



**UNITED JEWISH APPEAL-FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Consolidated Financial Statements and Schedules

June 30, 2019 and 2018

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
United Jewish Appeal-Federation of
Jewish Philanthropies of New York, Inc.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. and related entities, which comprise the consolidated balance sheets as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. and related entities as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in note 2(c) to the consolidated financial statements, in 2019 United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. and related entities adopted new accounting guidance, Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in schedules 1, 2 and 3 as of the years ended June 30, 2019 and 2018 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

December 10, 2019

**UNITED JEWISH APPEAL-FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Consolidated Balance Sheets

June 30, 2019 and 2018
(with consolidating information for 2019)

(Dollars in thousands)

Assets	2019					2018		
	Related entities (note 1)					Consolidation and Elimination Items	Consolidated Total	Consolidated Total
	UJA-Federation	Jewish Communal Fund	Gross Funds	Supporting Organizations	Other Entities			
Cash	\$ 15,776	—	902	624	792	—	18,094	19,996
Contributions receivable, net (note 4)	118,930	—	—	—	176	—	119,106	119,578
Other assets and receivables (notes 5 and 14)	69,365	3,787	1,355	196	76,151	(362)	150,492	139,763
Intercompany receivables (payables)	1,370	—	—	(596)	(774)	—	—	—
Mortgage and school loans receivable, net	—	—	446	—	—	—	446	56
Amounts held on behalf of other agencies	62,718	—	—	—	—	(6,696)	56,022	60,126
Investments (notes 5 and 6)	1,071,431	2,005,485	57,463	53,293	3,880	(51,435)	3,140,117	2,809,487
Unexpended bond proceeds (notes 5 and 9)	32,395	—	—	—	—	—	32,395	34,503
Assets held under charitable trust agreements (notes 3 and 5)	29,944	—	—	—	—	—	29,944	33,900
Fixed assets, net (note 8)	56,286	272	2	—	17,811	—	74,371	76,761
Total assets	\$ 1,458,215	2,009,544	60,168	53,517	98,036	(58,493)	3,620,987	3,294,170
Liabilities and Net Assets								
Liabilities:								
Accounts payable, accrued expenses, and other liabilities (notes 5, 9 and 14)	\$ 18,893	881	333	—	42,263	(362)	62,008	68,567
Grants payable	20,951	—	4,033	225	412	—	25,621	23,546
Amounts held on behalf of other agencies	62,718	—	—	—	—	(6,696)	56,022	60,126
Liabilities under charitable trust and annuity agreements (note 3)	39,876	—	—	—	—	—	39,876	44,003
Long-term debt, net (note 9)	78,358	—	—	—	—	—	78,358	81,844
Accrued postretirement benefits (note 11)	3,891	—	—	—	—	—	3,891	3,967
Total liabilities	224,687	881	4,366	225	42,675	(7,058)	265,776	282,053
Commitments and contingencies (note 12)								
Net assets:								
Without donor restrictions:								
Undesignated	124,750	1,990,396	10,564	53,292	55,361	(13,415)	2,220,948	1,855,883
Board designated (notes 7 and 13)	383,957	18,267	—	—	—	(140)	402,084	429,000
Total without donor restrictions	508,707	2,008,663	10,564	53,292	55,361	(13,555)	2,623,032	2,284,883
With donor restrictions (notes 7 and 14)	724,821	—	45,238	—	—	(37,880)	732,179	727,234
Total net assets	1,233,528	2,008,663	55,802	53,292	55,361	(51,435)	3,355,211	3,012,117
Total liabilities and net assets	\$ 1,458,215	2,009,544	60,168	53,517	98,036	(58,493)	3,620,987	3,294,170

See accompanying notes to consolidated financial statements.

**UNITED JEWISH APPEAL-FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Consolidated Statements of Activities

Years ended June 30, 2019 and 2018
(with consolidating information for 2019)

(Dollars in thousands)

	2019						2018
	UJA-Federation	Related entities (note 1)			Consolidation and Elimination Items	Consolidated Total	Consolidated Total
		Jewish Communal Fund	Gross Funds	Supporting Organizations			
Changes in net assets without donor restrictions:							
Revenue and gains (losses):							
Annual/special giving (note 3):							
Annual giving contributions, including special event and mission fees of \$3,943 in 2019 and \$4,482 in 2018	\$ 114,042	—	—	—	—	114,042	113,974
Less event and mission costs	(9,254)	—	—	—	—	(9,254)	(8,674)
Special giving contributions	91	—	—	—	—	91	86
Less provision for uncollectible contributions, net of prior years' recoveries	(1,668)	—	—	—	—	(1,668)	(2,280)
Net annual/special giving contributions, including special events and missions	103,211	—	—	—	—	103,211	103,106
Legacies and bequests	9,571	—	—	—	—	9,571	20,428
Split-interest agreements (note 3)	(3,184)	—	—	—	—	(3,184)	1,694
Change in value of split-interest agreements (note 3)	280	—	—	—	—	280	(136)
Donated goods and services	330	—	—	—	—	330	150
Amounts raised on behalf of others (note 3)	15,263	—	—	—	—	15,263	19,939
Net campaign revenue, including amounts raised on behalf of others and before contributions from related organizations under common control	125,471	—	—	—	—	125,471	145,181
Contributions from related organizations under common control	18,296	—	—	—	(18,296)	—	—
Net campaign revenue, including amounts raised on behalf of others and contributions from related organizations under common control	143,767	—	—	—	(18,296)	125,471	145,181
Less amounts raised on behalf of others	(15,263)	—	—	—	—	(15,263)	(19,939)
Net campaign revenue, including contributions from related organizations under common control and excluding amounts raised on behalf of others	128,504	—	—	—	(18,296)	110,208	125,242
Contributions – consolidated entities	—	746,888	—	2,787	793	(10)	750,458
Net contribution revenue without donor restrictions, including consolidated entities	128,504	746,888	—	2,787	793	(18,306)	860,666
Net investment income (loss) (note 6)	7,742	26,864	666	289	(11,358)	7,758	31,961
Net appreciation in fair value of investments	7,042	49,882	345	1,148	297	—	58,714
Rental income (notes 10 and 12)	26,278	—	—	—	4,010	—	30,288
Service income	1,002	—	—	—	—	(43)	959
Other income	11	—	116	—	10,371	—	10,498
Net assets released from restrictions	53,712	—	1,714	—	—	—	55,426
Total revenue and gains (losses) without donor restrictions	224,291	823,634	2,841	4,224	4,113	(10,591)	1,048,512
Grants and expenses:							
Grants and other program services:							
Grants (note 10)	166,759	435,005	7,988	2,419	230	—	612,401
Other program services	24,237	1,204	714	—	7,194	—	33,349
Total grants and other program services	190,996	436,209	8,702	2,419	7,424	—	645,750
Fund-raising	35,378	1,823	—	—	129	—	37,330
Management and general	19,452	3,543	870	25	3,231	—	27,121
Total expenses before grants and other expenses to related entities	245,826	441,575	9,572	2,444	10,784	—	710,201
Grants and other expenses to related entities under common control	—	20,034	—	2,122	20	(22,176)	—
Total expenses after grants and other expenses to related entities	245,826	461,609	9,572	4,566	10,804	(22,176)	710,201
(Decrease) increase in net assets without donor restrictions before postretirement plan adjustments	(21,535)	362,025	(6,731)	(342)	(6,691)	11,585	338,311
Postretirement benefit changes not included in net periodic benefit cost	(162)	—	—	—	—	—	(162)
(Decrease) increase in net assets without donor restrictions	(21,697)	362,025	(6,731)	(342)	(6,691)	11,585	338,149

**UNITED JEWISH APPEAL-FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Consolidated Statements of Activities

Years ended June 30, 2019 and 2018
(with consolidating information for 2019)

(Dollars in thousands)

	2019						2018	
	UJA-Federation	Related entities (note 1)			Consolidation and Elimination Items	Consolidated Total	Consolidated Total	
		Jewish Communal Fund	Grass Funds	Supporting Organizations				Other Entities
Changes in net assets with donor restrictions:								
Annual giving contributions	\$ 13,035	—	—	—	—	13,035	15,610	
Special giving contributions	22,187	—	—	—	—	22,187	43,997	
Less provision for uncollectible contributions, net of prior years' recoveries	(583)	—	—	—	—	(583)	(125)	
Net contributions – annual/special giving	34,639	—	—	—	—	34,639	59,482	
Endowment contributions (note 7)	1,200	—	—	—	—	1,200	2,136	
Legacies and bequests	7,326	—	—	—	—	7,326	1,713	
Split-interest agreements (note 3)	3,639	—	—	—	—	3,639	524	
Change in value of split-interest agreements (note 3)	393	—	—	—	—	393	1,329	
Donated goods and services	—	—	—	—	—	—	531	
Net campaign revenue before contributions from related organizations under common control	47,197	—	—	—	—	47,197	65,715	
Contributions from related organizations under common control	3,827	—	—	—	(3,827)	—	—	
Net campaign revenue including contributions from related organizations under common control	51,024	—	—	—	(3,827)	47,197	65,715	
Net investment gain	979	—	—	—	—	979	956	
Net appreciation in fair value of investments	12,249	—	—	—	—	12,249	39,583	
Changes of donor's designation	(54)	—	—	—	—	(54)	(68)	
Net assets released from restrictions	(53,712)	—	(1,714)	—	—	(55,426)	(59,186)	
Increase (decrease) in net assets with donor restrictions	10,486	—	(1,714)	—	(3,827)	4,945	47,000	
(Decrease) increase in net assets	(11,211)	362,025	(8,445)	(342)	(6,691)	343,094	162,080	
Net assets at beginning of year	1,244,739	1,646,638	64,247	53,634	52,052	3,012,117	2,850,037	
Contributions to capital	—	—	—	—	10,000	—	—	
Net assets at end of year	\$ 1,233,528	2,008,663	55,802	53,292	(5,691)	3,355,211	3,012,117	

See accompanying notes to consolidated financial statements.

**UNITED JEWISH APPEAL-FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Consolidated Statement of Functional Expenses

For the year ended June 30, 2019
(with consolidating information for 2018)

(Dollars in thousands)

	2019					2018		
	Grants and Other Program Services	Supporting Services		Total Supporting Services	Total Expenses	Consolidation and Elimination Items	Consolidated Total	Consolidated Total
		Fund-raising	Management and General					
Grant expense	\$ 612,401	—	—	—	612,401	—	612,401	576,634
Salaries and related expenses	15,057	26,793	16,166	42,959	58,016	—	58,016	57,563
Consultant fees and expenses	2,662	1,018	3,240	4,258	6,920	—	6,920	8,424
Captive insurance related expenses	6,728	—	—	—	6,728	—	6,728	4,976
Depreciation	1,184	1,740	1,788	3,528	4,712	—	4,712	4,713
Occupancy expense	1,110	2,103	2,423	4,526	5,636	—	5,636	5,355
Printing, postage and office	849	1,874	100	1,974	2,823	—	2,823	3,293
Interest expense	1,054	720	416	1,136	2,190	—	2,190	2,634
Tuition and stipends	1,617	11	7	18	1,635	—	1,635	1,679
Data processing related	108	652	1,021	1,673	1,781	—	1,781	1,716
Travel and other staff expenses	487	439	327	766	1,253	—	1,253	1,613
Advertising and communications	76	1,196	72	1,268	1,344	—	1,344	1,879
Other	2,417	784	1,561	2,345	4,762	—	4,762	5,328
Sub-total before grants and other expenses to related entities	645,750	37,330	27,121	64,451	710,201	—	710,201	675,807
Grants and other expenses to related entities under common control	22,133	—	43	43	22,176	(22,176)	—	—
Total expenses	\$ 667,883	37,330	27,164	64,494	732,377	(22,176)	710,201	675,807
Special event and mission fees							9,254	8,674
Total expenses and special event and mission fees							\$ 719,455	684,481

See accompanying notes to consolidated financial statements.

**UNITED JEWISH APPEAL-FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Consolidated Statements of Cash Flows

Years ended June 30, 2019 and 2018

(Dollars in thousands)

	2019	2018
Cash flows from operating activities:		
Increase in net assets	\$ 343,094	162,080
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Postretirement benefit changes not included in net periodic benefit cost	162	(206)
Depreciation, depletion, and amortization	4,712	4,713
Net appreciation in fair value of investments	(70,963)	(138,192)
Contributions restricted for long-term investment and capital projects	(6,703)	(19,270)
Provision for uncollectible contributions and other receivables	7,703	7,992
Contributions and change in value of charitable trust agreements	(1,438)	(3,000)
Noncash transactions	(8,422)	(2,337)
Contributions of securities, including not readily marketable securities	(209,511)	(1,619)
Changes in assets and liabilities:		
Increase in contributions receivable	(7,875)	(17,721)
Increase in other assets and receivables	(4,968)	(16,547)
(Decrease) increase in accounts payable, accrued expenses, and other liabilities	(2,586)	4,434
Increase in grants payable	2,433	3,176
Decrease in accrued postretirement benefits	(238)	(49)
Net cash provided by (used in) operating activities	45,400	(16,546)
Cash flows from investing activities:		
Purchases of investments	(7,270,026)	(2,205,543)
Proceeds from sales of investments	7,221,379	2,224,309
(Increase) decrease in mortgage and school loans receivable, net	(390)	312
Increase in other loans receivable, included in other assets and receivables	(1,127)	(3,592)
Acquisition of fixed and other assets, net	(5,362)	(7,618)
Net cash (used in) provided by investing activities	(55,526)	7,868
Cash flows from financing activities:		
Repayment of long-term debt	(3,080)	(2,240)
Contributions restricted for long-term investment and capital projects	9,540	8,079
Expiration of charitable trust agreements	3,910	4,439
Decrease in liability under annuity agreements, net of payments to annuitants	(2,146)	(1,563)
Net cash provided by financing activities	8,224	8,715
Net (decrease) increase in cash	(1,902)	37
Cash at beginning of year	19,996	19,959
Cash at end of year	\$ 18,094	19,996
Supplemental data:		
Noncash activities:		
Contribution(s) of:		
Property (in other assets)	\$ 1,160	—
State of Israel Bonds	2,015	1,859
Other income and expense	5,247	478
Total noncash activities	\$ 8,422	2,337
Real estate taxes paid	\$ 1,089	1,005
Interest paid	2,660	2,850

See accompanying notes to consolidated financial statements.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

(1) Organization

United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. (UJA-Federation) cares for Jews everywhere and New Yorkers of all backgrounds, responds to crises close to home and far away, and shapes the Jewish future.

UJA-Federation pursues its mission by providing financial support and capacity-building services to hundreds of nonprofit organizations, both local and global, including major health and human service agencies, community centers and camps, and agencies that support Jewish life and education.

To support these activities, UJA-Federation conducts an annual campaign that raises both funds without donor restrictions and funds for specific targeted purposes. UJA-Federation also raises funds from legacies, bequests, and other planned gifts. From time to time, UJA-Federation also conducts special campaigns to respond to particular situations such as terrorism and war in Israel, and major natural disasters, and to raise capital and other funds for its affiliated agencies, Jewish day schools and its own needs.

UJA-Federation also serves an important communal planning function by identifying new issues facing the Jewish community and mobilizing institutions and resources to address those issues.

UJA-Federation is a publicly supported not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code (the Code); accordingly, it is exempt from federal income taxation.

The following is a description of the related entities included with UJA-Federation in the accompanying consolidated financial statements (collectively, the Organization):

Jewish Communal Fund – The Jewish Communal Fund (JCF) was established to advance the philanthropic objectives of the Jewish community through the establishment of donor-advised philanthropic funds. JCF extends to donors the privilege of recommending grants from their philanthropic funds to the qualified charities of their choice and is committed to facilitating its donors' philanthropic goals. JCF is a publicly supported organization exempt from income taxes under Section 501(c)(3) of the Code.

UJA-Federation is the sole member of JCF and three limited liability companies ("LLCs") established to hold certain real property. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 958-810, *Not-for-Profit Entities – Consolidation*, sole corporate membership of one not-for-profit organization in another shall be considered a controlling financial interest. Accordingly, JCF and the LLCs are consolidated with UJA-Federation.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

Gruss Funds – The Caroline and Joseph S. Gruss Life Monument Funds, Inc. (Gruss) is a tax-exempt organization under Section 501(c)(3) of the Code and is a supporting organization of UJA-Federation under Section 509(a)(3) of the Code. Gruss provides a wide range of education-related scholarships, grants, and awards for the benefit of students and teachers, and support for a variety of other Jewish community activities. Gruss is included in UJA-Federation’s consolidated financial statements because a majority of Gruss’ board of directors is required by its charter to be individuals who participate in the control or management of UJA-Federation by virtue of being a trustee, officer, executive employee, or holder of another important office in UJA-Federation, and the net assets of Gruss would revert to UJA-Federation in the event of dissolution of Gruss. Amounts presented for Gruss are as of and for the year ended December 31, 2018.

Supporting Organizations – UJA-Federation receives support from 29 other supporting organizations. These supporting organizations are organized to carry out the exempt purposes of UJA-Federation under Section 509(a)(3) of the Code. These organizations are included in the accompanying consolidated financial statements because UJA-Federation appoints a majority of the members of their boards of directors and the net assets of each organization would revert to UJA-Federation upon dissolution.

The assets and revenue of JCF, Gruss, and the supporting organizations are not available to meet the liabilities or obligations of UJA-Federation or any other entity included in the consolidated financial statements, except for each of these entities’ own liabilities and obligations.

Other Entities – Other entities include two title holding companies, organized under Section 501(c)(2) of the Code. One of these entities holds a condominium unit in the building in New York City utilized by UJA-Federation as its headquarters. The other 501(c)(2) organization holds interests in real property gifted to UJA-Federation. UJA-Federation continues to operate these properties until eventual sale. In addition, other entities include a 501(c)(3) organization established for specialized charitable purposes and a captive insurance company established to serve UJA-Federation and affiliated agencies that, pursuant to a novation, assumed the policy obligations of a former captive insurance company; the former captive insurance company is also included in other entities.

(2) Summary of Significant Accounting Policies and Related Matters

The significant accounting policies followed by the Organization are described below to enhance the usefulness of the consolidated financial statements to the reader.

(a) Consolidated Financial Statement Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting. All significant interorganizational balances have been eliminated in consolidation.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions but may be designated by the Board. Contributions that permit the Organization to vary the terms of the gift are classified as net assets without donor restrictions.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time or that stipulate that the principal be maintained permanently by the Organization but permit the Organization to expend part or all of the income derived therefrom.

Revenue and gains and losses on investments and other assets, with the exception of that described in the next sentence, are reported as changes in net assets without donor restrictions unless use of the related assets is limited by explicit donor-imposed restrictions or by law. Gains on investments of net assets with donor restrictions increase net assets with donor restrictions and any losses decrease net assets with donor restrictions. Investment return on net assets with donor restrictions is classified as net assets with donor restrictions until appropriated for expenditure. Expenses are reported as decreases in net assets without donor restrictions. Expiration of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) is reported as net assets released from restrictions.

(b) Accounting Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates and assumptions include allowances for uncollectible receivables, the present value of multiyear contributions receivable, the valuation of alternative investments, actuarial assumptions, estimated rental value of property owned and leased to grantees, and the allocation of expenses to functional classifications.

(c) Adoption of Accounting Pronouncements

The Organization adopted FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* for the fiscal year ended June 30, 2019 and applied the provisions retrospectively to 2018. ASU 2016-14 changes how not-for profit entities report net asset classes, expenses and liquidity in their financial statements. The significant requirements of this ASU include classifying net assets with donor restrictions (previously reported as temporary restricted net assets of \$471,387 and permanently restricted net assets of endowment – income restricted of \$143,268 and endowment – income unrestricted of \$112,579) and without donor restrictions (previously reported as unrestricted net assets); the presentation of expenses by their function and their natural classification in one location; and quantitative and qualitative information about the

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

management of liquid resources and availability of financial assets to meet cash needs within one year of the date of the consolidated balance sheet.

The Organization adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* for the fiscal year ended June 30, 2019. ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration that the entity expects to be entitled to in exchange for those goods or services. Additional disclosure is required to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This ASU did not have a material impact on the consolidated financial statements.

The Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the guidance for contributions received and contribution made for the fiscal year ended June 30, 2019. The amendments in this ASU are intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. A contribution is conditional when it is subject to a donor-imposed condition that includes a right of return (either a return of assets transferred or a right of release from a promise to transfer assets) and a barrier that must be overcome before the recipient is entitled to the assets transferred or promised. This ASU did not have a material impact on the consolidated financial statements.

(d) Upcoming Authoritative Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which requires lessees to recognize a lease liability and a right of use asset for all lease obligations with the exception for short-term leases. The lease liability will represent the lessee's obligation to make lease payments arising from the lease measured on a discounted basis and the right of use asset will represent the lessee's right to use or control the use of a specified asset for a lease term. ASU 2016-02 is effective for the fiscal year ending June 30, 2020. The Organization is currently evaluating the impact of adopting ASU 2016-02 on its consolidated financial statements.

(e) Contributions

Contributions, including unconditional promises to give, are reported initially at fair value as revenue in the period received. The Organization did not have any conditional contributions at June 30, 2019.

Contributions receivable are reported at their net present value less an allowance for estimated uncollectible amounts. The allowance is determined by reviewing historical collectability trends and analyses of specific receivable balances. Contributions to be received after one year are discounted at a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

Contributions of publicly traded securities are recorded at their fair value at the time of donation, except for State of Israel Bonds, which are recorded at their face value at the time of receipt. It is

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

UJA-Federation's policy generally to convert contributions of marketable securities to cash upon receipt of the security, except for State of Israel Bonds. Other noncash contributions are converted to cash as soon as practicable and prudent, and are recorded at their estimated fair value at the time of donation.

(f) Investments and Fair Value

The Organization follows the provisions of ASC Topic 820, *Fair Value Measurement* (ASC 820). The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes and ranks the level of market price observability used in measuring fair value. Valuation methods based upon inputs with readily available quoted or published prices in active markets for identical assets or liabilities (Level 1 measurements) will have a higher degree of market price observability and a lesser degree of judgment used in determining fair value than the lowest priority measurements involving significant unobservable inputs (Level 3 measurements).

Investments that do not have readily determinable fair values, including private equity investments, hedge funds, real estate funds, and other funds are measured using the net asset value (NAV) per share or its equivalent practical expedient, as reported by the investment managers and reviewed by management for reasonableness.

Cost approximates fair value for short-term and money market instruments. Investments in marketable equity and debt securities/funds are presented at fair value based on quoted or published market prices. State of Israel Bonds are carried at face value. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on the trade date.

The methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain instruments could result in a different fair value measurement at the reporting date.

(g) Risks and Uncertainties

The Organization may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

(h) Depreciation

Fixed assets for UJA-Federation and other entities are depreciated using the straight-line method over the estimated useful lives of the asset as follows:

Buildings and building improvements	10 to 40 years
Furniture and equipment	3 to 5 years

(i) Grant Expense and Commitments

Grant expense and liability are recognized in the year the award is approved by the board of directors and the grant recipient is notified.

(j) Functional Allocation of Expenses

The costs of providing the Organization's various grant and supporting services have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents expenses by functional classification as well as natural classification. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation methods. Personnel costs and most non-personnel costs are allocated based on estimates of time and effort. Costs other than personnel not allocated based upon estimates of time and effort are specifically allocated. Occupancy costs have been allocated based on headcount.

(k) Income Taxes

The Organization follows the provisions of ASC Subtopic 740-10, *Income Taxes – Overall* (ASC 740-10), relating to uncertainty in income taxes. For the Organization, ASC 740-10 is primarily applicable to the incurrence of unrelated business income tax attributable to certain of its investments. ASC 740-10 establishes a minimum threshold for financial statement recognition of the benefits of positions taken, or expected to be taken, in filing tax returns. It requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's income tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as tax expense. There are no tax positions not deemed to meet the "more-likely-than-not" threshold.

(l) Subsequent Events

The Organization evaluated events subsequent to June 30, 2019 and through December 10, 2019, the date on which the consolidated financial statements were issued, and determined that no additional disclosures were required.

(m) Reclassifications

Certain reclassifications of 2018 amounts have been made to conform to the 2019 presentation.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

(n) Other Significant Accounting Policies

Other significant accounting policies are set forth in the accompanying consolidated financial statements and the following notes.

(3) Campaigns

A description of the various campaigns of UJA-Federation and other income sources is as follows:

(a) Annual Campaign

The Annual Campaign is a 12-month campaign that coincides with UJA-Federation's fiscal year. This campaign is the main source of funding for grants and UJA-Federation's operating budget. UJA-Federation also receives contributions without purpose restrictions for use domestically, overseas, or in Israel. While the Annual Campaign principally raises funds without donor restrictions, it also raises funds for needs of particular groups or program activities such as Holocaust survivors, the elderly, the poor, Jewish education, and camping.

(b) Capital and Special Initiatives Campaign

In cooperation with its domestic affiliated agencies, Jewish day schools, and certain overseas organizations, UJA-Federation conducts a Capital and Special Initiatives Campaign to fund capital improvements and programmatic endowments. Most of these contributions are directed to other agencies. Capital and Special Initiatives Campaign contributions intended for the benefit of UJA-Federation and recorded as revenue for the years ended June 30, 2019 and 2018 were \$13,253 and \$27,453, respectively. Capital and Special Initiatives Campaign contributions intended for the benefit of others for the years ended June 30, 2019 and 2018 amounted to \$3,966 and \$8,613, respectively, and are a component of amounts raised on behalf of others in the accompanying consolidated statements of activities.

(c) Planned Giving and Endowments

UJA-Federation enters into agreements with donors to accept and administer charitable gift annuities and charitable remainder trusts, the beneficiaries of which include UJA-Federation and/or affiliated agencies. Generally, UJA-Federation manages and invests these assets on behalf of these beneficiaries until the agreement expires and the assets are distributed.

During fiscal years 2019 and 2018, UJA-Federation entered into split-interest agreements consisting of charitable gift annuities and charitable remainder trusts of \$889 and \$3,705, respectively. Such split-interest agreements provide for payments, to the donors or their beneficiaries, based upon either the income earned on related investments or specified annuity amounts. Assets held under charitable gift annuities are included in investments, and assets held under charitable remainder trusts are reflected separately in the accompanying consolidated balance sheets. Contribution revenue is recognized at the date the trust or annuity contract is established after recording liabilities for the present value of the estimated future payments expected to be made to the donors and/or other beneficiaries. The liabilities are adjusted annually for changes in the life expectancy of the income beneficiary, amortization of the discount, and other changes in the estimates of future payments. Such

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

adjustments are reported as change in value of split-interest agreements in the accompanying consolidated statements of activities.

(4) Contributions Receivable

Contributions receivable consist of the following at June 30, 2019 and 2018:

	2019	2018
Amounts expected to be collected within:		
One year	\$ 110,513	112,864
One to ten years	11,502	12,272
Thereafter	24,874	25,256
	146,889	150,392
Less discount to present value (ranging from 3.5% to 6.25%)	(12,286)	(13,380)
Less allowance for estimated uncollectible amounts	(15,497)	(17,434)
	\$ 119,106	119,578

Contributions receivable include legacies receivable (net) of \$6,423 and \$10,911 at June 30, 2019 and 2018, respectively.

(5) Fair Value

The fair value hierarchy under the fair value measurement provisions of ASC 820, which prioritizes the inputs to valuation techniques used to measure fair value, are as follows:

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

Level 2: Valuations are based on either (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in markets that are not active, or (3) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

Level 3: Fair value is determined based on pricing inputs that are unobservable and includes situations where there is little, if any, market activity for the asset or liability.

Alternative investments consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. The NAV reported by each fund is used as a practical expedient to estimate the fair value of the Organization's interest therein. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

The following tables summarize the fair value of the Organization's assets at June 30, 2019 and 2018, in accordance with the ASC 820 fair value hierarchy levels:

	2019			Total
	Level 1	Level 2	Level 3	
Assets:				
Investments:				
Short-term and money market instruments	\$ 204,136	5,053	—	209,189
U.S. government and agency obligations/ municipal bonds	27,500	531,136	—	558,636
State of Israel Bonds	—	—	24,119	24,119
Alternative investments:				
Long/short equities	11,882	—	—	11,882
Private equity	—	—	823	823
Real estate	—	—	300	300
Not readily marketable securities/other	—	—	200,849	200,849
Total alternative investments	11,882	—	201,972	213,854
Equity securities/funds	963,192	1,132	—	964,324
Debt securities/funds	205,003	126,759	925	332,687
	<u>1,411,713</u>	<u>664,080</u>	<u>227,016</u>	<u>2,302,809</u>
Investments measured at NAV (or its equivalent):				
Equity funds				182,725
Multi-strategy hedge funds				228,732
Long/short equities				224,728
Private equity				180,155
Real estate				8,927
Other				12,041
Total investments measured at NAV (or its equivalent)				<u>837,308</u>
Total investments	1,411,713	664,080	227,016	3,140,117
Other assets, including unexpended bond proceeds (note 9)	93,063	—	—	93,063
Assets held under charitable trust agreements	29,944	—	—	29,944
Total assets	<u>\$ 1,534,720</u>	<u>664,080</u>	<u>227,016</u>	<u>3,263,124</u>

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

	2018			Total
	Level 1	Level 2	Level 3	
Assets:				
Investments:				
Short-term and money market instruments	\$ 520,115	22,001	—	542,116
U.S. government and agency obligations/ municipal bonds	26,121	75,955	—	102,076
State of Israel Bonds	—	—	15,467	15,467
Alternative investments:				
Long/short equities	12,095	—	—	12,095
Private equity	—	—	2,089	2,089
Real estate	—	—	500	500
Other	—	—	3	3
Total alternative investments	12,095	—	2,592	14,687
Equity securities/funds	946,007	1,756	—	947,763
Debt securities/funds	114,891	181,957	925	297,773
	<u>1,619,229</u>	<u>281,669</u>	<u>18,984</u>	<u>1,919,882</u>
Investments measured at NAV (or its equivalent):				
Equity funds				182,626
Multi-strategy hedge funds				290,195
Long/short equities				243,416
Private equity				154,318
Real estate				10,488
Other				8,562
Total investments measured at NAV (or its equivalent)				<u>889,605</u>
Total investments	1,619,229	281,669	18,984	2,809,487
Other assets, including unexpended bond proceeds (note 9)	96,213	—	—	96,213
Assets held under charitable trust agreements	33,900	—	—	33,900
Total assets	<u>\$ 1,749,342</u>	<u>281,669</u>	<u>18,984</u>	<u>2,939,600</u>

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

The following tables summarize the fair value of only UJA-Federation's assets at June 30, 2019 and 2018, in accordance with the ASC 820 fair value hierarchy levels:

	2019			Total
	Level 1	Level 2	Level 3	
Assets:				
Investments:				
Short-term and money market instruments	\$ 92,810	—	—	92,810
U.S. government and agency obligations/ municipal bonds	26,006	—	—	26,006
State of Israel Bonds	—	—	13,429	13,429
Alternative investments:				
Real estate	—	—	300	300
Other	—	—	618	618
Total alternative investments	—	—	918	918
Equity securities/funds	221,776	—	21,843 (a)	243,619
Debt securities/funds	87,218	—	—	87,218
	<u>427,810</u>	<u>—</u>	<u>36,190</u>	<u>464,000</u>
Investments measured at NAV (or its equivalent):				
Equity funds				204,472
Multi-strategy hedge funds				187,751
Long/short equities				76,473
Private equity				118,546
Real estate				8,666
Other				<u>11,523</u>
Total investments measured at NAV (or its equivalent)				<u>607,431</u>
Total investments	427,810	—	36,190	1,071,431
Unexpended bond proceeds	32,395	—	—	32,395
Assets held under charitable trust agreements	29,944	—	—	29,944
Total assets	<u>\$ 490,149</u>	<u>—</u>	<u>36,190</u>	<u>1,133,770</u>

(a) Represents an investment in a title holding company that holds a condominium unit in the building utilized by UJA-Federation as its headquarters (see "Other Entities" in note 1) and eliminated in consolidation.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

	2018			Total
	Level 1	Level 2	Level 3	
Assets:				
Investments:				
Short-term and money market instruments	\$ 85,204	—	—	85,204
U.S. government and agency obligations/ municipal bonds	24,494	—	—	24,494
State of Israel Bonds	—	—	13,652	13,652
Alternative investments:				
Real estate	—	—	500	500
Other	—	—	3	3
Total alternative investments	—	—	503	503
Equity securities/funds	233,359	—	21,843 (a)	255,202
Debt securities/funds	39,675	—	—	39,675
	<u>382,732</u>	<u>—</u>	<u>35,998</u>	<u>418,730</u>
Investments measured at NAV (or its equivalent):				
Equity funds				202,098
Multi-strategy hedge funds				236,115
Long/short equities				95,861
Private equity				118,364
Real estate				10,155
Other				8,193
Total investments measured at NAV (or its equivalent)				<u>670,786</u>
Total investments	382,732	—	35,998	1,089,516
Unexpended bond proceeds	34,503	—	—	34,503
Assets held under charitable trust agreements	33,900	—	—	33,900
Total assets	<u>\$ 451,135</u>	<u>—</u>	<u>35,998</u>	<u>1,157,919</u>

(a) Represents an investment in a title holding company that holds a condominium unit in the building utilized by UJA-Federation as its headquarters (see "Other Entities" in note 1) and eliminated in consolidation.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

The following table summarizes the changes in activity for the fiscal year ended June 30, 2019 for fair value measurements using significant unobservable inputs (Level 3):

	2019					
	<u>Fair Value July 1, 2018</u>	<u>Purchases/ Donations</u>	<u>Sales</u>	<u>Net Realized Gains</u>	<u>Change in Unrealized Gains (Losses)</u>	<u>Fair Value June 30, 2019</u>
State of Israel Bonds	\$ 15,467	15,197	(6,545)	—	—	24,119
Alternative investments:						
Private equity	2,089	596	(1,427)	—	(435)	823
Real estate	500	—	—	—	(200)	300
Not readily marketable securities/other	3	209,685	—	—	(8,839)	200,849
Total alternative investments	2,592	210,281	(1,427)	—	(9,474)	201,972
Debt securities/funds	925	—	—	—	—	925
Total investments	<u>\$ 18,984</u>	<u>225,478</u>	<u>(7,972)</u>	<u>—</u>	<u>(9,474)</u>	<u>227,016</u>

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

(6) Investments

The fair value of the Organization's investments at June 30, 2019 and 2018 consists of the following:

	2019					Total
	UJA- Federation	JCF	Gross Funds	Supporting Organizations and Other Entities	Consolidation and Elimination Items	
Short-term and money market instruments	\$ 92,810	98,419	9,643	8,317	—	209,189
U.S. government and agency obligations/municipal bonds	26,006	531,136	—	1,494	—	558,636
State of Israel Bonds	13,429	10,276	—	414	—	24,119
Alternative investments:						
Multi-strategy hedge funds	187,751	16,894	15,469	8,618	—	228,732
Long/short equities	76,473	144,604	12,103	3,430	—	236,610
Private equity	118,546	52,257	4,860	5,315	—	180,978
Real estate	8,966	—	—	261	—	9,227
Not readily marketable securities/other	12,141	200,204	—	545	—	212,890
Total alternative investments	403,877	413,959	32,432	18,169	—	868,437
Equity securities/funds	448,091	710,729	15,388	24,276	(51,435)	1,147,049
Debt securities/funds	87,218	240,966	—	4,503	—	332,687
Total investments	\$ 1,071,431	2,005,485	57,463	57,173	(51,435)	3,140,117

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

	2018					
	UJA- Federation	JCF	Gross Funds	Supporting Organizations and Other Entities	Consolidation and Elimination Items	Total
Short-term and money market instruments	\$ 85,204	441,112	8,556	7,244	—	542,116
U.S. government and agency obligations/municipal bonds	24,494	75,955	—	1,627	—	102,076
State of Israel Bonds	13,652	1,400	—	415	—	15,467
Alternative investments:						
Multi-strategy hedge funds	236,115	16,001	27,180	10,899	—	290,195
Long/short equities	95,861	142,138	13,191	4,321	—	255,511
Private equity	118,364	28,235	4,496	5,312	—	156,407
Real estate	10,655	—	—	333	—	10,988
Other	8,196	—	—	369	—	8,565
Total alternative investments	469,191	186,374	44,867	21,234	—	721,666
Equity securities/funds	457,300	684,903	12,801	24,578	(49,193)	1,130,389
Debt securities/funds	39,675	255,763	—	2,335	—	297,773
Total investments	\$ 1,089,516	1,645,507	66,224	57,433	(49,193)	2,809,487

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

The Organization's alternative investments are diversified across five basic investment strategies, as follows:

Multi-strategy hedge funds – Represent investments in hedge funds that vary exposure to markets and strategies based on opportunities due to temporary dislocations or structural inefficiencies. Strategies include event driven and long/short equity and credit, distressed securities, and merger and other arbitrage.

Long/short equities – Represent investments in hedge funds that primarily invest long and short in global, liquid equities, attempting to realize gains through the identification of mispriced securities.

Private equity – Represents investments in buyout and venture capital funds. Private equity buyout funds purchase significant equity stakes in established companies with the goal of increasing value through financial, operational, and strategic changes. Venture capital funds provide capital and professional expertise to early-stage businesses in exchange for equity ownership with the potential for significant growth and value creation.

Real estate – Represents investments in funds that focus on the purchase and development, improvement, and management of residential, commercial, and industrial real estate with potential value realization through both rental income and gains from property sales.

Not readily marketable securities/other – Represents investments in funds that do not fall into the aforementioned categories. Strategies include investments in funds that invest in real assets (other than real estate), investment in funds that invest in private credit and investment in private companies. This category also includes a not readily marketable security of \$200,204 invested in a financial service company, that was appraised using the market approach. This investment is subject to a lockup until December 2021.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

Multi-strategy hedge funds and long/short equity investments contain various monthly, quarterly, semiannual, and annual redemption restrictions with required written notice ranging from 1 to 180 days. In addition, certain of these investments are restricted by initial lock-up periods and may contain private investments that are not redeemable within the next year or are presently in liquidation, awaiting final redemption proceeds. As of June 30, 2019, the following table summarizes the composition of \$465,342 at fair value of such investments by the various redemption provisions and lock-up/liquidation periods:

<u>Redemption period</u>	<u>UJA- Federation</u>	<u>JCF</u>	<u>Gross Funds</u>	<u>Supporting organizations and other entities</u>	<u>Total</u>
Weekly	\$ —	—	11,882	—	11,882
Monthly	21,118	2,560	—	947	24,625
Quarterly	64,117	143,156	15,469	3,071	225,813
Semiannual	117,037	10,644	—	5,338	133,019
Annual	—	1,238	—	—	1,238
Lockup/liquidation (a)	61,952	3,900	221	2,692	68,765
Total	<u>\$ 264,224</u>	<u>161,498</u>	<u>27,572</u>	<u>12,048</u>	<u>465,342</u>

(a) The amount subject to redemption lock-up or in liquidation is set to expire or expected to be received as follows:

<u>Redemption period</u>	<u>UJA- Federation</u>	<u>JCF</u>	<u>Gross Funds</u>	<u>Supporting organizations and other entities</u>	<u>Total</u>
2020	\$ 12,202	3,900	—	547	16,649
2021	—	—	—	—	—
2022 and thereafter	49,750	—	221	2,145	52,116
Total	<u>\$ 61,952</u>	<u>3,900</u>	<u>221</u>	<u>2,692</u>	<u>68,765</u>

The Organization's private equity and real estate limited partnership and limited liability company interests are generally for ten-year terms, with extensions of one to two years with exception of one related entity which holds certain investments for the duration of the funds. These investments also contain minimum subscription or capital commitments. The Organization's unfunded capital commitments approximated \$236,000 and \$255,000 at June 30, 2019 and 2018, respectively. The Organization maintains sufficient liquidity in its investment portfolio to cover such capital commitments.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

UJA-Federation's investments in equity securities/funds at June 30, 2019 and 2018 comprise the following:

	<u>2019</u>	<u>2018</u>
Domestic (publicly traded):		
Large-cap	\$ 77,698	40,372
Mid-cap	54,670	77,734
Small-cap	<u>26,689</u>	<u>27,380</u>
Total domestic	159,057	145,486
Emerging markets	54,862	58,118
Global publicly traded	101,838	79,477
International funds (underlying – publicly traded)	80,899	125,026
Investment in consolidated entities	<u>51,435</u>	<u>49,193</u>
	<u>\$ 448,091</u>	<u>457,300</u>

JCF's investments in equity securities/funds and debt securities/funds at June 30, 2019 and 2018 comprise the following:

	<u>2019</u>		<u>2018</u>	
	<u>Equities</u>	<u>Debt</u>	<u>Equities</u>	<u>Debt</u>
Domestic/international common stock	\$ 96,063	—	94,340	—
Equity mutual funds	614,666	—	590,563	—
Domestic/international corporate bonds	—	68,895	—	123,752
Fixed-income mutual funds	—	113,526	—	73,071
Asset-backed securities	—	25,988	—	45,897
Commercial mortgage-backed securities	—	31,632	—	12,118
Private corporate bonds	<u>—</u>	<u>925</u>	<u>—</u>	<u>925</u>
	<u>\$ 710,729</u>	<u>240,966</u>	<u>684,903</u>	<u>255,763</u>

UJA-Federation's investment in charitable gift annuity funds includes a segregated investment account, which is maintained in compliance with New York State Insurance Law. The balance of this account was \$30,837 and \$33,094 at June 30, 2019 and 2018, respectively.

Investment income is reported net of related expenses, such as custodial fees and investment management costs.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

(7) Endowment Funds

The endowment for UJA-Federation, totaling \$963,386 at June 30, 2019, consists of 524 individual funds representing net assets with (note 13) and without donor (notes 2 and 14) restrictions subject to its spending policy.

UJA-Federation follows the provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA). Among other things, NYPMIFA provides a standard of organizational conduct for managing and delegating authority with respect to “institutional funds” and rules for appropriations from these funds. An endowment fund is defined as a type of institutional fund that, under the terms of the gift instrument, is not entirely expendable by an institution on a current basis. However, unlike prior law in which an institution could appropriate for expenditure only a prudent portion of any appreciation in the endowment fund over the original dollar value, NYPMIFA allows an institution to appropriate or accumulate so much of the donor-restricted endowment fund as is prudent for the uses, benefits, purposes, and duration for which the fund is established, subject to the intent of the donor as expressed in the gift instrument, absent explicit donor stipulations to the contrary. In compliance with NYPMIFA, the board of directors of UJA-Federation considers the following factors in managing and investing its endowment funds (the Funds):

- 1) The duration and preservation of the Funds
- 2) The purposes of UJA-Federation and the donor-restricted endowment Funds
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of UJA-Federation
- 7) Alternatives to expenditure of the Funds, giving due consideration to the effect such alternatives may have on UJA-Federation
- 8) The investment policy of UJA-Federation

NYPMIFA eliminated the concept of “historic dollar value” for spending from endowment funds unless a living donor of a fund existing at the time NYPMIFA was adopted declined to approve such change (in which case UJA-Federation does not appropriate for expenditure any amount that would cause the value of the fund to be reduced below historic dollar value). Accounting guidance associated with the enactment of NYPMIFA as set forth in ASC Topic 958, Section 205-45, *Classification of Donor-Restricted Endowment Funds Subject To UPMIFA* (Uniform Prudent Management of Institutional Funds Act), requires that all endowment funds subject to NYPMIFA be classified as net assets with donor restrictions until appropriated for expenditure in a manner consistent with the standards of prudence required by NYPMIFA. UJA-Federation further classifies such funds as with or without donor-imposed purpose restrictions.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

The provisions of NYPMIFA contain a “rebuttable presumption of imprudence” if expenditures in any given year from a fund are greater than 7.0% of its fair market value, determined at least quarterly and averaged over a period of not less than five years immediately preceding the year of appropriation. UJA-Federation utilizes a Total Return Spending Rate Policy (the Spending Rate). A spending rate is applied to a rolling 12-quarter average of endowment net assets and an additional amount is spent from legacies and bequests received during a fiscal year. A separate test is performed to confirm that the proposed spending is within NYPMIFA’s rebuttable presumption. Any legacies and bequests received during a fiscal year in excess of the budgeted approved amount are added to board-designated funds in the endowment. If legacies and bequests received in a fiscal year are less than the amount, the shortfall is borrowed from board-designated funds in the endowment and repaid in subsequent years. The overall endowment-spending amount is reviewed by management and approved by the board of directors to ensure compliance with NYPMIFA. Effective July 1, 2017, the board of directors approved a reduction in the spending rate from 5.0% to 4.5% ratably over a five-year period and a reduction in the legacies and bequest policy from \$20 million to \$17 million over a three-year period. For fiscal years ended June 30, 2019 and 2018, the spending rate was 4.8% and 4.9% and the legacies and bequests policy was \$18 million and \$19 million, respectively.

UJA-Federation’s approved *Investment Policy Statement* defines the endowment’s investment objectives, return and risk parameters, asset allocation targets and ranges, benchmark performance measurement and evaluation, and procedures for compliance with NYPMIFA. The long-term investment objective is to target superior risk-adjusted capital appreciation with a net return that at least equals the Consumer Price Index plus the Spending Rate in order to preserve and enhance the endowment’s real value. Strategic asset allocation targets and ranges are reviewed periodically with the intention of setting them at a level that will allow for the achievement of the long-term objective while taking an appropriate level of risk through diversification.

JCF

JCF has a board-designated endowment fund totaling \$18,267 at June 30, 2019, where grants are recommended by the board of trustees. JCF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs that meet the needs of the Jewish community, at home and abroad, while seeking to maintain the purchasing power of the endowment assets. JCF has a policy of appropriating for distribution a percentage of its endowment fund’s average fair value over the prior 12 quarters through the calendar year-end that precedes the fiscal year in which the distribution is planned. The spending rate was 5% for fiscal years ended June 30, 2019 and 2018. JCF expects its endowment funds, over time, to provide an average rate of return that exceeds the S&P 500 Index. To satisfy this long-term investment objective, JCF relies on a total-return strategy in which investment returns are achieved through both capital appreciation and current income. JCF targets a diversified asset allocation with prudent risk constraints.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

The composition of UJA-Federation's and JCF's endowment, by net asset class, at June 30, 2019 and 2018 is as follows:

	2019		
	Without donor restrictions	With donor restrictions	Total
UJA-Federation:			
Endowment – in perpetuity	\$ —	271,042	271,042
Endowment – income subject to donor restrictions	—	288,005	288,005
Endowment – income not subject to donor restrictions	—	60,901	60,901
Board designated	343,677	—	343,677
Underwater endowments	—	(239)	(239)
Total	<u>\$ 343,677</u>	<u>619,709</u>	<u>963,386</u>
JCF:			
Board designated	<u>\$ 18,267</u>	<u>—</u>	<u>18,267</u>
	2018		
	Without donor restrictions	With donor restrictions	Total
UJA-Federation:			
Endowment – in perpetuity	\$ —	262,664	262,664
Endowment – income subject to donor restrictions	—	280,847	280,847
Endowment – income not subject to donor restrictions	—	64,975	64,975
Board designated	371,391	—	371,391
Underwater endowments	—	(51)	(51)
Total	<u>\$ 371,391</u>	<u>608,435</u>	<u>979,826</u>
JCF:			
Board designated	<u>\$ 18,494</u>	<u>—</u>	<u>18,494</u>

A donor-restricted endowment fund is considered underwater if the fair value of the fund is less than either the original gift amount or the amount required to be maintained by the donor or by law. At times, the Organization may have individual donor-restricted endowment funds that are underwater. The Organization permits spending from underwater funds unless specifically prohibited by the donor. At June 30, 2019 and 2018, the amount by which funds were underwater was calculated as follows:

	2019	2018
Aggregate original gift	\$ 1,561	1,702
Aggregate fair value	<u>1,322</u>	<u>1,651</u>
Aggregate deficiency	<u>\$ (239)</u>	<u>(51)</u>

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

Changes in UJA-Federation's and JCF's endowment net assets for the fiscal years ended June 30, 2019 and 2018 were as follows:

	2019		
	Without donor restrictions	With donor restrictions	Total
UJA-Federation:			
Net assets – July 1, 2018	\$ 371,391	608,435	979,826
Investment return, net	6,348	12,429	18,777
Contributions	9,648	24,149	33,797
Change in value of split-interest agreements	—	265	265
Distributions (a)	(35,819)	(24,023)	(59,842)
Transfers out	(7,891)	(1,546)	(9,437)
Net assets – June 30, 2019	<u>\$ 343,677</u>	<u>619,709</u>	<u>963,386</u>
JCF:			
Net assets – July 1, 2018	\$ 18,494	—	18,494
Net appreciation in fair value of investments	775	—	775
Distributions	(1,002)	—	(1,002)
Net assets – June 30, 2019	<u>\$ 18,267</u>	<u>—</u>	<u>18,267</u>

(a) Includes \$18,000 distributed under UJA-Federation's separate legacies and bequests policy.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

	2018		
	Without donor restrictions	With donor restrictions	Total
UJA-Federation:			
Net assets – July 1, 2017	\$ 363,794	579,464	943,258
Investment return, net	23,229	37,855	61,084
Contributions	20,125	26,379	46,504
Change in value of split-interest agreements	—	1,271	1,271
Distributions (a)	(37,891)	(24,380)	(62,271)
Transfers out	2,134	(12,154)	(10,020)
Net assets – June 30, 2018	<u>\$ 371,391</u>	<u>608,435</u>	<u>979,826</u>
JCF:			
Net assets – July 1, 2017	\$ 17,595	—	17,595
Net appreciation in fair value of investments	1,752	—	1,752
Distributions	(853)	—	(853)
Net assets – June 30, 2018	<u>\$ 18,494</u>	<u>—</u>	<u>18,494</u>

(a) Includes \$19,000 distributed under UJA-Federation's separate legacies and bequests policy.

(8) Fixed Assets

Fixed assets, at cost, consist of the following at June 30, 2019 and 2018:

	2019			2018
	UJA- Federation	Related entities	Total	Total
Land	\$ 1,118	600	1,718	1,718
Buildings and building improvements	74,528	24,839	99,367	100,075
Furniture and equipment	9,783	529	10,312	8,444
Total cost	85,429	25,968	111,397	110,237
Accumulated depreciation	(29,143)	(7,883)	(37,026)	(33,476)
Net fixed assets	<u>\$ 56,286</u>	<u>18,085</u>	<u>74,371</u>	<u>76,761</u>

In 2019 and 2018, UJA-Federation wrote off \$138 and \$1,011, respectively, of fully depreciated fixed assets.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

(9) Long-Term Debt, Net

In June 2004, the New York City Industrial Development Agency issued Civic Facility Revenue Bonds (Series 2004 Bonds) for the benefit of UJA-Federation, in the amount of \$66,830 at par. The Series 2004 Bonds were issued in order to finance part of the costs of the renovation, equipping, and furnishing of the portion of a 17-story building, located in New York City, owned by UJA-Federation and occupied as its headquarters (the Facility). Pursuant to various agreements, including an "Indenture of Trust," UJA-Federation is obligated to and guarantees to make required payments of principal, sinking fund installments, and interest on the Series 2004 Bonds.

The Series 2004 Bonds were originally issued in two series: Series 2004A Bonds in the initial aggregate principal amount of \$41,830 and Series 2004B Bonds, originally issued in the aggregate principal amount of \$25,000.

During fiscal year 2015, UJA-Federation exercised its redemption rights relative to the Series 2004A Bonds. On August 14, 2014, the Build NYC Resource Corporation issued at par \$27,335 of revenue bonds (Series 2014 Bonds) for the benefit of UJA-Federation for the purpose of refunding the outstanding principal amount of the Series 2004A Bonds. The Series 2014 Bonds were issued at a premium of \$3,923 and the proceeds from the issuance were used to redeem the outstanding principal (\$30,405), to pay accrued interest (\$275) on the Series 2004A Bonds at the September 4, 2014 optional redemption date, and to pay for the costs of issuance (\$563). The premium is being amortized over the life of the bonds. The Series 2014 Bonds comprise fixed rate serial bonds with maturity dates commencing July 1, 2015 and annually thereafter until July 1, 2025. These serial bonds bear interest at rates ranging from 2.00% to 5.00%, payable each January 1 and July 1, commencing January 1, 2015. The Series 2014 Bonds are subject to optional redemption on or after July 1, 2024, in whole or in part, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest to the date of redemption. The Series 2014 Bonds are also subject to mandatory and extraordinary redemption, as defined. The unamortized premium of \$652 on the original Series 2004A Bonds was written off to interest expense in fiscal year 2015.

The Series 2004B Bonds were issued initially as variable rate bonds, due July 1, 2034, bearing interest in auction mode. The bonds could be converted as a whole at the direction of UJA-Federation, subject to certain restrictions, to bonds that bear interest at a daily, weekly, monthly, quarterly, adjustable, or fixed rate. On May 30, 2012 (the Conversion Date), the Series 2004B Bonds were remarketed and converted to a fixed rate obligation in the principal amount of \$22,585. The bonds were issued at a premium on the Conversion Date and the premium was utilized to retire \$2,415 of the original \$25,000 principal amount. The premium is being amortized over the life of the bonds. The bonds bear interest at 5.00%, payable each January 1 and July 1, commencing July 1, 2012. The bonds are subject to optional redemption, in whole or in part, on or after January 1, 2022 at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption. The bonds are also subject to mandatory and extraordinary redemption, as defined.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

In April 2017, the Colorado Educational and Cultural Facilities Authority issued Revenue Bonds (Series 2017B Bonds) for the benefit of UJA-Federation, in the amount of \$35,000 at par. The Series 2017B Bonds were issued in order to construct, renovate, improve, and equip various capital projects at camp facilities, owned by UJA-Federation and leased to and operated by Henry Kaufmann Campgrounds, Inc., and to pay certain issuance expenses. Pursuant to various agreements, including an "Indenture of Trust," UJA-Federation is obligated to and guarantees to make required payments of principal, sinking fund installments, and interest on the Series 2017B Bonds.

The Series 2017B Bonds are comprised of \$6,510 of fixed-rate serial bonds with maturity dates commencing February 1, 2019 and annually thereafter until February 1, 2032 and \$28,490 of fixed-rate term bonds with mandatory sinking fund requirements commencing February 1, 2026 and annually thereafter until final maturity on February 1, 2047.

The fixed-rate serial bonds bear interest at rates ranging from 1.77% to 3.99%, payable each February 1 and August 1, commencing August 1, 2017. The fixed-rate term bonds bear interest at rates ranging from 3.54% to 4.42%, payable each February 1 and August 1, beginning August 1, 2017. The bonds maturing after February 1, 2027 are subject to redemption prior to maturity, in whole or in part, on February 1, 2027 and on any date thereafter and upon payment of par plus accrued interest through the date of redemption. The Series 2017B Term Bonds maturing on or after February 1, 2029 are subject to mandatory sinking fund redemptions at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date.

As a result of issuing the Series 2017B Bonds, UJA-Federation incurred bond issuance costs of \$372. This amount has been deferred and is being amortized over the life of the bonds.

At June 30, 2019, the investment in bond proceeds were \$32,395, comprised of unexpended Project Fund proceeds. The funds are invested in short-term government money market funds.

Unamortized debt issuance costs of \$915 and \$996 at June 30, 2019 and 2018 respectively, are reflected as a direct reduction of long-term debt. Amortization of debt issuance costs for fiscal years 2019 and 2018 was \$81 and \$82, respectively.

At June 30, 2019 and 2018, \$44,427 and \$47,200, net was outstanding under the Series 2014/2004B Bonds, respectively and at June 30, 2019 and 2018, \$33,931 and \$34,644, net was outstanding under the Series 2017B Bonds, respectively.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

The minimum annual payments for principal and interest relating to long-term debt, net at June 30, 2019 are as follows:

	Principal			Interest			Total debt service
	Series 2014A/2004B Bonds	Series 2017B Bonds	Total	Series 2014A/2004B Bonds	Series 2017B Bonds	Total	
Year ending June 30:							
2020	\$ 2,475	740	3,215	1,894	1,369	3,263	6,478
2021	2,525	755	3,280	1,818	1,354	3,172	6,452
2022	2,625	770	3,395	1,702	1,336	3,038	6,433
2023	2,755	790	3,545	1,568	1,316	2,884	6,429
2024	2,890	815	3,705	1,441	1,293	2,734	6,439
Thereafter	31,157	30,061	61,218	12,088	18,060	30,148	91,366
	<u>\$ 44,427</u>	<u>33,931</u>	<u>78,358</u>	<u>20,511</u>	<u>24,728</u>	<u>45,239</u>	<u>123,597</u>

Interest expense for the years ended June 30, 2019 and 2018 was \$2,190 and \$2,634, respectively.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

(10) Grants

The following is a list, by program area, of grants awarded by UJA-Federation and related entities during the years ended June 30, 2019 and 2018:

	2019	2018
UJA-Federation:		
Jewish Communal Network:		
Overseas agencies; The Jewish Federations of North America (a)	\$ 34,889	38,920
Operating support grants to domestic network agencies	32,487	33,766
Other program grants	4,752	4,996
Total Jewish Communal Network	72,128	77,682
Jewish Life:		
Jewish education and experiences	22,402	14,696
Global communities	6,626	8,633
Grassroots and community organizing	3,184	4,109
Scholarships	2,438	2,224
Social cohesion in Israel	2,167	2,167
Other program grants	1,901	797
Total Jewish Life	38,718	32,626
Caring:		
Poverty	12,201	9,879
Aging	6,440	6,819
Social mobility in Israel	2,137	3,413
Special needs	3,449	3,225
Crisis response	1,942	1,643
Other program grants	3,520	2,937
Total Caring	29,689	27,916
Lease of properties to grantee organizations (b)	26,224	15,318
Total UJA-Federation	\$ 166,759	153,542

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

	2019	2018
JCF:		
Cultural and educational	\$ 188,788	179,580
Community organizations	52,420	47,846
Health, human services, and environment	83,412	71,094
International	65,749	72,344
Religious	43,045	40,896
UJA-Federation	21,625	23,027
Total JCF	455,039	434,787
Gross Funds:		
Educational and other philanthropic programs	7,988	7,110
Supporting organizations and other entities	4,748	4,596
Less consolidation and elimination items	(22,133)	(23,401)
Total	\$ 612,401	576,634

- (a) The Jewish Federations of North America (JFNA) is the umbrella organization for the Jewish federations in North America and is the principal vehicle through which UJA-Federation distributes funds for overseas program activities. Distributions by JFNA go primarily to the Jewish Agency for Israel and the American Jewish Joint Distribution Committee, Inc. Organizations receiving funds from JFNA utilize such funds for activities and programs that support UJA-Federation's charitable purposes.
- (b) UJA-Federation recognizes the estimated rental value of property owned by it and leased to various grantee organizations at rates significantly below market. The estimates were based upon independent appraisals of the properties, utilizing cap rates ranging from 5.0% to 7.0% to impute rental income and the corresponding grant to the lessees. The consolidated statements of activities reflect \$26,224 and \$15,318 of imputed rental income and grant expense related to these lease agreements for the years ended June 30, 2019 and 2018, respectively.

In June 2019, the board of directors of UJA-Federation approved \$137,000 for fiscal year 2020 grants and related program activities recommended by the planning departments responsible for the allocation of funds to affiliated agencies of UJA-Federation and to others. In July 2019, the planning departments awarded approximately \$95,000 of grants for programs to be conducted during fiscal year 2020 and notified the grant recipients. These grants and the remaining unallocated budget of \$42,000 will be recorded by UJA-Federation in fiscal year 2020 when the grants are awarded and the recipients notified.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

(11) Retirement Benefits

Multiemployer Plan

UJA-Federation and JCF participate in a multiemployer defined-benefit pension plan (the Plan) covering eligible union and nonunion employees of these organizations as well as eligible employees of participating affiliated agencies of UJA-Federation. The Plan, *Retirement Plan for Employees of United Jewish Appeal-Federation of Jewish Philanthropies of New York, Inc. and Affiliated Agencies and Institutions*, is filed under the Employer Identification Number 51-0172429 and the three-digit Pension Plan Number 333. The Organization is not required to file an annual zone certification under the Pension Protection Act of 2006 (PPA) and disclosures concerning a financial improvement plan or a rehabilitation plan are not applicable. The Plan is at least 80% funded using the most recent financial information as of October 1, 2018 the beginning of the Plan year.

UJA-Federation and JCF contributions to the Plan for the years ended June 30, 2019 and 2018 were \$3,066 and \$4,163, respectively. These contributions represented 12.5% of the total contributions to the Plan for both of those years. The expiration date of the collective-bargaining agreement requiring contributions to the Plan for those union employees who elect to participate is January 31, 2022. The Plan is noncontributory for nonunion employees.

In July 2017, the board of directors of UJA-Federation, the Plan's administrator, approved changes to the Plan. The changes provide that, effective October 1, 2017, all nonunion employees eligible to participate in the Plan who were hired prior to May 1, 2010 and who currently accrue benefits under a final average pay formula will instead accrue future benefits under the cash balance formula that is applicable to eligible nonunion employees who were hired on or after May 1, 2010. Under the cash balance formula, eligible nonunion employees are credited with an annual pay credit equal to 3% of compensation. Under the amendment to the Plan, nonunion employees who are 50 years or older and have at least 10 years of vesting service as of October 1, 2017 also will be credited with an additional annual pay credit equal to 2% of compensation. All employees under the cash balance components of the Plan receive an annual interest credit at a rate equal to the yield on 30-year United States Treasury bonds.

Other Retirement Benefits

UJA-Federation has also entered into arrangements with executives and certain employees related to supplemental retirement benefits. Costs associated with such arrangements have been accrued and are included in the accompanying consolidated financial statements.

In addition, UJA-Federation provides certain postretirement healthcare benefits to eligible retired employees. Some of UJA-Federation's employees will become eligible for those benefits if they reach normal retirement age while working for UJA-Federation. UJA-Federation follows the provisions of ASC Topic 715, *Compensation – Retirement Benefits*. The unfunded postretirement benefit obligation at June 30, 2019 and 2018, recognized by UJA-Federation in the consolidated balance sheets, was \$3,891 and \$3,967, respectively. For the years ended June 30, 2019 and 2018, UJA-Federation's net periodic postretirement benefit (income)/cost was \$(44) and \$160, respectively.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

(12) Commitments and Contingencies

(a) Leased Facilities

UJA-Federation and JCF lease office space under the terms of various leases expiring through fiscal year 2029. The leases generally provide for annual base rentals plus real estate and operating expense escalations. Future minimum rentals under noncancelable operating leases are as follows:

	UJA- Federation	JCF	Total
Year ending June 30:			
2020	\$ 520	539	1,059
2021	683	544	1,227
2022	670	560	1,230
2023	686	560	1,246
2024	703	560	1,263
Thereafter	2,056	2,212	4,268
Total	\$ 5,318	4,975	10,293

Rent expense for the years ended June 30, 2019 and 2018 was \$1,245 and \$1,047, respectively.

In addition, Gruss occupies office space in New York City under a lease arrangement that expires on June 30, 2022. Gruss also entered into a month-to-month sublease agreement. The annual rent is subject to real estate tax escalations. Future lease payments are as follows:

	Amount
Year ending December 31:	
2019	\$ 317
2020	324
2021	333
2022	198
Total	\$ 1,172

Rent expense, net of sublease rental income for the years ended December 31, 2018 and 2017, was \$180 and \$174, respectively.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

(b) Rental Income

A consolidated real estate title holding company of UJA-Federation owns a condominium unit and leases office space to tenants in the building in New York City also used by UJA-Federation as its headquarters. The leases contain operating expense and real estate tax escalation clauses. For the years ended June 30, 2019 and 2018, rental income amounted to \$4,010 and \$3,872, respectively.

Future minimum rental income under these leases, excluding escalations, is as follows:

	Amount
Year ending June 30:	
2020	\$ 3,223
2021	3,531
2022	3,586
2023	3,661
2024	3,689
Thereafter	25,554
Total	\$ 43,244

(c) Contingencies

The Organization is party to various litigation and other claims in the ordinary course of business. In the opinion of management, the ultimate resolution of these matters will not have a significant effect on the Organization's consolidated financial position.

UJA-Federation is a guarantor to FOJP Service Corp. (FOJP), an entity that provides risk management and insurance procurement services for UJA-Federation and many network agencies, of all insurance premiums due from network agencies to FOJP for policies issued on or after January 1, 2007. The guaranty applies to all future policies written for participating network agencies until such time as UJA-Federation determines to cease guaranteeing such future policies payments. UJA-Federation has the right to terminate an agency's participation in the insurance program in the event of such agency's nonpayment of its monthly premium in order to reduce the liability under the guaranty. At June 30, 2019, no network agencies were in arrears. The total balance of unpaid insurance premiums was \$10,134.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

(13) Net Assets Without Donor Restrictions

Net assets without donor restrictions were designated by the UJA-Federation board of directors at June 30, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Board designated endowment - spending policy	\$ 343,677	371,391
Headquarters facility renovation	21,843	21,843
Properties used by agencies	5,647	5,647
Revolving and special loans	3,000	3,000
Other board designated purposes	<u>9,790</u>	<u>8,765</u>
Total	<u>\$ 383,957</u>	<u>410,646</u>

JCF's funds functioning as endowment are those where the Board of Trustees and the Special Gifts Committee have grantmaking responsibility. These totaled \$18,267 and \$18,494 at June 30, 2019 and 2018, respectively.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

(14) Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30:

	2019	2018
UJA-Federation:		
Donor restricted purpose funds for:		
Education and scholarships	\$ 150,450	137,127
Multipurpose and other programs	105,410	109,108
Caring for the vulnerable	54,277	52,677
Camps and community centers	26,392	23,104
Programs for the aged	19,858	20,975
Capital projects	10,613	17,461
Jewish education and continuity	4,970	5,137
	371,970	365,589
Donor restricted funds - time (a)	82,048	86,133
Historical gift value of endowment funds to be held in perpetuity for:		
General purposes	119,273	113,481
Multipurpose and other programs	46,586	46,543
Education and scholarships	38,225	35,955
Caring for the vulnerable	25,362	25,360
Programs for the aged	17,811	17,765
Camps and community centers	11,741	11,741
Jewish education and continuity	7,725	7,688
Rescue and resettlement	4,080	4,080
	270,803	262,613
Total UJA-Federation	724,821	714,335
Gross Funds:		
Donor restricted purpose funds for:		
Educational and other philanthropic programs	45,238	46,952
Less consolidation and elimination items	(37,880)	(34,053)
Total net assets with donor restrictions	\$ 732,179	727,234

(a) Includes \$60,901 and \$64,975 of unappropriated endowment appreciation as of June 30, 2019 and 2018, respectively.

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

A portion of the above net assets were released from donor restriction by satisfying the restricted purpose or by the passage of time. Net assets were released as follows during the years ended June 30:

	2019	2018
Release of net assets due to the passage of time	\$ 8,393	15,308
Release of net assets due to:		
Endowment grants and expenses	25,514	26,292
Capital related expenses (Jerusalem Arts Campus)	6,804	—
Satisfaction of program restrictions	14,715	17,586
Net assets released from restrictions	\$ 55,426	59,186

(15) Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statement of financial position date for operating expenditures and grant payments at June 30, 2019 were:

	2019				
	UJA- Federation	JCF	Gross Funds	Supporting organizations and other entities	Total
Financial assets at June 30, 2019:					
Cash and cash equivalents	\$ 15,776	—	902	1,416	18,094
Contributions receivable, net	118,930	—	—	176	119,106
Other assets and receivables	48,208	1,622	—	196	50,026
Intercompany receivables	1,370	—	—	(1,370)	—
Investments, after intercompany eliminations	1,019,996	2,005,485	57,463	57,173	3,140,117
Total financial assets at June 30, 2019	1,204,280	2,007,107	58,365	57,591	3,327,343
Less amounts not available to meet general expenditures within one year:					
Cash held as collateral	(1,250)	—	—	—	(1,250)
Contributions receivable not expected to be collected within one year or donor restricted	(56,714)	—	—	(170)	(56,884)
Investments	(38,092)	(225,002)	—	(16,595)	(279,689)
Board designated endowment, net of spending policy	(294,047)	(18,267)	—	—	(312,314)
Donor restricted funds, net of spending policy	(305,213)	—	(45,238)	—	(350,451)
Donor restricted funds to be held in perpetuity	(253,266)	—	—	—	(253,266)
Amounts held for special purposes/time restrictions	(55,055)	(11,719)	—	—	(66,774)
Total financial assets available within one year	\$ 200,643	1,752,119	13,127	40,826	2,006,715

**UNITED JEWISH APPEAL FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Notes to Consolidated Financial Statements

June 30, 2019 and 2018

(Dollars in thousands)

UJA-Federation regularly monitors liquidity required to meet its operating needs and other contractual commitments as they become due, while also striving to maximize the investment of its available funds. Cash in excess of daily operating requirements is invested in short-term investments. Short-term investments also are maintained in UJA-Federation's investment pool to meet capital calls, provide funds for opportunistic investments, and serve as a back-up source for operating needs. A portion of UJA-Federation's endowment consists of board-designated funds; although UJA-Federation's policy is to expend from these funds only the amount computed pursuant to UJA-Federation's endowment spending policy, additional funds can be released with the approval of the Board of Directors. UJA-Federation's donor-restricted endowments and income from these endowments (some of which is also restricted for specific purposes) are not available for general expenditure except pursuant to the spending policy.

In addition to financial assets available to meet general expenditures over the next 12 months, UJA-Federation expects to receive gifts without donor restrictions through its principal fundraising activity, the annual campaign. Based on prior experience, as a majority of these gifts will be collected during the 12-month period and will be available for expenditure, they are included as sources of funds under UJA-Federation's budget process. UJA-Federation also receives legacy and bequest gifts which support the legacy spending policy. Purpose-restricted gifts received as part of the annual campaign are not budgeted for expenditure until collected.

**UNITED JEWISH APPEAL-FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Schedule of Balance Sheet Information for UJA-Federation

June 30, 2019
(with comparative totals for 2018)

(Dollars in thousands)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total All Funds	Total All Funds
Assets				
Cash	\$ 13,290	2,486	15,776	16,719
Contributions receivable, net	50,626	68,304	118,930	119,389
Other assets and receivables	54,304	15,061	69,365	66,617
Intercompany receivables (payables)	4,715	(3,345)	1,370	3,014
Amounts held on behalf of other agencies	62,718	—	62,718	67,666
Investments	438,017	633,414	1,071,431	1,089,516
Unexpended bond proceeds	32,395	—	32,395	34,503
Assets held under charitable trust agreements	—	29,944	29,944	33,900
Fixed assets, net	56,286	—	56,286	57,868
Total assets	<u>\$ 712,351</u>	<u>745,864</u>	<u>1,458,215</u>	<u>1,489,192</u>
Liabilities and Net Assets				
Liabilities:				
Accounts payable, accrued expenses, and other liabilities	\$ 17,795	1,098	18,893	28,415
Grants payable	16,981	3,970	20,951	18,558
Amounts held on behalf of other agencies	62,718	—	62,718	67,666
Liabilities under charitable trust and annuity agreements	23,901	15,975	39,876	44,003
Long-term debt, net	78,358	—	78,358	81,844
Accrued postretirement benefits	3,891	—	3,891	3,967
Total liabilities	<u>203,644</u>	<u>21,043</u>	<u>224,687</u>	<u>244,453</u>
Net assets:				
Without donor restrictions:				
Undesignated	124,750	—	124,750	119,758
Board designated	383,957	—	383,957	410,646
Total without donor restrictions	<u>508,707</u>	<u>—</u>	<u>508,707</u>	<u>530,404</u>
With donor restrictions				
	<u>—</u>	<u>724,821</u>	<u>724,821</u>	<u>714,335</u>
Total net assets	<u>508,707</u>	<u>724,821</u>	<u>1,233,528</u>	<u>1,244,739</u>
Total liabilities and net assets	<u>\$ 712,351</u>	<u>745,864</u>	<u>1,458,215</u>	<u>1,489,192</u>

See accompanying independent auditors' report.

**UNITED JEWISH APPEAL-FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Schedule of Activities for UJA-Federation

Year ended June 30, 2019
(with comparative totals for 2018)

(Dollars in thousands)

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Total All Funds	Total All Funds
Revenue and gains (losses):				
Annual/special giving:				
Annual giving contributions, including special event and mission fees of \$3,944 in 2019 and \$4,482 in 2018	\$ 114,042	13,035	127,077	129,608
Less event and mission costs	(9,254)	—	(9,254)	(8,674)
Special giving contributions	91	22,187	22,278	44,020
Less provision for uncollectible contributions, net of prior years' recoveries	(1,668)	(583)	(2,251)	(2,405)
Net contributions – annual/special giving	103,211	34,639	137,850	162,549
Endowment contributions	—	1,200	1,200	2,136
Legacies and bequests	9,571	7,326	16,897	22,141
Split-interest agreements	(3,184)	3,639	455	2,218
Change in value of split-interest agreements	280	393	673	1,193
Donated goods and services	330	—	330	681
Amounts raised on behalf of others	15,263	—	15,263	19,939
Net campaign revenue, including amounts raised on behalf of others and before contributions from related organizations under common control	125,471	47,197	172,668	210,857
Contributions from related organizations under common control	18,296	3,827	22,123	23,392
Net campaign revenue, including amounts raised on behalf of others and contributions from related organizations under common control	143,767	51,024	194,791	234,249
Less amounts raised on behalf of others	(15,263)	—	(15,263)	(19,939)
Net campaign revenue, including contributions from related organizations under common control and excluding amounts raised on behalf of others	128,504	51,024	179,528	214,310
Net investment income	7,742	979	8,721	4,883
Net appreciation in fair value of investments	7,042	12,249	19,291	64,080
Rental income	26,278	—	26,278	15,360
Service income	1,002	—	1,002	890
Other income	11	—	11	25
Changes of donor's designation	—	(54)	(54)	(68)
	170,579	64,198	234,777	299,480
Net assets released from restrictions	53,712	(53,712)	—	—
Total revenue and gains	224,291	10,486	234,777	299,480
Grants and expenses:				
Grants and other program services:				
Grants	166,759	—	166,759	153,542
Other program services	24,237	—	24,237	29,363
Total grants and other program services	190,996	—	190,996	182,905
Fund-raising	35,378	—	35,378	31,255
Management and general	19,452	—	19,452	20,904
Total expenses	245,826	—	245,826	235,064
(Decrease) increase in net assets before postretirement plan adjustments	(21,535)	10,486	(11,049)	64,416
Postretirement benefit changes not included in net periodic benefit cost	(162)	—	(162)	206
(Decrease) increase in net assets	(21,697)	10,486	(11,211)	64,622
Net assets at beginning of year	530,404	714,335	1,244,739	1,180,117
Net assets at end of year	\$ 508,707	724,821	1,233,528	1,244,739

See accompanying independent auditors' report.

**UNITED JEWISH APPEAL-FEDERATION OF JEWISH
PHILANTHROPIES OF NEW YORK, INC. AND RELATED ENTITIES**

Schedule of Functional Expenses

For the year ended June 30, 2019
(with summarized information for 2018)

(Dollars in thousands)

	2019				2018	
	Grants and Other Program Services	Supporting Services		Total Supporting Services	Total Expenses	Total Expenses
		Fund-raising	Management and General			
Grant expense	\$ 166,759	—	—	—	166,759	153,542
Salaries and related expenses	13,290	25,682	13,598	39,280	52,570	52,339
Consultant fees and expenses	2,609	989	2,177	3,166	5,775	6,148
Depreciation	1,145	1,718	992	2,710	3,855	3,659
Occupancy expense	809	1,991	973	2,964	3,773	3,618
Printing, postage and office	785	1,832	37	1,869	2,654	3,116
Interest expense	1,054	720	416	1,136	2,190	2,634
Tuition and stipends	1,617	11	7	18	1,635	1,679
Data processing related	108	652	602	1,254	1,362	1,402
Travel and other staff expenses	423	372	280	652	1,075	1,465
Advertising and communications	54	674	66	740	794	1,436
Other	2,343	737	304	1,041	3,384	4,026
Total expenses	<u>\$ 190,996</u>	<u>35,378</u>	<u>19,452</u>	<u>54,830</u>	245,826	235,064
Special event and mission fees					9,254	8,674
Total expenses and special event and mission fees					<u>\$ 255,080</u>	<u>243,738</u>

See accompanying independent auditors' report.