

**NORTH AMERICAN CONFERENCE ON
ETHIOPIAN JEWRY, INC. AND AFFILIATE**

COMBINED FINANCIAL STATEMENTS

YEAR ENDED

DECEMBER 31, 2018

NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC. AND AFFILIATE

INDEX

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	2
COMBINED:	
STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2018	3
STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018	4
STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2018	5
STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2018	6
NOTES TO FINANCIAL STATEMENTS	7 - 15



INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS OF
NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC.**

I have audited the accompanying combined financial statements of North American Conference on Ethiopian Jewry, Inc. and Affiliate ("the Organization") (a nonprofit organization), which comprise the combined statement of financial position as of December 31, 2018, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these combined financial statements based on my audit. I did not audit the financial statements of the affiliate, North American Conference on Ethiopian Jewry - Israel, a separate organization under Israeli law, which statements reflect total assets of \$283,532 as of December 31, 2018 and total support and revenues of \$1,363,535 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it relates to the amounts included for the Israeli organization, is based solely on the report of the other auditors. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined 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 entity's internal control. Accordingly, I express no such opinion. An audit 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 combined financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, based on my audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of North American Conference on Ethiopian Jewry, Inc. and Affiliate as of December 31, 2018 and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Lawrence M. Ginsberg, CPA, PC

Rochelle Park, New Jersey
October 30, 2019

NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC. AND AFFILIATE

COMBINED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,726,552	\$ 454,148	\$ 2,180,700
Contributions receivable	30,219	54,721	84,940
Prepaid expenses	47,648		47,648
Investments	2,578	1,015,957	1,018,535
Security deposits	15,553		15,553
Total assets	\$ 1,822,550	\$ 1,524,826	\$ 3,347,376

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$ 161,589	\$ 161,589
Deferred public support	445,575	445,575
Total liabilities	607,164	607,164

Net assets:

Without donor restrictions	1,215,386	1,215,386
With donor restrictions	1,524,826	1,524,826
Total net assets	1,215,386	2,740,212

Total liabilities and net assets	\$ 1,822,550	\$ 1,524,826	\$ 3,347,376
---	---------------------	---------------------	---------------------

See Notes to Combined Financial Statements

NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC. AND AFFILIATE

**COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Revenues and Other Support:			
Public support	\$ 2,285,991	\$ 1,298,189	\$ 3,584,180
Sales (net of cost of goods sold of \$397)	6,195		6,195
Other income	7,389		7,389
Interest and dividend income	1,961	19,422	21,383
Net assets released from restrictions	<u>1,678,725</u>	<u>(1,678,725)</u>	
Total revenues and other support	<u>3,980,261</u>	<u>(361,114)</u>	<u>3,619,147</u>
Expenses:			
Program services:			
Relief in Ethiopia	86,473		86,473
Assistance in Israel	1,526,521		1,526,521
Information and Education - USA	<u>203,164</u>		<u>203,164</u>
Total program services	<u>1,816,158</u>		<u>1,816,158</u>
Supporting services:			
Management and general	174,352		174,352
Fundraising	<u>272,841</u>		<u>272,841</u>
Total supporting services	<u>447,193</u>		<u>447,193</u>
Total expenses	<u>2,263,351</u>		<u>2,263,351</u>
Change in net assets from operations	<u>1,716,910</u>	<u>(361,114)</u>	<u>1,355,796</u>
Nonoperating Activities			
Investment return, net	<u>(841)</u>	<u>6,491</u>	<u>5,650</u>
Total nonoperating activities	<u>(841)</u>	<u>6,491</u>	<u>5,650</u>
Change in net assets	1,716,069	(354,623)	1,361,446
Net assets, beginning of year	<u>(500,683)</u>	<u>1,879,449</u>	<u>1,378,766</u>
Net assets, end of year	<u>\$ 1,215,386</u>	<u>\$ 1,524,826</u>	<u>\$ 2,740,212</u>

See Notes to Combined Financial Statements

NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC. AND AFFILIATES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services			Supporting Services			Total Expenses
	Relief in Ethiopia	Assistance in Israel	Information and Education - U.S.A.	Total	Management and General	Fundraising	
Salaries and wages	\$ 12,900	\$ 212,323	\$ 106,477	\$ 331,700	\$ 67,586	\$ 140,221	\$ 207,807
Payroll taxes	1,216	6,589	6,332	14,137	6,373	9,510	15,883
Employee benefits	4,114	22,299	21,425	47,838	21,568	32,184	53,752
Rent	4,070	52,898	21,192	78,160	21,333	31,833	53,166
Telephone and communications		2,546	891	3,437	446	1,337	1,783
Postage and shipping		1,466	4,399	5,865	2,933	5,865	8,798
Office expense and supplies	686	14,429	3,570	18,685	3,594	5,363	8,957
Printing and publications		1,092	25,662	26,754	546	27,299	27,845
Travel and other related costs		13,383	1,784	15,167	595	2,378	2,973
Purchased services		44,828	4,535	49,363	27,209	4,535	31,744
Program assistance	63,487	1,145,607		1,209,094			1,209,094
Other operating expenses		9,061	6,897	15,958	22,169	12,316	34,485
Total expenses	\$ 86,473	\$ 1,526,521	\$ 203,164	\$ 1,816,158	\$ 174,352	\$ 272,841	\$ 447,193
							\$ 2,263,351

NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC. AND AFFILIATES

**COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ 1,716,069	\$ (354,623)	\$ 1,361,446
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation	290		290
Investment return, net	841	(6,491)	(5,650)
Changes in operating assets and liabilities:			
Contributions receivable	(1,868)	29,125	27,257
Prepaid expenses	(45,186)		(45,186)
Accounts payable and accrued expenses	70,707		70,707
Deferred public support	(107,498)		(107,498)
Net cash provided by (used in) operating activities	1,633,355	(331,989)	1,301,366
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturity of investments	25,220	254,558	279,778
Purchase of investments	(165,633)	(21,495)	(187,128)
Net cash provided by (used in) investing activities	(140,413)	233,063	92,650
Net increase (decrease) in cash and cash equivalents	1,492,942	(98,926)	1,394,016
Cash and cash equivalents, beginning of year	233,610	553,074	786,684
Cash and cash equivalents, end of year	\$ 1,726,552	\$ 454,148	\$ 2,180,700

See Notes to Combined Financial Statements

NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1 - Organization:

North American Conference on Ethiopian Jewry, Inc. ("NACOEJ") is a nonprofit organization established in 1984. NACOEJ assists the community of Ethiopian Jews. It works independently and, whenever possible, in concert with other concerned agencies to respond to the needs of Ethiopian Jewry.

NACOEJ conducts its operations in Israel through North American Conference on Ethiopian Jewry-Israel ("NACOEJ-Israel") which is a separate nonprofit organization under local Israeli law. NACOEJ-Israel has a separate and distinct Board of Directors from NACOEJ although there is significant common control. NACOEJ signed an operational agreement with the government of Ethiopia to establish NACOEJ ("NACOEJ-Ethiopia") as a registered nongovernmental organization in Ethiopia. NACOEJ conducted its operations in Ethiopia through this entity, however, operations in Ethiopia have been phased out. During 2018, NACOEJ provided funds for some feeding programs through local organizations.

The primary programs of the Organization include:

- Relief in Ethiopia - provides food to Ethiopian Jews living in Ethiopia.
- Assistance in Israel - provides educational, cultural and vocational assistance and meals to Ethiopian Jews who have reached Israel in making a transition to their new land.
- Information and Education - U.S.A. - informs the American community about the current status of Ethiopian Jews in Ethiopia and Israel and introduces the American community to the cultural heritage of the Ethiopian Jews.

Note 2 - Summary of significant accounting policies and basis of presentation:

Combined financial statements:

The combined financial statements include the accounts and activities of NACOEJ and NACOEJ-Israel. Inter-organizational accounts and transactions have been eliminated in combination. As used herein, the "Organization" refers to NACOEJ and NACOEJ-Israel, collectively.

Basis of presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") which require the Organization to report information regarding its financial position and activities according to the following net asset classifications :

NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2 - Summary of significant accounting policies and basis of presentation (continued):

Basis of presentation (continued):

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There are no net assets as of December 31, 2018 that are maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of operations:

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's program activities, and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and cash equivalents:

Cash and cash equivalents includes bank accounts subject to immediate withdrawal, money market accounts and other short-term investments with an original maturity of three months or less from the date of purchase.

Concentrations of credit risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent and investments. At various times during the year, the cash and investment balances may exceed the Federal Deposit Insurance Corporation (FDIC) limits or the Securities Investor Protection Corporation (SIPC) limits. The Organization maintains its cash and investment accounts with high credit quality financial institutions to mitigate its credit risk and monitors its account balances and the financial institutions involved as a method of reducing its credit risk. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2 - Summary of significant accounting policies and basis of presentation (continued):

Contributions receivable:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are met.

An allowance for uncollectible promises to give is made based on management's judgement reflected by factors such as prior collection history, the type of contributions made and other relevant factors. Management has recorded the contributions receivable net of estimated doubtful accounts of \$22,000 at December 31, 2018 and expects the balance to be collected within one year. Such estimate is based on management's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions and historical information.

Furniture and equipment, net:

Furniture and equipment are stated at cost at the date of purchase less accumulated depreciation. Depreciation is calculated over the estimated useful lives of the respective assets on a straight-line basis. The useful lives range from five to seven years. The Organization's policy is to capitalize assets with a useful life of greater than one year and in excess of \$2,000. Furniture and equipment is fully depreciated as of December 31, 2018. Depreciation expense for the year ended December 31, 2018 was \$290.

Investments:

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities.

Collections:

The Organization maintains a collection of Ethiopian Jewish artifacts that were acquired during its numerous missions to Ethiopia. The collection is comprised of various decorative, ritual and functional items, including colorful woven straw baskets, traditional small black ceramic figures, musical instruments, hand-woven and hand-embroidered fabric and clothing, leather baby pouches, hand-forged tools and hand-constructed bellows and pit-looms. These items are maintained to preserve the unique and ancient culture of Ethiopian Jews.

Although the collection has historical significance, the collection is not a significant asset of the Organization. The Organization has elected not to capitalize this collection. The various items are either on loan to museums or kept in storage with the goal of finding a permanent home for them with a museum.

NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2 - Summary of significant accounting policies and basis of presentation (continued):

Fair value measurements:

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets as of the measurement date.

Level 2: Observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets/liabilities in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability;
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3: Unobservable inputs that cannot be corroborated by observable market data.

Contributions:

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions of assets other than cash are recorded at estimated fair value.

NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2 - Summary of significant accounting policies and basis of presentation (continued):

In-kind donations:

Donated marketable securities are recorded as contributions in the accompanying statement of activities at their estimated value at the date of receipt. Several volunteers have made contributions of their time in furtherance of the Organization's mission. These services have not been reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under GAAP.

Functional allocation of expenses:

The costs of providing the Organization's program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services in reasonable amounts determined by management predominantly according to time and effort.

Use of estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Income taxes:

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

New Accounting Pronouncement:

On August 18, 2016, the Financial Accounting Standards Board ("FASB") issued ASU-2016-14, Not-For-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-For-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. Certain prior year amounts have been reclassified to conform to the current year presentation.

NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 3 - Availability and Liquidity:

The following represents the Organization's financial assets at December 31, 2018:

Financial assets:

	<u>12/31/18</u>
Cash and cash equivalents	\$ 2,180,700
Contributions receivable	84,940
Investments	<u>1,018,535</u>
Total financial assets	<u>3,284,175</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions	1,524,826
Less net assets with purpose restrictions to be met in less than a year	<u>0</u>
	<u>1,524,826</u>

**Financial assets available to meet general expenditures
over the next twelve months**

\$ 1,759,349

NACOEJ's goal is to maintain financial assets to meet at least 90 days of operating expenses.

Note 4 - Investments:

The following is a summary of investments at December 31, 2018:

	<u>12/31/18</u>
Equities	\$ 2,578
Stock index funds	645,918
Bonds	199,534
Bond index funds	<u>170,505</u>
Totals	<u>\$ 1,018,535</u>

At December 31, 2018, all investments were considered Level 1 investments.

Note 5 - Lease commitments:

Total rent expense incurred under operating leases totaled \$131,326 for the year ended December 31, 2018. The Organization occupies premises in New York City under an operating lease which expires August 31, 2020. Additional amounts are due for real estate tax and electricity escalation charges under the lease. The Organization occupies premises in Israel on a month to month basis. The Organization also leases equipment under an operating lease over a 5 year period.

NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5 - Lease commitments (continued):

Minimum annual rental commitments in years subsequent to December 31, 2018 are:

2019	66,500
2020	<u>45,200</u>
Totals	<u>\$ 111,700</u>

Note 6 - Endowment funds:

Interpretation of law:

The Organization maintains an endowment fund, which is comprised of a certain donor-restricted fund functioning as an endowment to support a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization would classify as net assets with donor restrictions (a) the original value of gifts donated to a permanent endowment, (b) the original value of subsequent gifts to a permanent endowment, (c) accumulations to a permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation and depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6 - Endowment funds (continued):

Investment policy:

Endowment assets include those assets of donor-restricted endowment funds the Organization must hold in perpetuity or for donor-specified periods. Under the Organization's investment policy, endowment assets are invested in a manner that is intended to preserve inflation adjusted values and provide annual budgetary support that is both stable and growing.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both a current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Organization targets a diversified asset allocation, including, but not limited to, equity and fixed income instruments.

The composition of net assets by type of endowment fund at December 31, 2018 was:

	<u>Net Assets With Donor Restrictions</u>
Donor-restricted endowment funds	<u>\$ 1,024,530</u>

Included in net assets with donor restrictions is \$1,024,530 representing the Isaac and Rose Feiner Fund, established in 1999 with the principal balance being restricted for 20 years. Earnings on the Fund's investments can be used for any purpose.

Changes in endowment funds for the year ended December 31, 2018 are as follows:

	<u>Net Assets With Donor Restrictions</u>
Endowment funds, beginning of year	\$1,242,530
Investment return	
Investment income	19,422
Net depreciation	<u>(54,922)</u>
Total investment return	<u>(35,500)</u>
Contributions to endowment funds	0
Amounts appropriated for expenditure	<u>(182,500)</u>
Endowment funds, end of year	<u>\$1,024,530</u>

NORTH AMERICAN CONFERENCE ON ETHIOPIAN JEWRY, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6 - Endowment funds (continued):

Investment policy (continued):

From time to time, the fair market value of assets associated with individual donor-restricted endowment funds may fall below the level the Organization is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. In accordance with GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies at December 31, 2018.

Note 7 - Employee benefit plans:

The Organization sponsors a defined contribution pension plan which covers all eligible employees working in the United States. Contributions to the plan are determined by the Board of Directors. Pension expense was \$36,507 in 2018.

The Organization maintains an employee severance pay fund for eligible employees working in Israel as required by Israeli law. In 2018, the provision for employee severance pay was \$333,924 calculated on the basis of one month's salary multiplied by years of employment for each employee. Prepaid employee severance pay at December 31, 2018 was \$42,613.

Note 8 - Joint cost allocation:

In 2018, the Organization incurred joint costs of \$52,961 for informational materials and activities that included fundraising appeals. Of those costs, \$27,299 was allocated to fundraising expense and \$25,662 was allocated to information and education.

Note 9 - Evaluation of subsequent events:

The management of the Organization has evaluated subsequent events through October 30, 2019, the financial statement issuance date. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with accounting principles generally accepted in the United States of America. The management of the Organization has determined that there are no unrecognized subsequent events that require additional disclosure.

* * * * *