

EISNERAMPER

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

FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017



INDEPENDENT AUDITORS' REPORT

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

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, 2018 and 2017, the related statements of activities, functional expenses, and cash flows for 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



EISNERAMPER LLP
New York, New York
September 9, 2019



WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Statements of Financial Position

	December 31,	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 6,345,650	\$ 6,286,320
Pledges receivable, net	812,920	1,442,971
Investments	8,140,806	5,125,636
Prepaid and other assets	89,795	120,393
Property and equipment, net	<u>238,573</u>	<u>336,935</u>
	<u>\$ 15,627,744</u>	<u>\$ 13,312,255</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 270,962</u>	<u>\$ 279,248</u>
Total liabilities	<u>270,962</u>	<u>279,248</u>
Net assets:		
Without donor restrictions:		
Undesignated and available for general activities	13,132,907	11,486,235
With donor restrictions:		
Accumulated endowment income reserved for appropriation	3,851	3,801
Purpose restricted	1,957,104	
Time restrictions	162,920	1,442,971
Perpetual in nature	<u>100,000</u>	<u>100,000</u>
Total net assets with donor restrictions	<u>2,223,875</u>	<u>1,546,772</u>
Total net assets	<u>15,356,782</u>	<u>13,033,007</u>
	<u>\$ 15,627,744</u>	<u>\$ 13,312,255</u>

See notes to financial statements.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Statements of Activities

	Year Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions	\$ 19,474,796	\$ 1,957,104	\$ 21,431,900	\$ 20,699,554	\$ 1,018,429	\$ 21,717,983
Special events (net of direct benefit to donors of \$273,842 and \$215,491 for 2018 and 2017, respectively)	2,601,486	136,920	2,738,406	1,639,657	177,480	1,817,137
Legacies and bequests	937,862		937,862	1,085,831		1,085,831
Net investment income	122,594	50	122,644	133,307	238	133,545
Other income	38,780		38,780	31,758		31,758
Total public support and revenue before net assets released from restrictions	23,175,518	2,094,074	25,269,592	23,590,107	1,196,147	24,786,254
Net assets released from restrictions	1,416,971	(1,416,971)	0	656,880	(656,880)	0
Total public support and revenue	24,592,489	677,103	25,269,592	24,246,987	539,267	24,786,254
Expenses:						
Program services:						
International affairs	13,688,646		13,688,646	12,963,574		12,963,574
Organizational and inter-religious affairs	970,570		970,570	783,187		783,187
Public information	4,162,117		4,162,117	3,771,690		3,771,690
Academic, cultural and youth programs	1,868,220		1,868,220	1,548,140		1,548,140
Total program services	20,689,553		20,689,553	19,066,591		19,066,591
Supporting services:						
Management and general	355,854		355,854	309,207		309,207
Fund-raising	1,900,410		1,900,410	2,107,220		2,107,220
Total supporting services	2,256,264		2,256,264	2,416,427		2,416,427
Total expenses	22,945,817		22,945,817	21,483,018		21,483,018
Increase in net assets	1,646,672	677,103	2,323,775	2,763,969	539,267	3,303,236
Net assets, beginning of year	11,486,235	1,546,772	13,033,007	8,722,266	1,007,505	9,729,771
Net assets, end of year	\$ 13,132,907	\$ 2,223,875	\$ 15,356,782	\$ 11,486,235	\$ 1,546,772	\$ 13,033,007

See notes to financial statements.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Statement of Functional Expenses

Year Ended December 31, 2018

(with summarized financial information for 2017)

	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	2018	2017
Salaries	\$ 90,799	\$ 37,689	\$ 481,160	\$ 37,689	\$ 647,337	\$ 183,923	\$ 144,434	\$ 975,694	\$ 1,013,487
Payroll taxes and employee benefits	<u>29,783</u>	<u>12,362</u>	<u>157,827</u>	<u>12,362</u>	<u>212,334</u>	<u>60,329</u>	<u>47,376</u>	<u>320,039</u>	<u>322,412</u>
	120,582	50,051	638,987	50,051	859,671	244,252	191,810	1,295,733	1,335,899
Grants	13,464,750	897,650	1,795,300	1,795,300	17,953,000			17,953,000	14,119,000
Rent	18,233	7,568	96,620	7,568	129,989	36,933	29,003	195,925	201,083
Consultants and outside services	5,831	2,420	30,901	2,420	41,572	11,812	9,276	62,660	89,599
Office supplies and expenses	3,728	1,547	19,755	1,547	26,577	7,551	5,930	40,058	27,168
Books, subscriptions and memberships	1,112	462	5,895	462	7,931	2,253	1,769	11,953	9,892
Postage, shipping and messengers	327	136	1,732	136	2,331	662	520	3,513	2,676
Telephone	1,072	445	5,679	445	7,641	2,171	1,705	11,517	16,055
Printing and publications	168	70	890	70	1,198	340	267	1,805	3,793
Advertising									2,878
Professional fees	2,606	1,082	13,808	1,082	18,578	5,278	4,145	28,001	28,000
Travel	44,035	1,337	17,071	1,337	63,780	6,525	5,124	75,429	16,845
Meetings and conferences	15,162	3,220	41,114	3,220	62,716	15,716	12,342	90,774	46,871
Plenary: travel and meetings									2,191,354
Space rental/catering related to special events							273,842	273,842	215,491
Depreciation and amortization	9,154	3,799	48,507	3,799	65,259	18,542	14,561	98,362	116,988
Direct mail costs			1,441,052		1,441,052		1,620,957	3,062,009	3,274,277
Miscellaneous	<u>1,886</u>	<u>783</u>	<u>4,806</u>	<u>783</u>	<u>8,258</u>	<u>3,819</u>	<u>3,001</u>	<u>15,078</u>	<u>640</u>
Total expenses	13,688,646	970,570	4,162,117	1,868,220	20,689,553	355,854	2,174,252	23,219,659	21,698,509
Less: Direct benefit to donors							(273,842)	(273,842)	(215,491)
Total expenses per statement of activities	<u>\$ 13,688,646</u>	<u>\$ 970,570</u>	<u>\$ 4,162,117</u>	<u>\$ 1,868,220</u>	<u>\$ 20,689,553</u>	<u>\$ 355,854</u>	<u>\$ 1,900,410</u>	<u>\$ 22,945,817</u>	<u>\$ 21,483,018</u>

See notes to financial statements.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

**Statement of Functional Expenses
Year Ended December 31, 2017**

	Program Services				Supporting Services		Total	
	International Affairs	Organizational and Inter-Religious Affairs	Public Information	Academic Cultural and Youth	Total Program	Management and General	Fund-raising	2017
Salaries	\$ 97,600	\$ 41,200	\$ 496,358	\$ 72,672	\$ 707,830	\$ 165,042	\$ 140,615	\$ 1,013,487
Payroll taxes and employee benefits	31,049	13,107	157,902	23,118	225,176	52,503	44,733	322,412
	128,649	54,307	654,260	95,790	933,006	217,545	185,348	1,335,899
Grants	10,589,250	705,950	1,411,900	1,411,900	14,119,000			14,119,000
Rent	19,364	8,174	98,481	14,419	140,438	32,746	27,899	201,083
Consultants and outside services	8,628	3,642	43,881	6,426	62,577	14,591	12,431	89,599
Office supplies and expenses	2,616	1,104	13,306	1,948	18,974	4,424	3,770	27,168
Books, subscriptions and memberships	953	402	4,845	709	6,909	1,611	1,372	9,892
Postage, shipping and messengers	258	109	1,310	192	1,869	436	371	2,676
Telephone	1,546	653	7,863	1,151	11,213	2,614	2,228	16,055
Printing and publications	365	154	1,858	272	2,649	618	526	3,793
Advertising	277	117	1,410	206	2,010	469	399	2,878
Professional fees	2,696	1,138	13,713	2,008	19,555	4,560	3,885	28,000
Travel	1,622	685	8,250	1,208	11,765	2,743	2,337	16,845
Meetings and conferences	4,514	1,905	22,955	3,361	32,735	7,633	6,503	46,871
Plenary: travel and meetings	2,191,354				2,191,354			2,191,354
Space rental/catering related to special events							215,491	215,491
Depreciation and amortization	11,266	4,756	57,295	8,389	81,706	19,051	16,231	116,988
Direct mail costs			1,430,363		1,430,363		1,843,914	3,274,277
Miscellaneous	216	91		161	468	166	6	640
Total expenses	12,963,574	783,187	3,771,690	1,548,140	19,066,591	309,207	2,322,711	21,698,509
Less: Direct benefit to donors							(215,491)	(215,491)
Total expenses per statement of activities	<u>\$ 12,963,574</u>	<u>\$ 783,187</u>	<u>\$ 3,771,690</u>	<u>\$ 1,548,140</u>	<u>\$ 19,066,591</u>	<u>\$ 309,207</u>	<u>\$ 2,107,220</u>	<u>\$ 21,483,018</u>

See notes to financial statements.

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

	Year Ended December 31,	
	2018	2017
Cash flows from operating activities:		
Increase in net assets	\$ 2,323,775	\$ 3,303,236
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	98,362	116,988
Donated securities	(9,027,143)	(4,156,095)
Proceeds from sales of donated securities	9,091,955	4,156,095
Net realized and unrealized gains on investments	13,179	(54,012)
Changes in:		
Pledges receivable, net	630,051	(539,029)
Prepaid and other assets	30,598	24,736
Accounts payable and accrued expenses	(8,286)	34,480
Net cash provided by operating activities	<u>3,152,491</u>	<u>2,886,399</u>
Cash flows from investing activities:		
Proceeds from sales of investments	102,215	
Purchases of investments	(3,195,376)	(4,970,302)
Purchases of property and equipment		<u>(11,545)</u>
Net cash used in investing activities	<u>(3,093,161)</u>	<u>(4,981,847)</u>
Change in cash and cash equivalents	59,330	(2,095,448)
Cash and cash equivalents at beginning of year	<u>6,286,320</u>	<u>8,381,768</u>
Cash and cash equivalents at end of year	<u>\$ 6,345,650</u>	<u>\$ 6,286,320</u>

See notes to financial statements.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Notes to Financial Statements December 31, 2018 and 2017

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 condition, 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.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Notes to Financial Statements December 31, 2018 and 2017

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 unrestricted net assets unless their use is restricted on a temporary or permanent basis 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 Society's policy is to sell the donated securities immediately, and, accordingly, for purposes of the statement 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, 2018 and 2017, 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, 2018, the accrued vacation obligation was approximately \$53,000, and was reported as a part of accounts payable and accrued expenses in the accompanying statements of financial position.

[8] 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, 2018 and 2017

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

[8] 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/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 restriction and are reported in the statements of activities as "net assets released from restrictions."

[9] Revenue recognition:

(i) Contributions, legacies and bequests, and special events:

Contributions to the American Section are recognized as revenue upon the receipt of either cash or other assets, or of unconditional pledges. 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 a special event takes place. Special event revenue received for a future year's event is deferred and recognized when the event takes place.

[10] Functional allocation of expenses:

The costs of providing the American Section's various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, direct costs have been functionalized within the program or supporting services based on the nature of the expense. Indirect costs have been functionalized on the basis of time and space allocation among employees.

[11] 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.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Notes to Financial Statements December 31, 2018 and 2017

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

[12] Adoption of accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends financial-statement presentations and disclosures. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, and (iv) liquidity and availability of resources. ASU 2016-14 was effective for annual reporting periods issued for years beginning after December 15, 2017. Accordingly, the American Section was required to adopt ASU 2016-14 for its year-ended December 31, 2018, which under U.S. GAAP was a change in accounting principle requiring retroactive application in the financial statements of certain areas, whereas certain other areas were adopted on a prospective basis. Although the American Section's adoption of ASU 2016-14 had no effect on the American Section's total net assets or its changes in net assets for 2018 and 2017, certain reclassifications were required. Accordingly, the American Section changed its presentation of net asset classes and expanded certain footnote disclosures.

[13] Subsequent events:

The American Section evaluated subsequent events through September 9, 2019, the date on which the financial statements were available to be issued.

NOTE B - PLEDGES RECEIVABLE

At each year-end, pledges receivable are estimated to be collected as follows:

	December 31,	
	2018	2017
Less than one year	\$ 812,920	\$ 1,397,620
One to five years		50,000
	812,920	1,447,620
Reduction of pledges due in excess of one year to present value at 5%		(4,649)
	<u>\$ 812,920</u>	<u>\$ 1,442,971</u>

NOTE C - INVESTMENTS

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

	December 31,			
	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Money-market	\$ 61,395	\$ 61,395	\$ 545,724	\$ 545,724
Certificates of deposit	101,003	101,003	1,350,287	1,350,953
Fixed-income securities:				
Government	4,485,324	4,461,049		
Corporate bonds	2,629,163	2,665,577	3,229,625	3,252,434
Equity securities	863,921	955,870		
	<u>\$ 8,140,806</u>	<u>\$ 8,244,894</u>	<u>\$ 5,125,636</u>	<u>\$ 5,149,111</u>

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

**Notes to Financial Statements
December 31, 2018 and 2017**

NOTE C - INVESTMENTS (CONTINUED)

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

	Year Ended December 31,	
	2018	2017
Interest and dividends	\$ 141,013	\$ 79,533
Investment management fees	(5,190)	
Unrealized losses	(80,613)	(23,205)
Realized gains	67,434	77,217
	<u>\$ 122,644</u>	<u>\$ 133,545</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.

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. During 2017 and 2016, there were no transfers between the fair-value hierarchy levels.

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,					
	2018			2017		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Money-market	\$ 61,395		\$ 61,395	\$ 545,724		\$ 545,724
Certificates of deposit		\$ 101,003	101,003		\$ 1,350,287	1,350,287
Fixed-income securities		7,114,487	7,114,487		3,229,625	3,229,625
Equity securities	863,921		863,921			
	<u>\$ 925,316</u>	<u>\$ 7,215,490</u>	<u>\$ 8,140,806</u>	<u>\$ 545,724</u>	<u>\$ 4,579,912</u>	<u>\$ 5,125,636</u>

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Notes to Financial Statements December 31, 2018 and 2017

NOTE D - PROPERTY AND EQUIPMENT

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

	December 31,	
	2018	2017
Furniture and office equipment	\$ 764,567	\$ 764,567
Leasehold improvements	<u>20,611</u>	<u>20,611</u>
	785,178	785,178
Less: accumulated depreciation and amortization	<u>(546,605)</u>	<u>(448,243)</u>
	<u>\$ 238,573</u>	<u>\$ 336,935</u>

NOTE E - RELATED-PARTY TRANSACTIONS

In 2018 and 2017, respectively, the LLC was reimbursed \$1,386,865 and \$3,343,988 by the American Section for rent, compensation costs, benefits expenses, and other services performed by the LLC on behalf of the American Section.

The American Section granted \$17,953,000 and \$14,119,000 to the LLC during 2018 and 2017, respectively.

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

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

	Year Ended December 31,	
	2018	2017
Restricted for future periods	\$ 162,920	\$ 1,442,971
Purpose restricted:		
Red Card for Hate Program	650,000	
Combating Anti-Semitism	250,000	
Security Project	700,000	
Yiddish Center	300,000	
Jewish Diplomatic Corp.	32,104	
Grant to Russian Jewish Congress	<u>25,000</u>	
Total purposed restricted	1,957,104	
Accumulated endowment income subject to appropriation by the Board of Directors	<u>3,851</u>	<u>3,801</u>
Perpetual in nature	<u>100,000</u>	<u>100,000</u>
	<u>\$ 2,223,875</u>	<u>\$ 1,546,772</u>

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

**Notes to Financial Statements
December 31, 2018 and 2017**

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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. According to the donor 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.

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

	Year Ended December 31,	
	2018	2017
Time restrictions satisfied	<u>\$ 1,416,971</u>	<u>\$ 656,880</u>

NOTE G - ACCOUNTING AND REPORTING FOR ENDOWMENT

[1] The endowment:

The endowment consists of one individual fund established for one purpose.

[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, 2018		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment net assets, beginning of year	\$ 3,801	\$ 100,000	\$ 103,801
Investment income	<u>50</u>	<u> </u>	<u>50</u>
Endowment net assets, end of year	<u>\$ 3,851</u>	<u>\$ 100,000</u>	<u>\$ 103,851</u>
	December 31, 2017		
	Amounts Subject to Appropriation	Amounts Held in Perpetuity	Total
Endowment net assets, beginning of year	\$ 3,563	\$ 100,000	\$ 103,563
Investment income	<u>238</u>	<u> </u>	<u>238</u>
Endowment net assets, end of year	<u>\$ 3,801</u>	<u>\$ 100,000</u>	<u>\$ 103,801</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.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Notes to Financial Statements December 31, 2018 and 2017

NOTE G - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

[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, 2018 and 2017.

[5] Return objectives and risk parameters:

The American Section 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.

[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:

The American Section has a policy of appropriating a maximum annual distribution of 3% of the fair value of the endowment fund. The Board has chosen not to appropriate from the endowment during 2018 or 2017.

NOTE H - CONCENTRATION OF REVENUES

During 2018 and 2017, the American Section received donations of approximately \$11,718,000 and \$12,968,000, respectively, from one donor, representing approximately 46% and 52%, 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,	
	2018	2017
Program	\$ 1,441,052	\$ 1,430,363
Fund-raising	<u>1,620,957</u>	<u>1,843,914</u>
	<u>\$ 3,062,009</u>	<u>\$ 3,274,277</u>

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Notes to Financial Statements December 31, 2018 and 2017

NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the American Section's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of December 31, 2018 because of contractual or donor-imposed restrictions.

The American Section's financial assets available for general use within one year of the statements of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 6,345,650
Pledges receivable, net	812,920
Investments	<u>8,140,806</u>
Total financial assets available within one year	<u>15,299,376</u>
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors that are:	
Purpose restrictions	(1,957,104)
Time restrictions	(162,920)
Perpetual in nature	<u>(100,000)</u>
	<u>(2,220,024)</u>
Subject to appropriation:	
Accumulated endowment income reserved for appropriation by the Board of Directors	<u>(3,851)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 13,075,501</u>

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 K - EMPLOYEE-BENEFIT PLAN

Employees of the American Section participate in an employee-benefit plan under Section 401(k) of the Internal Revenue Code into which employees may contribute a portion of their annual compensation. The American Section may provide a discretionary contribution of up to 6% of an employee's annual compensation for employees who have up to five years of continuous employment and up to 8% for employees with over five years. The American Section's contributions amounted to \$65,770 and \$61,399 in 2018 and 2017, respectively.

NOTE L - 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.