



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

Consolidated Financial Statements and Schedules

June 30, 2020 and 2019

(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 its related entities, which comprise the consolidated balance sheets as of June 30, 2020 and 2019, 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 its related entities as of June 30, 2020 and 2019, 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.



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, 2020 and 2019 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, 2020

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

Consolidated Balance Sheets

June 30, 2020 and 2019
(with consolidating information for 2020)

(Dollars in thousands)

Assets	2020					2019		
	Related entities (note 1)					Consolidation and Elimination Items	Consolidated Total	Consolidated Total
	UJA-Federation	Jewish Communal Fund	Gross Funds	Supporting Organizations	Other Entities			
Cash	\$ 29,199	—	343	441	888	—	30,871	18,094
Contributions receivable, net (note 4)	110,581	—	—	—	175	—	110,756	119,106
Other assets and receivables (notes 5, 8 and 14)	83,669	3,905	2,048	—	78,344	(371)	167,595	150,492
Intercompany receivables (payables)	559	—	—	(293)	(266)	—	—	—
Mortgage and school loans receivable, net	—	—	600	—	—	—	600	446
Amounts held on behalf of other agencies	57,206	—	—	—	—	(6,677)	50,529	56,022
Investments (notes 5 and 6)	1,031,319	1,956,186	58,305	43,647	4,042	(51,260)	3,042,239	3,140,117
Unexpended bond proceeds (notes 5 and 9)	27,461	—	—	—	—	—	27,461	32,395
Assets held under charitable trust agreements (notes 3 and 5)	26,341	—	—	—	—	—	26,341	29,944
Fixed assets, net (note 8)	54,137	201	1	—	17,179	—	71,518	74,371
Total assets	\$ 1,420,472	1,960,292	61,297	43,795	100,362	(58,308)	3,527,910	3,620,987
Liabilities and Net Assets								
Liabilities:								
Accounts payable, accrued expenses, and other liabilities (notes 5, 9 and 14)	\$ 19,430	1,010	484	—	43,797	(371)	64,350	62,008
Grants payable	19,275	—	3,832	25	415	—	23,547	25,621
Amounts held on behalf of other agencies	57,206	—	—	—	—	(6,677)	50,529	56,022
Liabilities under charitable trust and annuity agreements (note 3)	36,612	—	—	—	—	—	36,612	39,876
Long-term debt, net (note 9)	74,737	—	—	—	—	—	74,737	78,358
Accrued postretirement benefits (note 11)	4,259	—	—	—	—	—	4,259	3,891
Total liabilities	211,519	1,010	4,316	25	44,212	(7,048)	254,034	265,776
Commitments and contingencies (note 12)								
Net assets:								
Without donor restrictions								
Undesignated	132,059	1,942,149	13,865	43,770	56,150	(427)	2,187,566	2,220,948
Board designated (notes 7 and 13)	359,342	17,133	—	—	—	(5,653)	370,822	402,084
Total without donor restrictions	491,401	1,959,282	13,865	43,770	56,150	(6,080)	2,558,388	2,623,032
With donor restrictions (notes 7 and 14)	717,552	—	43,116	—	—	(45,180)	715,488	732,179
Total net assets	1,208,953	1,959,282	56,981	43,770	56,150	(51,260)	3,273,876	3,355,211
Total liabilities and net assets	\$ 1,420,472	1,960,292	61,297	43,795	100,362	(58,308)	3,527,910	3,620,987

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, 2020 and 2019
(with consolidating information for 2020)
(Dollars in thousands)

	2020					2019	
	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 revenue of \$3,033 in 2020 and \$3,944 in 2019	\$ 119,466	—	—	—	—	119,466	114,133
Less event and mission costs	(5,745)	—	—	—	—	(5,745)	(9,254)
Less provision for uncollectible contributions, net of prior years' recoveries	(3,912)	—	—	—	—	(3,912)	(1,668)
Net annual/special giving contributions, including special events and missions	109,809	—	—	—	—	109,809	103,211
Legacies and bequests	12,710	—	—	—	—	12,710	9,571
Split-interest agreements (note 3)	562	—	—	—	—	562	(3,184)
Change in value of split-interest agreements (note 3)	(948)	—	—	—	—	(948)	280
Donated goods and services	300	—	—	—	—	300	330
Amounts raised on behalf of others (note 3)	24,786	—	—	—	—	24,786	15,263
Net contribution revenue, including amounts raised on behalf of others and before contributions from related organizations under common control	147,219	—	—	—	—	147,219	125,471
Contributions from related organizations under common control	26,994	—	—	—	(26,994)	—	—
Net contribution revenue, including amounts raised on behalf of others and contributions from related organizations under common control	174,213	—	—	—	(26,994)	147,219	125,471
Less amounts raised on behalf of others	(24,786)	—	—	—	—	(24,786)	(15,263)
Net contribution revenue, including contributions from related organizations under common control and excluding amounts raised on behalf of others	149,427	—	—	—	(26,994)	122,433	110,208
Contributions – consolidated entities	—	524,581	—	7,862	1,085	—	533,528
Net contribution revenue without donor restrictions, including consolidated entities	149,427	524,581	—	7,862	1,085	(26,994)	655,961
Net investment income (loss) (note 6)	3,855	21,477	673	151	46	(63)	26,139
Net appreciation (depreciation) in fair value of investments	26	(52,363)	10,292	(469)	266	—	(42,248)
Rental income (notes 10 and 12)	26,290	—	—	—	4,020	—	30,310
Other income	3,098	—	114	—	10,768	—	13,980
Net assets released from restrictions	45,530	—	2,122	—	—	—	47,652
Total revenue and gains (losses) without donor restrictions	228,226	493,695	13,201	7,544	16,185	(27,057)	731,794
Grants and expenses:							
Grants and other program services:							
Grants (note 10)	163,445	509,049	7,965	1,699	375	—	682,533
Other program services	24,085	1,219	808	—	11,425	—	37,537
Total grants and other program services	187,530	510,268	8,773	1,699	11,800	—	720,070
Fundraising	36,255	1,913	—	—	193	—	38,361
Management and general	21,234	3,846	1,127	27	3,145	—	29,379
Total expenses before grants and other expenses to related entities	245,019	516,027	9,900	1,726	15,138	—	787,810
Grants and other expenses to related entities under common control	—	27,049	—	7,225	20	(34,294)	—
Total expenses after grants and other expenses to related entities	245,019	543,076	9,900	8,951	15,158	(34,294)	710,201
(Decrease) increase in net assets without donor restrictions before change in tax classification of supporting organization and postretirement plan adjustments	(16,793)	(49,381)	3,301	(1,407)	1,027	7,237	338,311
Change in control of supporting organization	—	—	—	(8,115)	—	—	(8,115)
Postretirement benefit changes not included in net periodic benefit cost	(513)	—	—	—	—	—	(513)
(Decrease) increase in net assets without donor restrictions	(17,306)	(49,381)	3,301	(9,522)	1,027	7,237	338,149

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

Consolidated Statements of Activities

Years ended June 30, 2020 and 2019
(with consolidating information for 2020)

(Dollars in thousands)

	2020					2019		
	Related entities (note 1)					Consolidation and Elimination Items	Consolidated Total	Consolidated Total
	UJA-Federation	Jewish Communal Fund	Gross Funds	Supporting Organizations	Other Entities			
Changes in net assets with donor restrictions:								
Annual giving contributions	\$ 10,783	—	—	—	—	—	10,783	13,035
Special giving contributions	11,540	—	—	—	—	—	11,540	22,187
Less provision for uncollectible contributions, net of prior years' recoveries	(824)	—	—	—	—	—	(824)	(583)
Net contributions – annual/special giving	21,499	—	—	—	—	—	21,499	34,639
Endowment contributions (note 7)	10,210	—	—	—	—	—	10,210	1,200
Legacies and bequests	1,403	—	—	—	—	—	1,403	7,326
Split-interest agreements (note 3)	5	—	—	—	—	—	5	3,639
Change in value of split-interest agreements (note 3)	529	—	—	—	—	—	529	393
Net campaign revenue before contributions from related organizations under common control	33,646	—	—	—	—	—	33,646	47,197
Contributions from related organizations under common control	7,300	—	—	—	—	(7,300)	—	—
Net campaign revenue including contributions from related organizations under common control	40,946	—	—	—	—	(7,300)	33,646	47,197
Net investment income	340	—	—	—	—	—	340	979
Net (depreciation) appreciation in fair value of investments	(2,981)	—	—	—	—	—	(2,981)	12,249
Changes of donor's designation	(44)	—	—	—	—	—	(44)	(54)
Net assets released from restrictions	(45,530)	—	(2,122)	—	—	—	(47,652)	(55,426)
(Decrease) increase in net assets with donor restrictions	(7,269)	—	(2,122)	—	—	(7,300)	(16,691)	4,945
(Decrease) increase in net assets	(24,575)	(49,381)	1,179	(9,522)	1,027	(63)	(81,335)	343,094
Net assets at beginning of year	1,233,528	2,008,663	55,802	53,292	55,361	(51,435)	3,355,211	3,012,117
Contributions to capital	—	—	—	—	(238)	238	—	—
Net assets at end of year	\$ 1,208,953	1,959,282	56,981	43,770	56,150	(51,260)	3,273,876	3,355,211

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Functional Expenses

For the years ended June 30, 2020 and 2019
(with consolidating information for 2020 and 2019)

(Dollars in thousands)

	2020						
	Grants and Other Program Services	Supporting Services			Total Expenses	Consolidation and Elimination Items	Consolidated Total
		Fundraising	Management and General	Total Supporting Services			
Grants	\$ 682,533	—	—	—	682,533	—	682,533
Salaries and related benefits	16,462	28,805	17,810	46,615	63,077	—	63,077
Consultant fees and expenses	2,044	636	3,421	4,057	6,101	—	6,101
Captive insurance related	10,705	—	—	—	10,705	—	10,705
Depreciation and amortization	1,171	1,734	1,813	3,547	4,718	—	4,718
Occupancy	1,009	1,997	2,342	4,339	5,348	—	5,348
Printing, postage and office	810	1,554	191	1,745	2,555	—	2,555
Interest	1,245	687	465	1,152	2,397	—	2,397
Tuition and stipends	1,614	9	24	33	1,647	—	1,647
Data processing related	120	508	1,235	1,743	1,863	—	1,863
Travel and other staff expenses	333	290	254	544	877	—	877
Advertising and communications	129	1,266	113	1,379	1,508	—	1,508
Other	1,895	875	1,711	2,586	4,481	—	4,481
Sub-total before grants and other expenses to related entities	720,070	38,361	29,379	67,740	787,810	—	787,810
Grants and other expenses to related entities under common control	34,253	—	41	41	34,294	(34,294)	—
Total expenses	\$ 754,323	38,361	29,420	67,781	822,104	(34,294)	787,810
Special event and mission fees							5,745
Total expenses and special event and mission fees							793,555

	2019						
	Grants and Other Program Services	Supporting Services			Total Expenses	Consolidation and Elimination Items	Consolidated Total
		Fund-raising	Management and General	Total Supporting Services			
Grants	\$ 612,401	—	—	—	612,401	—	612,401
Salaries and related benefits	15,057	26,793	16,166	42,959	58,016	—	58,016
Consultant fees and expenses	2,662	1,018	3,240	4,258	6,920	—	6,920
Captive insurance related	6,728	—	—	—	6,728	—	6,728
Depreciation and amortization	1,184	1,740	1,788	3,528	4,712	—	4,712
Occupancy	1,110	2,103	2,423	4,526	5,636	—	5,636
Printing, postage and office	849	1,874	100	1,974	2,823	—	2,823
Interest	1,054	720	416	1,136	2,190	—	2,190
Tuition and stipends	1,617	11	7	18	1,635	—	1,635
Data processing related	108	652	1,021	1,673	1,781	—	1,781
Travel and other staff expenses	487	439	327	766	1,253	—	1,253
Advertising and communications	76	1,196	72	1,268	1,344	—	1,344
Other	2,417	784	1,561	2,345	4,762	—	4,762
Sub-total before grants and other expenses to related entities	645,750	37,330	27,121	64,451	710,201	—	710,201
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
Special event and mission fees							9,254
Total expenses and special event and mission fees							719,455

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, 2020 and 2019
(dollars in thousands)

	2020	2019
Cash flows from operating activities:		
Decrease (increase) in net assets	\$ (81,335)	343,094
Adjustments to reconcile decrease (increase) in net assets to net cash (used in) provided by operating activities:		
Postretirement benefit changes not included in net periodic benefit cost	513	162
Depreciation and amortization	4,718	4,712
Net depreciation (appreciation) in fair value of investments	45,229	(70,963)
Contributions restricted for long-term investment and capital projects	(10,320)	(6,703)
Provision for uncollectible contributions and other receivables	8,981	7,703
Contributions and change in value of charitable trust agreements	(587)	(1,438)
Noncash transactions	(3,662)	(8,422)
Contributions of securities, including not readily marketable securities	(448)	(209,511)
Change in control of supporting organization	8,115	-
Changes in assets and liabilities:		
Increase in contributions receivable	(5,303)	(7,875)
Increase in other assets and receivables	(7,102)	(4,968)
Increase (decrease) in accounts payable, accrued expenses, and other liabilities	1,365	(2,586)
(Decrease) increase in grants payable	(1,204)	2,433
Decrease in accrued postretirement benefits	(145)	(238)
Net cash (used in) provided by operating activities	(41,185)	45,400
Cash flows from investing activities:		
Purchases of investments	(8,228,253)	(7,270,026)
Proceeds from sales of investments	8,291,150	7,233,382
Increase in mortgage and school loans receivable, net	(154)	(390)
Increase in other loans receivable, included in other assets and receivables	(204)	(1,127)
Acquisition of fixed and other assets, net	(10,226)	(5,362)
Net cash provided by (used in) investing activities	52,313	(43,523)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program	8,725	-
Repayment of Paycheck Protection Program	(8,725)	-
Repayment of long-term debt	(3,215)	(3,080)
Contributions restricted for long-term investment and capital projects	14,991	9,540
Expiration of charitable trust agreements, net of payments	1,827	3,910
Decrease in liability under annuity agreements, net of payments to annuitants	(1,198)	(2,146)
Net cash provided by financing activities	12,405	8,224
Net increase in cash	23,533	10,101
Cash, cash held as collateral and restricted cash:		
Beginning of year	30,097	19,996
End of year	\$ 53,630	30,097
Reconciliation of cash, cash held as collateral and restricted cash reported within the consolidated balance sheets that sum to total of the same such amounts shown above:		
Cash	\$ 18,290	16,844
Cash held as collateral	12,581	1,250
Restricted cash included in investments	22,759	12,003
Total cash, cash held as collateral and restricted cash	\$ 53,630	30,097
Supplemental data:		
Noncash operating activities:		
Contribution(s) of:		
Art/property (in other assets)	\$ 420	1,160
State of Israel Bonds	1,751	2,015
Amortization and other	1,491	5,247
Total noncash operating activities	\$ 3,662	8,422
Real estate taxes paid	\$ 1,085	1,089
Interest paid	\$ 2,787	2,660

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, 2020 and 2019

(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 own needs and for the benefit of its affiliated agencies and Jewish day schools.

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. Responding to the needs of both vulnerable populations and Jewish institutions affected by the COVID-19 pandemic has been a major focus for UJA-Federation since March 2020.

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, 2020 and 2019

(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, 2019.

Supporting Organizations – UJA-Federation receives support from 26 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. During fiscal 2020, one supporting organization changed its tax classification to a private foundation. As a result, net assets of \$8,115 are no longer included in the consolidated financial statements as it is no longer controlled by UJA-Federation.

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, primarily owned by UJA-Federation, 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, 2020 and 2019

(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. 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. Estimates and assumptions include allowances for uncollectible receivables, the present value of multiyear contributions receivable, the valuation of alternative investments, actuarial assumptions on accrued postretirement benefit obligations, estimated rental value of property owned and leased to grantees, and the allocation of expenses to functional classifications.

(c) Adoption of Accounting Pronouncements

In fiscal 2020, the Organization adopted Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows: Restricted Cash*, which requires additional disclosure and explanation of the change in the total cash, cash equivalents and amounts generally described as restricted cash in the consolidated statement of cash flows. Amounts generally described as restricted cash should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the consolidated statements of cash flows. The guidance requires retrospective presentation in each period shown. The adoption of ASU No. 2016-18 did not have an impact on the consolidated balance sheets or the consolidated statements of activities but resulted in reclassifications to the consolidated statements of cash flows of \$22,759 and \$12,003 for the years ended June 30, 2020 and 2019, respectively.

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(d) Upcoming Authoritative Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, 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. In response to the ongoing impacts to U.S. businesses in response to the coronavirus (COVID-19) pandemic, there is a limited deferral of the effective dates for implementing previously issued ASU No. 2016-02 to give some relief to businesses and the difficulties they are facing during the pandemic. As a result of ASU No. 2020-05 *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, the Organization expects to adopt the implementation of the new leasing guidelines for the year ended June 30, 2021. The Organization is currently evaluating the impact of adopting ASU No. 2016-02 on its consolidated financial statements.

The FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This guidance is an amendment to address certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit entities, as well as the amount of those contributions used in a not-for-profit entity's program and other activities. The Organization is currently evaluating the impact of this ASU and expects to apply it retrospectively for the year ended June 30, 2022.

(e) Contributions

Contributions, including unconditional promises to give, are reported initially at fair value as revenue in the period received. 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. Conditional contributions to give are not recognized until they become unconditional, that is, when the barriers on which they depend are met. The Organization did not have any conditional contributions at June 30, 2020 and 2019.

Contributions receivable are reported at their net present value less an allowance for estimated uncollectible amounts. The allowance is determined by reviewing historical collectibility trends and analyses of specific receivable balances and taking account of current economic conditions. Contributions to be received after one year are discounted. 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 UJA-Federation's policy generally to convert contributions of readily 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.

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(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.

(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

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(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. Conditional grants are not recorded until barriers for which they were awarded are met. There were no conditional grants at June 30, 2020 and 2019.

(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 statements of activities. The consolidated statements 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 for the years ended June 30, 2020 and 2019.

(l) Subsequent Events

The Organization evaluated events subsequent to June 30, 2020 and through December 10, 2020, the date on which the consolidated financial statements were issued. Refer to note 9 regarding the subsequent issuance of long-term debt and note 15 regarding an available line of credit.

The spread of coronavirus (COVID-19) around the world has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a material impact to its operations.

(m) Reclassifications

Certain reclassifications of 2019 amounts have been made to conform to the 2020 presentation.

(n) Other Significant Accounting Policies

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

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(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

UJA-Federation conducts a Capital and Special Initiatives Campaign to fund capital improvements and programmatic endowments, including in cooperation with its domestic affiliated agencies, Jewish day schools, and certain overseas organizations. 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 special giving revenue for the years ended June 30, 2020 and 2019 were \$4,923 and \$13,253, respectively. Capital and Special Initiatives Campaign contributions intended for the benefit of others for the years ended June 30, 2020 and 2019 amounted to \$12,364 and \$3,966, 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, synagogues and Jewish day schools. 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 2020 and 2019, UJA-Federation entered into split-interest agreements consisting of charitable gift annuities of \$1,404 and \$889, 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 invested in marketable securities and 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 adjustments are reported as change in value of split-interest agreements in the accompanying consolidated statements of activities.

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(4) Contributions Receivable

Contributions receivable consist of the following at June 30, 2020 and 2019:

	2020	2019
Amounts expected to be collected within:		
One year	\$ 103,094	110,513
One to ten years	10,236	11,502
Thereafter	24,488	24,874
	137,818	146,889
Less discount to present value (ranging from 2.3% to 6.25%)	(11,209)	(12,286)
Less allowance for estimated uncollectible amounts	(15,853)	(15,497)
	\$ 110,756	119,106

Contributions receivable include legacies receivable of \$5,373 and \$6,423 at June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, the top five donors comprised 27% and 29% of gross receivables, respectively.

(5) Fair Value

The fair value hierarchy under the fair value measurement provisions of ASC 820, 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.

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.

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The following tables summarize the fair value of the Organization's assets at June 30, 2020 and 2019, in accordance with the ASC 820 fair value hierarchy levels:

	2020			Total
	Level 1	Level 2	Level 3	
Assets:				
Investments:				
Short-term and money market instruments	\$ 225,431	10,656	—	236,087
U.S. government and agency obligations/ municipal bonds	428,020	89,368	—	517,388
State of Israel Bonds	—	—	25,462	25,462
Alternative investments:				
Long/short equities	16,102	—	—	16,102
Private equity	—	—	4,032	4,032
Real estate	—	—	300	300
Not readily marketable securities/other	—	—	131,780	131,780
Total alternative investments	16,102	—	136,112	152,214
Equity securities/funds	824,042	852	—	824,894
Debt securities/funds	249,686	140,422	925	391,033
	<u>1,743,281</u>	<u>241,298</u>	<u>162,499</u>	<u>2,147,078</u>
Investments measured at NAV (or its equivalent):				
Equity funds				176,286
Multi-strategy hedge funds				259,037
Long/short equities				241,410
Private equity				200,317
Real estate				7,117
Other				10,994
Total investments measured at NAV (or its equivalent)				<u>895,161</u>
Total investments	1,743,281	241,298	162,499	3,042,239
Other assets, including unexpended bond proceeds (note 9)	88,880	—	—	88,880
Assets held under charitable trust agreements	26,341	—	—	26,341
Total assets	<u>\$ 1,858,502</u>	<u>241,298</u>	<u>162,499</u>	<u>3,157,460</u>

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	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	508,721	49,915	—	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	963,042	1,132	—	964,174
Debt securities/funds	205,247	126,515	925	332,687
	<u>1,893,028</u>	<u>182,615</u>	<u>227,016</u>	<u>2,302,659</u>
Investments measured at NAV (or its equivalent):				
Equity funds				182,875
Multi-strategy hedge funds				228,732
Long/short equities				224,728
Private equity				180,155
Real estate				8,927
Other				<u>12,041</u>
Total investments measured at NAV (or its equivalent)				837,458
Total investments	1,893,028	182,615	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>\$ 2,016,035</u>	<u>182,615</u>	<u>227,016</u>	<u>3,263,124</u>

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The following tables summarize the fair value of only UJA-Federation's assets at June 30, 2020 and 2019, in accordance with the ASC 820 fair value hierarchy levels:

	2020			Total
	Level 1	Level 2	Level 3	
Assets:				
Investments:				
Short-term and money market instruments	\$ 103,500	—	—	103,500
U.S. government and agency obligations/ municipal bonds	16,776	—	—	16,776
State of Israel Bonds	—	—	13,451	13,451
Alternative investments:				
Real estate	—	—	300	300
Other	—	—	1,776	1,776
Total alternative investments	—	—	2,076	2,076
Equity securities/funds	170,775	—	21,843 (a)	192,618
Debt securities/funds	77,136	—	—	77,136
	<u>368,187</u>	<u>—</u>	<u>37,370</u>	<u>405,557</u>
Investments measured at NAV (or its equivalent):				
Equity funds				198,444
Multi-strategy hedge funds				221,550
Long/short equities				65,311
Private equity				122,969
Real estate				6,946
Other				<u>10,542</u>
Total investments measured at NAV (or its equivalent)				<u>625,762</u>
Total investments	368,187	—	37,370	1,031,319
Unexpended bond proceeds	27,461	—	—	27,461
Assets held under charitable trust agreements	26,341	—	—	26,341
Total assets	<u>\$ 421,989</u>	<u>—</u>	<u>37,370</u>	<u>1,085,121</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.

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	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	221,632	—	21,843 (a)	243,475
Debt securities/funds	87,218	—	—	87,218
	<u>427,666</u>	<u>—</u>	<u>36,190</u>	<u>463,856</u>
Investments measured at NAV (or its equivalent):				
Equity funds				204,616
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>607,575</u>
Total investments	427,666	—	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>\$ 490,005</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.

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The following tables summarize the changes in activity for the fiscal years ended June 30, 2020 and 2019 for fair value measurements using significant unobservable inputs (Level 3):

	2020					Fair Value June 30, 2020
	Fair Value July 1, 2019	Purchases/ Donations	Sales	Net Realized Gains	Change in Unrealized Gains (Losses)	
State of Israel Bonds	\$ 24,119	9,412	(8,069)	—	—	25,462
Alternative investments:						
Private equity	823	5,696	(2,921)	—	434	4,032
Real estate	300	—	—	—	—	300
Not readily marketable securities/other	200,849	1,035	—	—	(70,104)	131,780
Total alternative investments	201,972	6,731	(2,921)	—	(69,670)	136,112
Debt securities/funds	925	—	—	—	—	925
Total investments	\$ 227,016	16,143	(10,990)	—	(69,670)	162,499

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	2019					
	Fair Value July 1, 2018	Purchases/ Donations	Sales	Net Realized Gains	Change in Unrealized Gains (Losses)	Fair Value June 30, 2019
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	\$ 18,984	225,478	(7,972)	—	(9,474)	227,016

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(6) Investments

The fair value of the Organization's investments at June 30, 2020 and 2019 consists of the following:

	2020					
	UJA- Federation	JCF	Gross Funds	Supporting Organizations and Other Entities	Consolidation and Elimination Items	Total
Short-term and money market instruments	\$ 103,500	126,349	2,862	3,376	—	236,087
U.S. government and agency obligations/municipal bonds	16,776	499,472	—	1,140	—	517,388
State of Israel Bonds	13,451	11,613	—	398	—	25,462
Alternative investments:						
Multi-strategy hedge funds	221,550	17,563	10,322	9,602	—	259,037
Long/short equities	65,311	173,294	16,102	2,805	—	257,512
Private equity	122,969	71,110	4,991	5,279	—	204,349
Real estate	7,246	—	—	171	—	7,417
Not readily marketable securities/other	12,318	129,927	—	529	—	142,774
Total alternative investments	429,394	391,894	31,415	18,386	—	871,089
Equity securities/funds	391,062	621,319	19,939	20,120	(51,260)	1,001,180
Debt securities/funds	77,136	305,539	4,089	4,269	—	391,033
Total investments	<u>\$ 1,031,319</u>	<u>1,956,186</u>	<u>58,305</u>	<u>47,689</u>	<u>(51,260)</u>	<u>3,042,239</u>

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	2019					
	UJA- Federation	JCF	Gross Funds	Supporting Organizations and Other Entities	Consolidation and Elimination Items	Total
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

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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 investment in a financial service company of \$129,927 and \$200,204 for fiscal years ended June 30, 2020 and 2019, respectively, that was appraised using the market approach at June 30, 2020 and 2019, respectively.

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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, 2020, the following table summarizes the composition of \$516,549 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	\$ —	—	16,102	—	16,102
Monthly	2,933	14,475	—	126	17,534
Quarterly	91,332	163,055	10,322	4,009	268,718
Semiannual	98,448	11,842	—	4,228	114,518
Annual	—	1,485	—	—	1,485
Lockup/liquidation (a)	94,148	—	—	4,044	98,192
Total	<u>\$ 286,861</u>	<u>190,857</u>	<u>26,424</u>	<u>12,407</u>	<u>516,549</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>
2021	\$ 19,649	—	—	844	20,493
2022	38,598	—	—	1,658	40,256
2023 and thereafter	35,901	—	—	1,542	37,443
Total	<u>\$ 94,148</u>	<u>—</u>	<u>—</u>	<u>4,044</u>	<u>98,192</u>

The Organization's private equity and real estate limited partnership and limited liability company interests and other drawdown funds are generally for five to fifteen-year terms, with extensions of up to four one-year terms 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 \$165,000 and \$236,000 at June 30, 2020 and 2019, respectively. The Organization maintains sufficient liquidity in its investment portfolio to cover such capital commitments.

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UJA-Federation's investments in equity securities/funds at June 30, 2020 and 2019 comprise the following:

	<u>2020</u>	<u>2019</u>
Domestic (publicly traded):		
Large-cap	\$ 78,954	77,698
Mid-cap	33,514	54,670
Small-cap	10,888	26,689
Total domestic	<u>123,356</u>	<u>159,057</u>
Global equities	24,175	37,251
International equities	23,244	25,324
Total equity securities/funds	<u>170,775</u>	<u>221,632</u>
Equity funds (underlying publicly traded) measured at NAV (or its equivalent):		
Domestic funds	43,067	—
Emerging markets	42,337	54,862
Global funds	25,437	44,603
International funds	58,186	75,559
Total equity funds measured at NAV (or its equivalent)	<u>169,027</u>	<u>175,024</u>
Investment in consolidated entities	51,260	51,435
Total	<u>\$ 391,062</u>	<u>448,091</u>

JCF's investments in equity securities/funds and debt securities/funds at June 30, 2020 and 2019 comprise the following:

	<u>2020</u>		<u>2019</u>	
	<u>Equities</u>	<u>Debt</u>	<u>Equities</u>	<u>Debt</u>
Domestic/international common stock	\$ 92,376	—	96,063	—
Equity mutual funds	528,943	—	614,666	—
Domestic/international corporate bonds	—	94,666	—	68,895
Fixed-income mutual funds	—	164,191	—	113,526
Asset-backed securities	—	11,387	—	25,988
Commercial mortgage-backed securities	—	34,370	—	31,632
Private corporate bonds	—	925	—	925
	<u>\$ 621,319</u>	<u>305,539</u>	<u>710,729</u>	<u>240,966</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 \$30,035 and \$30,837 at June 30, 2020 and 2019, respectively.

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

(7) Endowment Funds

The endowment for UJA-Federation, totaling \$922,018 at June 30, 2020, consists of 537 individual funds representing net assets with (note 14) and without (notes 2 and 13) donor 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.

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UJA-Federation further classifies such funds as with or without donor-imposed purpose restrictions (board-designated).

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. UJA-Federation’s policy is that legacies and bequests without donor restrictions 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 without donor restrictions 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. For fiscal years ended June 30, 2020 and 2019, the spending rate was 4.7% and 4.8% and the budgeted legacies and bequests spending amount was \$20 million and \$18 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 \$17,133 at June 30, 2020, 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, 2020 and 2019. 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.

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The composition of UJA-Federation's and JCF's endowment, by net asset class, at June 30, 2020 and 2019 is as follows:

	2020		
	Without donor restrictions	With donor restrictions	Total
UJA-Federation:			
Endowment – in perpetuity	\$ —	284,599	284,599
Endowment – income subject to purpose restrictions	—	268,907	268,907
Endowment – income not subject to purpose restrictions	—	52,732	52,732
Board designated	316,245	—	316,245
Underwater endowments	—	(465)	(465)
Total	<u>\$ 316,245</u>	<u>605,773</u>	<u>922,018</u>
JCF:			
Board designated	<u>\$ 17,133</u>	<u>—</u>	<u>17,133</u>
	2019		
	Without donor restrictions	With donor restrictions	Total
UJA-Federation:			
Endowment – in perpetuity	\$ —	271,042	271,042
Endowment – income subject to purpose restrictions	—	288,005	288,005
Endowment – income not subject to purpose 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>

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, 2020 and 2019, the amount by which funds were underwater was calculated as follows:

	2020	2019
Aggregate original gift	\$ 15,497	1,561
Aggregate fair value	<u>15,032</u>	<u>1,322</u>
Aggregate deficiency	<u>\$ (465)</u>	<u>(239)</u>

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Changes in UJA-Federation's and JCF's endowment net assets for the fiscal years ended June 30, 2020 and 2019 were as follows:

	2020		
	Without donor restrictions	With donor restrictions	Total
UJA-Federation:			
Net assets – July 1, 2019	\$ 343,677	619,709	963,386
Investment return, net	(96)	(2,834)	(2,930)
Contributions	18,148	13,099	31,247
Change in value of split-interest agreements	—	674	674
Distributions (a)	(37,029)	(23,112)	(60,141)
Transfers out	(8,455)	(1,763)	(10,218)
Net assets – June 30, 2020	<u>\$ 316,245</u>	<u>605,773</u>	<u>922,018</u>
JCF:			
Net assets – July 1, 2019	\$ 18,267	—	18,267
Net appreciation in fair value of investments	123	—	123
Distributions	(1,257)	—	(1,257)
Net assets – June 30, 2020	<u>\$ 17,133</u>	<u>—</u>	<u>17,133</u>

(a) Includes \$20,000 distributed under UJA-Federation's separate legacies and bequests policy.

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	2019		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
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.

(8) Fixed Assets

Fixed assets, at cost, consist of the following at June 30, 2020 and 2019:

	2020			2019
	<u>UJA- Federation</u>	<u>Related entities</u>	<u>Total</u>	<u>Total</u>
Land	\$ 1,118	600	1,718	1,718
Buildings and building improvements	74,515	24,839	99,354	99,367
Furniture and equipment	8,233	593	8,826	10,312
Total cost	83,866	26,032	109,898	111,397
Accumulated depreciation	(29,729)	(8,651)	(38,380)	(37,026)
Net fixed assets	<u>\$ 54,137</u>	<u>17,381</u>	<u>71,518</u>	<u>74,371</u>

In 2020 and 2019, UJA-Federation wrote off \$3,034 and \$138, respectively, of fully depreciated fixed assets.

Assets leased to beneficiary agencies at below market rents are included in other assets and receivables on the consolidated balance sheets.

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(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 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.

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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, 2020 and 2019, the investment in bond proceeds were \$27,461 and \$32,395, respectively, comprised of unexpended Project Fund proceeds. The funds are invested in short-term government money market funds.

Unamortized debt issuance costs of \$834 and \$915 at June 30, 2020 and 2019, respectively, are reflected as a direct reduction of long-term debt. Amortization of debt issuance costs for both fiscal years 2020 and 2019 was \$81.

At June 30, 2020 and 2019, \$41,534 and \$44,427, net was outstanding under the Series 2014/2004B Bonds, respectively, and at June 30, 2020 and 2019, \$33,203 and \$33,931, net was outstanding under the Series 2017B Bonds, respectively.

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The minimum annual payments for principal and interest relating to long-term debt, net at June 30, 2020 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:							
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
2025	3,010	840	3,850	1,308	1,269	2,577	6,427
Thereafter	27,729	29,233	56,962	10,780	16,791	27,571	84,533
	\$ 41,534	33,203	74,737	18,617	23,359	41,976	116,713

Interest expense for the years ended June 30, 2020 and 2019 was \$2,397 and \$2,190, respectively.

On October 30, 2020, UJA-Federation issued at par \$28,840 of taxable bonds (Series 2020). The proceeds of issuance were used to advance refund and defease the Series 2004B Bonds (\$24,246, which has been deposited with the trustee of the Series 2004B Bonds; \$22,585 will be applied to principal due on the call date, January 1, 2022, and the balance will be applied to interest) and to pay costs of issuance (\$331); the remaining proceeds (\$4,263) will be used for general corporate purposes. The Series 2020 Bonds comprise fixed-rate serial bonds with maturity dates commencing February 1, 2023 and continuing annually thereafter until February 1, 2035, except that no bonds mature in 2029, 2032 and 2033. The bonds bear interest at rates ranging from 0.699% to 2.545% payable on each February 1 and August 1, commencing February 1, 2021.

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(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, 2020 and 2019:

	2020	2019
UJA-Federation:		
Jewish Communal Network:		
Overseas agencies; The Jewish Federations of North America (a)	\$ 32,965	34,889
Operating support grants to domestic network agencies	31,818	32,487
Other program grants	4,530	4,752
Total Jewish Communal Network	69,313	72,128
Jewish Life:		
Jewish education and experiences	16,282	22,402
Global communities	4,809	6,626
Grassroots and community organizing	2,691	3,184
Scholarships	730	2,438
Social cohesion in Israel	2,272	2,167
Other program grants	1,157	1,901
Total Jewish Life	27,941	38,718
Caring:		
Poverty	10,990	12,201
Aging	5,809	6,440
Social mobility in Israel	2,120	2,137
Special needs	3,797	3,449
Crisis response	2,000	1,942
Other program grants	3,844	3,520
Total Caring	28,560	29,689
Emergency COVID-19 relief	11,407	-
Lease of properties to grantee organizations (b)	26,224	26,224
Total UJA-Federation	\$ 163,445	166,759

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	2020	2019
JCF:		
Cultural and educational	\$ 207,244	188,788
Community organizations	57,275	52,420
Health, human services, and environment	90,241	83,412
International	103,345	65,749
Religious	49,405	43,045
UJA-Federation	28,588	21,625
Total JCF	536,098	455,039
Grass Funds:		
Educational and other philanthropic programs	7,965	7,988
Supporting organizations and other entities	9,278	4,748
Less consolidation and elimination items	(34,253)	(22,133)
Total	\$ 682,533	612,401

- (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 of imputed rental income and grant expense related to these lease agreements for the years ended June 30, 2020 and 2019.

In June 2020, the board of directors of UJA-Federation approved \$133,100 for fiscal year 2021 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 2020, the planning departments awarded approximately \$83,000 of grants for programs to be conducted during fiscal year 2021 and notified the grant recipients. These grants and the remaining unallocated budget of \$50,100 will be recorded by UJA-Federation in fiscal year 2021 when the grants are awarded and the recipients notified.

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(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, 2019, the beginning of the Plan year.

UJA-Federation and JCF contributions to the Plan for the years ended June 30, 2020 and 2019 were \$3,280 and \$3,066, respectively. These contributions represented 10.8% and 12.5% of the total contributions to the Plan for those years ended, respectively. 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 May 2019, the board of directors of UJA-Federation, the Plan's administrator, approved changes to the Plan with respect to union employees, effective October 1, 2019. Before that date, eligible union employees who elected to participate in the Plan and who were hired prior to May 1, 2010 accrued benefits under a final average pay formula and were required to contribute approximately 4% of covered compensation. Beginning October 1, 2019, those employees instead began accruing benefits under the cash balance formula that is applicable to eligible union employees who were hired on or after May 1, 2010; their annual employee contribution was reduced to 3%, and they had a one-time election to further reduce it to 2%. Under the cash balance formula, participating union employees are credited with an annual pay credit equal to 6% of compensation (5% if they elected to make a 2% employee contribution) plus, if they were 50 years or older and had at least 10 years of vesting service as of October 1, 2019, an additional annual amount equal to 2% of compensation. All Plan participants now accrue benefits only under the cash balance components of the Plan. In addition to an annual pay credit, they receive an annual interest credit at a rate based on 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

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June 30, 2020 and 2019, recognized by UJA-Federation in the consolidated balance sheets, was \$4,259 and \$3,891, respectively. For the years ended June 30, 2020 and 2019, UJA-Federation's net periodic postretirement benefit cost/(income) was \$36 and (\$44), respectively.

(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:			
2021	\$ 678	544	1,222
2022	665	560	1,225
2023	682	560	1,242
2024	698	560	1,258
2025	715	566	1,281
Thereafter	1,578	1,646	3,224
Total	\$ 5,016	4,436	9,452

Rent expense for the years ended June 30, 2020 and 2019 was \$1,287 and \$1,245, 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:	
2020	\$ 324
2021	333
2022	199
Total	\$ 856

Rent expense, net of sublease rental income for the years ended December 31, 2019 and 2018, was \$186 and \$180, respectively.

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(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, 2020 and 2019, rental income amounted to \$4,020 and \$4,010, respectively.

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

		<u>Amount</u>
Year ending June 30:		
2021	\$	3,822
2022		3,877
2023		3,952
2024		3,981
2025		3,743
Thereafter		<u>21,956</u>
Total	\$	<u><u>41,331</u></u>

(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 Healthcare Risk Advisors, Inc. (HRA), formerly FOJP Service Corp, 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 HRA 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. The total balance of unpaid insurance premiums for policies that continued in force at June 30, 2020 was \$10,502. At June 30, 2020, no network agencies were in arrears.

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(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, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Board designated endowment - spending policy	\$ 316,245	343,677
Headquarters facility	21,843	21,843
Properties used by agencies	7,724	5,647
Revolving and special loans	3,000	3,000
Other board designated purposes	<u>10,530</u>	<u>9,790</u>
Total	<u>\$ 359,342</u>	<u>383,957</u>

JCF's funds functioning as endowment are those where the Board of Trustees and the Special Gifts Committee have grantmaking responsibility. These totaled \$17,133 and \$18,267 at June 30, 2020 and 2019, respectively.

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(14) Net Assets With Donor Restrictions

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

	2020	2019
UJA-Federation:		
Donor-restricted purpose funds for (a):		
Education and scholarships	\$ 144,835	150,450
Multipurpose and other programs	101,163	105,410
Caring for the vulnerable	55,373	54,277
Camps and community centers	25,935	26,392
Programs for the aged	17,086	19,858
Capital projects	10,586	10,613
Jewish education and continuity	4,159	4,970
	<u>359,137</u>	<u>371,970</u>
Donor-restricted funds - time (b)	74,281	82,048
Historical gift value of endowment funds to be held in perpetuity for:		
General purposes	121,427	119,273
Multipurpose and other programs	49,709	46,586
Education and scholarships	38,251	38,225
Caring for the vulnerable	31,431	25,362
Programs for the aged	17,767	17,811
Camps and community centers	11,741	11,741
Jewish education and continuity	9,728	7,725
Rescue and resettlement	4,080	4,080
	<u>284,134</u>	<u>270,803</u>
Total UJA-Federation	<u>717,552</u>	<u>724,821</u>
Gross Funds:		
Donor-restricted purpose funds for:		
Educational and other philanthropic programs	43,116	45,238
Less consolidation and elimination items	(45,180)	(37,880)
Total net assets with donor restrictions	<u>\$ 715,488</u>	<u>732,179</u>

(a) Includes \$268,907 and \$288,005 of unappropriated endowment appreciation as of June 30, 2020 and 2019, respectively.

(b) Includes \$52,732 and \$60,901 of unappropriated endowment appreciation as of June 30, 2020 and 2019, respectively.

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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:

	2020	2019
Release of net assets due to the passage of time	\$ 3,942	8,393
Release of net assets due to:		
Endowment grants and expenses	24,831	25,514
Capital related expenses (Jerusalem Arts Campus)	—	6,804
Satisfaction of program restrictions	18,879	14,715
Net assets released from restrictions	\$ 47,652	55,426

(15) Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statements of financial position date for operating expenditures and grant payments at June 30, 2020 and 2019 were as follows:

	2020				Total
	UJA- Federation	JCF	Gross Funds	Supporting organizations and other entities	
Financial assets at June 30, 2020:					
Cash	\$ 29,199	—	343	1,329	30,871
Contributions receivable, net	110,581	—	—	175	110,756
Other receivables	54,461	1,179	—	—	55,640
Intercompany receivables	559	—	—	(559)	—
Investments, after intercompany eliminations	980,059	1,956,186	58,305	47,689	3,042,239
Total financial assets at June 30, 2020	1,174,859	1,957,365	58,648	48,634	3,239,506
Less amounts not available to meet general expenditures within one year:					
Cash held as collateral	(12,581)	—	—	—	(12,581)
Contributions receivable not expected to be collected within one year or donor restricted	(53,262)	—	—	(175)	(53,437)
Investments not available for operations	(38,356)	(55,071)	—	(14,949)	(108,376)
Board-designated endowment, net of spending policy	(279,373)	(17,133)	—	—	(296,506)
Donor-restricted funds, net of spending policy	(273,666)	—	(43,116)	—	(316,782)
Donor-restricted funds to be held in perpetuity	(269,096)	—	—	—	(269,096)
Amounts held for special purposes/time restrictions	(61,461)	(10,489)	—	—	(71,950)
Total financial assets available within one year	\$ 187,064	1,874,672	15,532	33,510	2,110,778

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June 30, 2020 and 2019

(Dollars in thousands)

	2019				
	UJA- Federation	JCF	Gross Funds	Supporting Organizations and Other Entities	Total
Financial assets at June 30, 2019:					
Cash	\$ 15,776	—	902	1,416	18,094
Contributions receivable, net	118,930	—	—	176	119,106
Other receivables	48,208	1,622	—	196	50,026
Intercompany receivables	1,370	—	—	(1,370)	—
Investments, after intercompany eliminations	<u>1,019,996</u>	<u>2,005,485</u>	<u>57,463</u>	<u>57,173</u>	<u>3,140,117</u>
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 not available for operations	(38,092)	(28,676)	—	(16,595)	(83,363)
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	<u>(55,055)</u>	<u>(11,719)</u>	<u>—</u>	<u>—</u>	<u>(66,774)</u>
Total financial assets available within one year	<u>\$ 200,643</u>	<u>1,948,445</u>	<u>13,127</u>	<u>40,826</u>	<u>2,203,041</u>

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 pooled investment account 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 generally are not budgeted for expenditure until collected.

In November 2020, UJA-Federation entered into a secured line of credit which provides for cash borrowings up to \$50 million. The line bears interest at a rate of LIBOR + 1.10% and is secured by cash and securities accounts custodied at JPMorgan Chase. No amounts are currently outstanding under the line of credit.

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Schedule of Balance Sheet Information for UJA-Federation

June 30, 2020

(with comparative totals for 2019)

(Dollars in thousands)

Assets	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total All Funds	Total All Funds
Cash	\$ 15,056	14,143	29,199	15,776
Contributions receivable, net	52,169	58,412	110,581	118,930
Other assets and receivables	59,267	24,402	83,669	69,365
Intercompany receivables (payables)	20,585	(20,026)	559	1,370
Amounts held on behalf of other agencies	57,206	—	57,206	62,718
Investments	398,434	632,885	1,031,319	1,071,431
Unexpended bond proceeds	27,461	—	27,461	32,395
Assets held under charitable trust agreements	—	26,341	26,341	29,944
Fixed assets, net	54,137	—	54,137	56,286
Total assets	\$ 684,315	736,157	1,420,472	1,458,215
Liabilities and Net Assets				
Liabilities:				
Accounts payable, accrued expenses, and other liabilities	\$ 17,922	1,508	19,430	18,893
Grants payable	16,045	3,230	19,275	20,951
Amounts held on behalf of other agencies	57,206	—	57,206	62,718
Liabilities under charitable trust and annuity agreements	22,745	13,867	36,612	39,876
Long-term debt, net	74,737	—	74,737	78,358
Accrued postretirement benefits	4,259	—	4,259	3,891
Total liabilities	192,914	18,605	211,519	224,687
Net assets:				
Without donor restrictions				
Undesignated	132,059	—	132,059	124,750
Board designated	359,342	—	359,342	383,957
Total without donor restrictions	491,401	—	491,401	508,707
With donor restrictions	—	717,552	717,552	724,821
Total net assets	491,401	717,552	1,208,953	1,233,528
Total liabilities and net assets	684,315	736,157	1,420,472	1,458,215

See accompanying independent auditors' report.

**UNITED JEWISH APPEAL-FEDERATION OF JEWISH
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Schedule of Activities for UJA-Federation

Year ended June 30, 2020
(with comparative totals for 2019)

(Dollars in thousands)

	2020			2019
	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 revenue of \$3,033 in 2020 and \$3,944 in 2019	\$ 119,466	10,783	130,249	127,168
Less event and mission costs	(5,745)	—	(5,745)	(9,254)
Special giving contributions	—	11,540	11,540	22,187
Less provision for uncollectible contributions, net of prior years' recoveries	(3,912)	(824)	(4,736)	(2,251)
Net contributions – annual/special giving	109,809	21,499	131,308	137,850
Endowment contributions	—	10,210	10,210	1,200
Legacies and bequests	12,710	1,403	14,113	16,897
Split-interest agreements	562	5	567	455
Change in value of split-interest agreements	(948)	529	(419)	673
Donated goods and services	300	—	300	330
Amounts raised on behalf of others	24,786	—	24,786	15,263
Net contribution revenue, including amounts raised on behalf of others and before contributions from related organizations under common control	147,219	33,646	180,865	172,668
Contributions from related organizations under common control	26,994	7,300	34,294	22,123
Net contribution revenue, including amounts raised on behalf of others and contributions from related organizations under common control	174,213	40,946	215,159	194,791
Less amounts raised on behalf of others	(24,786)	—	(24,786)	(15,263)
Net contribution revenue, including contributions from related organizations under common control and excluding amounts raised on behalf of others	149,427	40,946	190,373	179,528
Net investment income	3,855	340	4,195	8,721
Net appreciation (depreciation) in fair value of investments	26	(2,981)	(2,955)	19,291
Rental income	26,290	—	26,290	26,278
Other income	3,098	—	3,098	1,013
Changes of donor's designation	—	(44)	(44)	(54)
	182,696	38,261	220,957	234,777
Net assets released from restrictions	45,530	(45,530)	—	—
Total revenue and gains	228,226	(7,269)	220,957	234,777
Grants and expenses:				
Grants and other program services:				
Grants	163,445	—	163,445	166,759
Other program services	24,085	—	24,085	24,237
Total grants and other program services	187,530	—	187,530	190,996
Fundraising	36,255	—	36,255	35,378
Management and general	21,234	—	21,234	19,452
Total expenses	245,019	—	245,019	245,826
Decrease in net assets before postretirement plan adjustments	(16,793)	(7,269)	(24,062)	(11,049)
Postretirement benefit changes not included in net periodic benefit cost	(513)	—	(513)	(162)
Decrease in net assets	(17,306)	(7,269)	(24,575)	(11,211)
Net assets at beginning of year	508,707	724,821	1,233,528	1,244,739
Net assets at end of year	\$ 491,401	717,552	1,208,953	1,233,528

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 years ended June 30, 2020 and 2019
(Dollars in thousands)

	2020				
	Grants and Other Program Services	Supporting Services			Total Expenses
		Fundraising	Management and General	Total Supporting Services	
Grants	\$ 163,445	—	—	—	163,445
Salaries and related benefits	14,368	27,519	15,080	42,599	56,967
Consultant fees and expenses	1,988	623	2,270	2,893	4,881
Depreciation and amortization	1,139	1,709	1,045	2,754	3,893
Occupancy	711	1,855	894	2,749	3,460
Printing, postage and office	754	1,515	129	1,644	2,398
Interest	1,245	687	465	1,152	2,397
Tuition and stipends	1,614	9	24	33	1,647
Data processing related	120	508	703	1,211	1,331
Travel and other staff expenses	244	224	222	446	690
Advertising and communications	74	788	95	883	957
Other	1,828	818	307	1,125	2,953
Total expenses	\$ 187,530	36,255	21,234	57,489	245,019
Special event and mission fees					5,745
Total expenses and special event and mission fees					250,764

	2019				
	Grants and Other Program Services	Supporting Services			Total Expenses
		Fundraising	Management and General	Total Supporting Services	
Grants	\$ 166,759	—	—	—	166,759
Salaries and related benefits	13,290	25,682	13,598	39,280	52,570
Consultant fees and expenses	2,609	989	2,177	3,166	5,775
Depreciation and amortization	1,145	1,718	992	2,710	3,855
Occupancy	809	1,991	973	2,964	3,773
Printing, postage and office	785	1,832	37	1,869	2,654
Interest	1,054	720	416	1,136	2,190
Tuition and stipends	1,617	11	7	18	1,635
Data processing related	108	652	602	1,254	1,362
Travel and other staff expenses	423	372	280	652	1,075
Advertising and communications	54	674	66	740	794
Other	2,343	737	304	1,041	3,384
Total expenses	\$ 190,996	35,378	19,452	54,830	245,826
Special event and mission fees					9,254
Total expenses and special event and mission fees					255,080

See accompanying independent auditors' report.