Time-restricted for future periods	**-**	162,920
Perpetual in nature	**100,000**	100,000
Total net assets with donor restrictions	**1,498,905**	2,223,875
Total net assets	**16,347,987**	15,356,782
	$ 17,105,030	$ 15,627,744

See notes to financial statements.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Statements of Activities

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions	**$ 15,759,769**	**$ 3,015,678**	**$ 18,775,447**	$ 19,474,796	$ 1,957,104	$ 21,431,900
Special events (net of direct benefit to donors of $292,567 and $273,842 for 2019 and 2018, respectively)	**2,724,450**	**-**	**2,724,450**	2,601,486	136,920	2,738,406
Legacies and bequests	**5,423,571**	**-**	**5,423,571**	937,862	-	937,862
Net investment income (loss)	**638,345**	**(185)**	**638,160**	122,594	50	122,644
Other income	**50,818**	**-**	**50,818**	38,780	-	38,780
Total public support and revenue before net assets released from restrictions	**24,596,953**	**3,015,493**	**27,612,446**	23,175,518	2,094,074	25,269,592
Net assets released from restrictions	**3,740,463**	**(3,740,463)**	**-**	1,416,971	(1,416,971)	-
Total public support and revenue	**28,337,416**	**(724,970)**	**27,612,446**	24,592,489	677,103	25,269,592
Expenses:						
Program services:						
International affairs	**16,198,364**	**-**	**16,198,364**	13,686,040	-	13,686,040
Organizational and inter-religious affairs	**1,138,384**	**-**	**1,138,384**	969,488	-	969,488
Public information	**4,479,319**	**-**	**4,479,319**	4,148,309	-	4,148,309
Academic, cultural and youth programs	**2,206,058**	**-**	**2,206,058**	1,867,138	-	1,867,138
Total program services	**24,022,125**	**-**	**24,022,125**	20,670,975	-	20,670,975
Supporting services:						
Management and general	**497,084**	**-**	**497,084**	378,577	-	378,577
Fund-raising	**2,102,032**	**-**	**2,102,032**	1,896,265	-	1,896,265
Total supporting services	**2,599,116**	**-**	**2,599,116**	2,274,842	-	2,274,842
Total expenses	**26,621,241**	**-**	**26,621,241**	22,945,817	-	22,945,817
Change in net assets	**1,716,175**	**(724,970)**	**991,205**	1,646,672	677,103	2,323,775
Net assets, beginning of year	**13,132,907**	**2,223,875**	**15,356,782**	11,486,235	1,546,772	13,033,007
Net assets, end of year	**$ 14,849,082**	**$ 1,498,905**	**$ 16,347,987**	$ 13,132,907	$ 2,223,875	$ 15,356,782

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Statement of Functional Expenses
Year Ended December 31, 2019
(with summarized financial information for 2018)

	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	2019	2018
Salaries	$ 98,904	$ 39,068	$ 413,716	$ 39,068	$ 590,756	$ 215,758	$ 172,881	$ 979,395	$ 975,694
Payroll taxes and employee benefits	25,080	8,236	161,188	8,236	202,740	81,954	63,405	348,099	320,039
	123,984	47,304	574,904	47,304	793,496	297,712	236,286	1,327,494	1,295,733
Grants	16,015,129	1,067,675	2,135,351	2,135,350	21,353,505	-	-	21,353,505	17,953,000
Rent	20,764	8,202	86,854	8,202	124,022	45,294	36,294	205,610	195,925
Consultants and outside services	10,503	4,149	43,934	4,149	62,735	13,523	18,359	94,617	62,660
Office supplies and expenses	3,072	1,213	12,853	1,213	18,351	6,706	5,371	30,428	40,058
Books, subscriptions and memberships	1,175	464	4,916	464	7,019	2,565	2,054	11,638	11,953
Postage, shipping and messengers	442	175	1,848	175	2,640	964	772	4,376	3,513
Telephone	1,082	427	4,526	427	6,462	2,360	1,891	10,713	11,517
Printing and publications	520	205	2,173	205	3,103	1,133	908	5,144	1,805
Professional fees	-	-	-	-	-	29,500	-	29,500	28,001
Travel	4,633	1,830	19,380	1,830	27,673	10,107	8,098	45,878	75,429
Meetings and conferences	5,734	2,265	23,984	2,265	34,248	12,508	10,022	56,778	90,774
Space rental/catering related to special events	-	-	-	-	-	-	292,567	292,567	273,842
Depreciation and amortization	7,768	3,068	32,493	3,068	46,397	16,944	13,578	76,919	98,362
Bad debt expense	-	-	-	-	-	50,000	-	50,000	-
Direct mail costs	-	-	1,521,218	-	1,521,218	-	1,762,179	3,283,397	3,062,009
Miscellaneous	3,558	1,407	14,885	1,406	21,256	7,768	6,220	35,244	15,078
Total expenses	16,198,364	1,138,384	4,479,319	2,206,058	24,022,125	497,084	2,394,599	26,913,808	23,219,659
Less: Direct benefit to donors	-	-	-	-	-	-	(292,567)	(292,567)	(273,842)
Total expenses per statements of activities	$ 16,198,364	$ 1,138,384	$ 4,479,319	$ 2,206,058	$ 24,022,125	$ 497,084	$ 2,102,032	$ 26,621,241	$ 22,945,817

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Statement of Functional Expenses
Year Ended December 31, 2018

	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 Expenses
Salaries	$ 90,799	$ 37,689	$ 481,160	$ 37,689	$ 647,337	$ 183,923	$ 144,434	$ 975,694
Payroll taxes and employee benefits	29,783	12,362	157,827	12,362	212,334	60,329	47,376	320,039
	120,582	50,051	638,987	50,051	859,671	244,252	191,810	1,295,733
Grants	13,464,750	897,650	1,795,300	1,795,300	17,953,000	-	-	17,953,000
Rent	18,233	7,568	96,620	7,568	129,989	36,933	29,003	195,925
Consultants and outside services	5,831	2,420	30,901	2,420	41,572	11,812	9,276	62,660
Office supplies and expenses	3,728	1,547	19,755	1,547	26,577	7,551	5,930	40,058
Books, subscriptions and memberships	1,112	462	5,895	462	7,931	2,253	1,769	11,953
Postage, shipping and messengers	327	136	1,732	136	2,331	662	520	3,513
Telephone	1,072	445	5,679	445	7,641	2,171	1,705	11,517
Printing and publications	168	70	890	70	1,198	340	267	1,805
Professional fees	-	-	-	-	-	28,001	-	28,001
Travel	44,035	1,337	17,071	1,337	63,780	6,525	5,124	75,429
Meetings and conferences	15,162	3,220	41,114	3,220	62,716	15,716	12,342	90,774
Space rental/catering related to special events	-	-	-	-	-	-	273,842	273,842
Depreciation and amortization	9,154	3,799	48,507	3,799	65,259	18,542	14,561	98,362
Direct mail costs			1,441,052		1,441,052		1,620,957	3,062,009
Miscellaneous	1,886	783	4,806	783	8,258	3,819	3,001	15,078
Total expenses	13,686,040	969,488	4,148,309	1,867,138	20,670,975	378,577	2,170,107	23,219,659
Less: Direct benefit to donors	-	-	-	-	-	-	(273,842)	(273,842)
Total expenses per statements of activities	$ 13,686,040	$ 969,488	$ 4,148,309	$ 1,867,138	$ 20,670,975	$ 378,577	$ 1,896,265	$ 22,945,817

See notes to financial statements.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Statements of Cash Flows

	Year Ended December 31, 2019	Year Ended December 31, 2018
Cash flows from operating activities:		
Change in net assets	**$ 991,205**	$ 2,323,775
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**76,919**	98,362
Bad debt expense	**50,000**	-
Donated securities	**(13,905,576)**	(9,027,143)
Proceeds from sales of donated securities	**13,165,089**	9,091,955
Net realized and unrealized (gains) losses on investments	**(362,466)**	13,179
Changes in:		
Pledges receivable	**355,040**	630,051
Prepaid and other assets	**(61,959)**	30,598
Accounts payable and accrued expenses	**(13,919)**	(8,286)
Due to related party	**500,000**	-
Net cash provided by operating activities	**794,333**	3,152,491
Cash flows from investing activities:		
Proceeds from sales of investments	**7,871,602**	102,215
Purchases of investments	**(9,833,510)**	(3,195,376)
Purchases of property and equipment	**(13,622)**	-
Net cash used in investing activities	**(1,975,530)**	(3,093,161)
Change in cash and cash equivalents	**(1,181,197)**	59,330
Cash and cash equivalents at beginning of year	**6,345,650**	6,286,320
Cash and cash equivalents at end of year	**$ 5,164,453**	$ 6,345,650

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. Accordingly, 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 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 equity securities and fixed income securities 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.

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 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 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. Long-lived assets were tested for impairment as of December 31, 2019 and 2018, and, in the opinion of management, there was no impairment. 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, 2019 and 2018, the accrued vacation obligation was approximately $38,000 and $53,000, respectively, and was reported as a part of accounts payable and accrued expenses in the accompanying statements of financial position.

[8] Due to related party:

Due to related party represents a grant approved but unpaid as of year-end for $500,000, which was unconditional and was paid in the subsequent year 2020. There was no due to related party transaction as of December 31, 2018.

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

[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.

(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/or the passage 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 program restrictions."

[10] Revenue recognition:

(i) Contributions:

Contributions to the American Section are recognized as revenue upon the receipt of either cash or other assets, or of unconditional pledges. Contributions are reports as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use.

An allowance for uncollectible pledges receivable is provided, using management's estimate of potential defaults.

(ii) Legacies and bequests:

The American Section records bequest income at the time it has an established right to a bequest and the proceeds are measureable.

(iii) Special events:

Gross proceeds paid by attendees at special events held as fundraising activities represents contribution revenue, as well as the payment of the direct cost of the benefit received by the attendee at the event. Special-event income is reported net of the direct benefit to donors. Special event revenues, other than contributions, applicable to a current year are recognized as revenue in the year when the special event takes place. Special event revenue received for a future year's event is deferred and recognized when the event takes place.

[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.

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 pronouncements:

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

In June 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 985)*. ASU 2018-08 clarifies and improves 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 No. 2018-08 is effective for annual periods beginning after December 15, 2018 for entities that are resource recipients and periods beginning after December 15, 2019 for entities that are resource providers. ASU No. 2018-08 should be applied on a modified prospective basis. The American Section adopted the resource recipient portion for its year ended December 31, 2019, and this accounting guidance did not have a material effect on the American Section's financial statements. Management is in the process of assessing the impact of the resource provider portion of this ASU on the financial statements.

(ii) Disclosure Requirements for Fair Value Measurement:

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*, which modified the disclosure requirements for fair value measurements and is effective for years beginning after December 15, 2019, with early adoption permitted. The effect of adopting this accounting guidance will result in the removal or modification of certain fair value measurement disclosures presented in the American Section's financial statements. The American Section early-adopted this pronouncement as of December 31, 2019, which under U.S. GAAP, is a change in accounting principle requiring retroactive application in the financial statements for all periods presented.

[14] Upcoming accounting principles:

(i) Revenue from Contracts with Customers:

In May 2014, the FASB issued ASU No. 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 No. 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. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers – Deferral of the Effective Date*, which delayed the effective date by one year. As a result of this recent deferral due to COVID-19, the new standard is effective for fiscal years beginning after December 15, 2019; accordingly, management plans to adopt the new standard for the year ending December 31, 2020 using the modified retrospective approach and is in the process of assessing the impact of this ASU on the financial statements.

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

[14] Upcoming accounting principles: (continued)

(ii) Leases:

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which will require entities to recognize lease assets and lease liabilities (related to leases previously classified as operating under previous U.S. GAAP) on the statements of financial position. The ASU is effective for fiscal years beginning after December 15, 2021. Management is in the process of assessing the impact of this ASU on the financial statements.

[15] Subsequent events:

The American Section evaluated subsequent events through November 11, 2020, the date on which the financial statements were available to be issued.

NOTE B - PLEDGES RECEIVABLE

Pledges receivable 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, 2018.

NOTE C - INVESTMENTS

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

	December 31,			
	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Money-market	**$ 75,464**	**$ 75,464**	$ 61,395	$ 61,395
Certificates of deposit	**100,818**	**100,818**	101,003	101,003
Corporate bonds	**801,918**	**802,556**	2,629,163	2,665,577
U.S. treasury bills	**7,594,807**	**7,576,450**	4,485,324	4,461,049
Equity securities	**2,632,660**	**2,442,707**	863,921	955,870
	$11,205,667	**$ 10,997,995**	$ 8,140,806	$ 8,244,894

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

	Year Ended December 31,	
	2019	2018
Interest and dividends	**$ 286,363**	$ 141,013
Investment management fees	**(9,386)**	(5,190)
Unrealized gains (losses)	**311,760**	(80,613)
Realized gains	**50,706**	67,434
	$ 639,443	$ 122,644

NOTE C - INVESTMENTS (CONTINUED)

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.

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,					
	2019			2018		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Money-market	$ 75,464	$ -	$ 75,464	$ 61,395	$ -	$ 61,395
Certificates of deposit	-	100,818	100,818	-	101,003	101,003
Corporate bonds	-	801,918	801,918	-	2,629,163	2,629,163
U.S. treasury bills	7,594,807	-	7,594,807	4,485,324	-	4,485,324
Equity securities	2,632,660	-	2,632,660	863,921	-	863,921
	$ 10,302,931	$ 902,736	$ 11,205,667	$ 5,410,640	$ 2,730,166	$ 8,140,806

NOTE D - PROPERTY AND EQUIPMENT

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

	December 31,	
	2019	2018
Furniture and office equipment	$ 680,364	$ 764,567
Leasehold improvements	20,611	20,611
	700,975	785,178
Less: accumulated depreciation and amortization	(525,699)	(546,605)
	$ 175,276	$ 238,573

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

NOTE E - RELATED-PARTY TRANSACTIONS

In 2019 and 2018, the LLC was reimbursed $1,466,816 and $1,386,865, 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 $21,353,505 and $17,953,000 to the LLC during 2019 and 2018, respectively. There was one grant approved but not paid as of December 31, 2019, and this $500,000 liability recognized as a due to related party in the statements of financial position.

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

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

	Year Ended December 31,	
	2019	**2018**
Time-restricted for future periods	**$ -**	$ 162,920
Purpose restricted:		
Red Card for Hate Program	**1,005,563**	650,000
Combating Anti-Semitism	**177,676**	250,000
Security Project	**200,000**	700,000
Yiddish Center	**-**	300,000
Other	**12,000**	57,104
Total purposed restricted	**1,395,239**	1,957,104
Accumulated endowment income subject to appropriation by the Board of Directors	**3,666**	3,851
Perpetual in nature	**100,000**	100,000
	$ 1,498,905	$ 2,223,875

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. The funds were invested in a certificate of deposit.

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

	Year Ended December 31,	
	2019	**2018**
Time-restrictions satisfied	**$ 162,920**	$ 1,416,971
Purpose restricted:		
Red Card for Hate Program	**294,437**	-
Combating Anti-Semitism	**322,324**	-
Security Project	**2,235,000**	-
Yiddish Center	**600,000**	-
Other	**125,782**	-
	$ 3,740,463	$ 1,416,971

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

	December 31, 2018		
	With Donor Restrictions		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment net assets, beginning of year	$ 3,801	$ 100,000	$ 103,801
Investment income	50	-	50
Endowment net assets, end of year	$ 3,851	$ 100,000	$ 103,851

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.

[4] 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, 2019 and 2018.

[5] 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.

NOTE G - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

[6] 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).

[7] 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 2019 or 2018.

NOTE H - CONCENTRATION OF REVENUES

During 2019 and 2018, the American Section received donations of approximately $10,592,000 and $11,718,000, respectively, from one donor, representing approximately 50% and 46%, 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,	
	2019	**2018**
Program	**$ 1,521,218**	$ 1,441,052
Fund-raising	**1,762,179**	1,620,957
	$ 3,283,397	$ 3,062,009

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 $85,967 and $65,770 in 2019 and 2018, 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 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the American Section's financial assets as of each year-end available for general expenditures within one year of the statements of financial position dates:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Cash and cash equivalents	**$ 5,164,453**	$ 6,345,650
Pledges receivable, net	**407,880**	812,920
Investments	**11,205,667**	8,140,806
Total financial assets available within one year	**16,778,000**	15,299,376
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors that are:		
Purpose restrictions	**(1,395,239)**	(1,957,104)
Time-restricted for future periods	**-**	(162,920)
Perpetual in nature	**(100,000)**	(100,000)
	(1,495,239)	(2,220,024)
Subject to appropriation:		
Accumulated endowment income subject to appropriation by the Board of Directors	**(3,666)**	(3,851)
Total financial assets available to meet cash needs for general expenditures within one year	**$ 15,279,095**	$ 13,075,501

Liquidity policy:

The American Section's takes a conservative approach to its liquidity management in order to maintain a sufficient level of cash and liquid investments available to meet funding requirements for general expenditures, liabilities and other obligations that come due.

NOTE M - 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.