Consolidated Financial Statements Together with
Report of Independent Certified Public Accountants

THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.

December 31, 2018 (With Summarized Comparative Information for December 31, 2017)

THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
The American Jewish Joint Distribution Committee, Inc.

We have audited the accompanying consolidated financial statements of The American Jewish Joint Distribution Committee, lnc. ("JDC") which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 auditor's 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 JDC'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 JDC'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 The American Jewish Joint Distribution Committee, lnc., as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on 2017 summarized comparative information

We have previously audited JDC's 2017 consolidated financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 18, 2018. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant Thornton LLP

New York, New York
July 22, 2019

THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.
Consolidated Statement of Financial Position
As of December 31, 2018, with comparative totals as of December 31, 2017

	Without Donor Restrictions	With Donor Restrictions			2018 Total	2017 Totals
		JDC	Wohl Charitable Foundation	Total		
ASSETS						
Cash and cash equivalents	$ 39,196,142	$ 369,255	$ 1,995,830	$ 2,365,085	$ 41,561,227	$ 63,120,586
Investments - other	115,225	10,669,100	-	10,669,100	10,784,325	12,802,458
Investments (Notes 7 and 10)	134,961,993	200,268,619	153,217,018	353,485,637	488,447,630	526,085,016
Due from broker	929,937	-	-	-	929,937	2,439,464
Grants receivable	22,718,376	-	-	-	22,718,376	18,457,678
Contributions receivable, net (Note 9)	70,010	31,146,597	-	31,146,597	31,216,607	30,579,087
Other receivables and other assets	10,151,551	1,493,810	839	1,494,649	11,646,200	11,156,208
Fixed assets, net (Note 8)	47,739,867	256,159	-	256,159	47,996,026	48,179,672
Assets held for sale (Note 8)	882,969	-	-	-	882,969	2,073,226
Total assets	$ 256,766,070	$ 244,203,540	$ 155,213,687	$ 399,417,227	$ 656,183,297	$ 714,893,395
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable and accrued expenses (Note 11)	$ 21,096,730	$ 410,810	$ 8,210,101	$ 8,620,911	$ 29,717,641	$ 35,624,781
Pension plan obligation (Note 3)	15,667,214	-	-	-	15,667,214	11,266,567
Other liabilities to employees (Note 4)	25,584,617	3,248,026	-	3,248,026	28,832,643	26,850,323
Annuity obligations (Note 10)	-	1,666,725	-	1,666,725	1,666,725	2,206,392
Loans payable (Note 5)	19,250,387	-	-	-	19,250,387	24,845,342
Due to others	-	17,465,314	-	17,465,314	17,465,314	21,847,850
Total liabilities	81,598,948	22,790,875	8,210,101	31,000,976	112,599,924	122,641,255
Total net assets (Notes 13, 14, and 15)	175,167,122	221,412,665	147,003,586	368,416,251	543,583,373	592,252,140
Total liabilities and net assets	$ 256,766,070	$ 244,203,540	$ 155,213,687	$ 399,417,227	$ 656,183,297	$ 714,893,395

The accompanying notes are an integral part of this consolidated financial statement.

THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.

Consolidated Statement of Activities

For the year ended December 31, 2018, with comparative totals for the year ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions: JDC	With Donor Restrictions: Wohl Charitable Foundation	With Donor Restrictions: Total	2018 Total	2017 Totals
REVENUES, GAINS AND OTHER SUPPORT						
Contributions (including JFNA)	$ 55,864,873	$ 82,885,384	$ -	$ 82,885,384	$ 138,750,257	$ 148,047,081
Grants	169,949,369	-	-	-	169,949,369	154,680,181
Other income	5,789,614	2,900,008	-	2,900,008	8,689,622	11,004,008
Investment (loss) income (Note 7)	(11,848,004)	(7,688,012)	(11,039,783)	(18,727,795)	(30,575,799)	74,950,649
Actuarial loss on annuity obligations (Note 10)	-	237,415	-	237,415	237,415	(317,840)
Net assets released from restriction (Note 14)	89,761,146	(79,968,637)	(9,792,509)	(89,761,146)	-	-
Total revenues, gains and other support	309,516,998	(1,633,842)	(20,832,292)	(22,466,134)	287,050,864	388,364,079
EXPENSES						
Program services	290,973,520	-	-	-	290,973,520	284,275,632
Support services						
Management and general	23,076,287	-	-	-	23,076,287	24,885,779
Fund raising	13,943,634	-	-	-	13,943,634	11,144,513
Total support services	37,019,921	-	-	-	37,019,921	36,030,292
Total expenses	327,993,441	-	-	-	327,993,441	320,305,924
Change in net assets before other changes	(18,476,443)	(1,633,842)	(20,832,292)	(22,466,134)	(40,942,577)	68,058,155
NON-OPERATING CHANGES IN NET ASSETS						
Gain on sale of fixed assets	608,707	-	-	-	608,707	4,319,900
Other	875,319	-	-	-	875,319	-
Actuarial adjustment for pension plan (Note 3)	(6,934,596)	-	-	-	(6,934,596)	1,596,535
Actuarial adjustment for non-qualified plans (Note 4)	(2,275,620)	-	-	-	(2,275,620)	264,889
Changes in net assets	(26,202,633)	(1,633,842)	(20,832,292)	(22,466,134)	(48,668,767)	74,239,479
Net assets - beginning of year	201,369,755	223,046,507	167,835,878	390,882,385	592,252,140	518,012,661
Net assets - end of year	$ 175,167,122	$ 221,412,665	$ 147,003,586	$ 368,416,251	$ 543,583,373	$ 592,252,140

The accompanying notes are an integral part of this consolidated financial statement.

THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.
Consolidated Statement of Functional Expenses
For the year ended December 31, 2018, with comparative totals for the year ended December 31, 2017

	2018							
	Program Services					Supporting Services		
	Former Soviet Union (FSU)	Israel*	Europe	Other	Total	Management and General	Fund Raising	Total
GRANTS TO SUPPORTED ORGANIZATIONS AND AFFILIATES								
Saving Jewish lives	$ 98,938,304	$ 57,045,236	$ 36,269,522	$ 1,102,114	$ 193,355,176	$ -	$ -	$ 193,355,176
Building Jewish life	6,352,080	-	2,823,273	1,319,237	10,494,590	-	-	10,494,590
Other/multifunctional	-	2,373,126	112,871	10,394,107	12,880,104	-	-	12,880,104
Totals of grants to supported organizations and affiliates	105,290,384	59,418,362	39,205,666	12,815,458	216,729,870	-	-	216,729,870
OTHER EXPENSES								
Payroll, benefits, and other staff costs	12,390,056	18,011,015	4,825,185	7,119,706	42,345,962	12,900,636	9,489,243	64,735,841
Conferences, seminars, media and public relations	356,632	6,131,779	778,828	407,981	7,675,220	749,168	555,287	8,979,675
Consultants, professional services, supplies and other expenses	3,684,443	5,977,029	1,458,321	1,278,297	12,398,090	4,555,314	2,521,642	19,475,046
Occupancy, facilities, equipment, and repairs	2,030,240	1,497,624	649,684	844,944	5,022,492	2,066,458	159,540	7,248,490
Travel	926,608	351,428	633,613	1,537,361	3,449,010	602,324	848,067	4,899,401
Building impairment, net of change in deferred tax liability	43,380	-	1,141,502	-	1,184,882	-	-	1,184,882
Interest expense	-	-	-	-	-	1,338,030	-	1,338,030
Depreciation and amortization	1,386,778	502,121	273,485	5,610	2,167,994	864,357	369,855	3,402,206
Totals of other expenses	20,818,137	32,470,996	9,760,618	11,193,899	74,243,650	23,076,287	13,943,634	111,263,571
Total expenses	$ 126,108,521	$ 91,889,358	$ 48,966,284	$ 24,009,357	$ 290,973,520	$ 23,076,287	$ 13,943,634	$ 327,993,441
Total expenses 2017	$ 125,482,133	$ 89,444,063	$ 43,940,778	$ 25,408,658	$ 284,275,632	$ 24,885,779	$ 11,144,513	$ 320,305,924

* JDC's programs in Israel aid all populations at risk.

The accompanying notes are an integral part of this consolidated financial statement.

THE AMERICAN JEWISH JOINT DISTRIBUTION COMMITTEE, INC.
Consolidated Statement of Cash Flows
For the year ended December 31, 2018, with comparative totals for the year ended December 31, 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (48,668,767)	$ 74,239,479
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization	3,402,206	3,081,041
Impairment charges	1,184,882	753,881
Permanently restricted contributions	(7,004,357)	(2,918,578)
Realized and unrealized losses (gains) on investments	33,067,996	(72,373,072)
Change in discount and allowance on contributions receivable	(75,148)	1,026,869
Noncash items	(909,203)	(571,039)
Gain on sale of fixed assets	(608,707)	(4,319,900)
Changes in assets and liabilities:		
Due from broker	1,509,527	(2,020,913)
Grants receivable	(4,260,698)	(1,518,373)
Contributions receivable	(562,372)	(4,856,588)
Other receivables and other assets	(489,992)	(2,546,480)
Accounts payable and accrued expenses	(5,907,140)	(6,104,256)
Pension plan obligation	4,400,647	(1,341,174)
Other liabilities to employees	1,982,320	(209,554)
Annuity obligations	(539,667)	(95,383)
Due to others	(4,382,536)	1,608,215
Net cash used in operating activities	(27,861,009)	(18,165,825)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(123,449,427)	(71,109,826)
Proceeds from sale of investments	129,631,506	92,232,245
Purchases of fixed assets	(2,470,411)	(5,980,570)
Proceeds from sale of fixed assets	1,180,580	6,526,925
Net cash provided by investing activities	4,892,248	21,668,774
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans	(72,594,955)	(54,908,655)
Proceeds from loans	67,000,000	58,500,000
Proceeds from permanently restricted contributions	7,004,357	2,918,578
Net cash provided by financing activities	1,409,402	6,509,923
Net (decrease) increase in cash and cash equivalents	(21,559,359)	10,012,872
Cash and cash equivalents, beginning of year	63,120,586	53,107,714
Cash and cash equivalents, end of year	$ 41,561,227	$ 63,120,586
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 1,180,231	$ 911,892
Net cash refunded during the year for UBIT	$ 1,021,572	$ 498

The accompanying notes are an integral part of this consolidated financial statement.

1. NATURE OF ORGANIZATION

The American Jewish Joint Distribution Committee, Inc. ("JDC") was established in 1914 to channel funds being raised to aid Jews in Europe and Palestine. Today, over 100 years later, JDC is still serving as the overseas arm of the American Jewish community, sponsoring programs of relief, rescue and reconstruction primarily to meet Jewish needs around the globe.

JDC is supported primarily by general contributions, funds from The Jewish Federations of North America (formerly The United Jewish Communities) ("JFNA") and funds from Conference on Jewish Material Claims Against Germany.

JDC is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Consolidated Financial Statements

Consolidated in these financial statements are the following entities related through common board control and economic interest: The American Jewish Joint Distribution Committee, Inc., Joint (JDC) - Israel (CC), the Jack G. Buncher Charitable Fund for the American Jewish Joint Distribution Committee, the Swergold Family Foundation for Children in Crises, the Thalheimer Family-JDC Support Foundation, Inc., AJJDC Real Estate Company Limited, the Taub Center for Social Policy Studies in Israel, the Maurice and Vivienne Wohl Charitable Foundation, and the Hungarian Jewish Social Assistance Foundation. All intercompany transactions and balances have been eliminated in the consolidation.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid instruments with maturities when acquired of three months or less.

Concentrations of Credit Risk

Financial instruments that potentially subject JDC to concentrations of credit risk consist principally of cash, cash equivalents, receivables and investments. JDC maintains its cash in various bank accounts that may exceed federally insured limits at times. JDC's cash and investment accounts were placed with high credit quality financial institutions. JDC has not experienced, nor does it anticipate any losses with respect to such accounts.

Investments - Other

Certificates of deposit held for investment that are not debt securities are included in investments - other in the accompanying consolidated statement of financial position.

Investments

Investments are recorded at fair value. JDC invests in various investment securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility 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, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in JDC's consolidated financial statements.

Fair Value Measurements and Disclosures

Fair value measurements and disclosures establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that JDC has the ability to access.

Level 2 - Inputs to the valuation methodology include other observable inputs, either directly or indirectly, including:

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

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

U.S. Government and Agency Obligations, Bonds, Mortgage-Backed Securities, Agency-Backed Bonds and Common Stock

Valued at the closing price reported on the active market on which the individual securities are traded.

State of Israel Bonds

Valued at cost, which approximates fair value.

Alternative Investments

Estimated fair values, in the absence of readily ascertainable market values, have been determined by the investment managers and reviewed by management for reasonableness. The methods and procedures used to value these investments may include, but are not limited to: (1) performing comparisons with prices of comparable or similar securities; (2) obtaining valuation-related information from issuers; and/or (3) other analytical data relating to the investment and using other available indications of value. JDC's alternative investments are generally reported at the NAV reported by the fund managers. NAV is used as a practical expedient to estimate the fair value of JDC's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while JDC 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 financial instruments could result in a different fair value measurement at the reporting date. The estimated fair values for the aforementioned securities and interests may differ from the values that would have been used had a ready market for the investments existed, and the differences could be material.

See Note 7 for the table that sets forth the assets at fair value as of December 31, 2018 and 2017.

Contributions Receivable, Net

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value (net of allowance for doubtfully collectible pledges). Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows (net of allowance for doubtfully collectible pledges). The discounts on those amounts are computed using credit adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

Allowance for Doubtfully Collectible Pledges

Factors used to determine whether an allowance should be recorded for contributions receivable and other receivables include the age of the receivable, the creditworthiness of the donors, account activity, and a review of payments subsequent to year end.

Contributions

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either without donor restrictions or with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released from restriction and reported in the consolidated statement of activities as net assets released from restrictions.

Risk of Operating Outside the United States

JDC is subject to the risks of doing business outside the United States, including, among other risks, foreign currency exchange rate risks, tax laws and political or labor disturbances.

Grant Revenue

Revenue from grants is recognized to the extent that qualifying reimbursable expenses have been incurred over the terms of the respective agreements.

JDC receives a significant amount of funding from the Conference on Jewish Material Claims Against Germany and the government of Israel. This funding is subject to audit. Management is of the opinion that disallowances, if any, would not have a significant effect on the consolidated financial position or changes in net assets of JDC.

Grant funding received in advance, where associated expenditures have not yet been incurred, is recognized as deferred grant revenue.

Fixed Assets, Net

Fixed assets are stated at cost. Items costing in excess of $25,000 which have an estimated useful life of more than one year are subject to capitalization. Depreciation and amortization of fixed assets are provided on the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the lease term.

Impairment of Fixed Assets

JDC reviews periodically the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, JDC estimates the recoverable amount of the asset group to which the asset belongs.

The carrying amount of an asset (or asset group) is not recoverable if it exceeds the sum of the undiscounted cash flows expected from the entity's use and eventual disposition of the asset (or asset group), which is an entity-specific measure. If the asset (or asset group) is not recoverable, the impairment loss is measured as the difference between the carrying amount of the asset (or asset group) and its fair value, which is market participant based.

If an impairment loss is recognized, the adjusted carrying amount of the long-lived asset shall be its new cost basis. For a depreciable long-lived asset, the new cost basis shall be depreciated (amortized) over the remaining useful life of that asset. Restoration of a previously recognized impairment loss is prohibited.

Fair Value of Financial Instruments

The carrying amounts of cash, cash equivalents, other receivables and other assets, and accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments.

Measure of Operations

Included in operating net assets without donor restrictions are resources used for the general support of JDC's operations.

Nonoperating activities include: (1) pension related activity other than net periodic pension cost; and (2) other items considered to be unusual or nonrecurring in nature.

Net Assets Without Donor Restrictions

Net assets without donor restrictions include funds having no restriction as to use or purpose imposed by donors. In addition, net assets without donor restrictions include resources which are set aside for board-designated purposes.

Net Assets With Donor Restrictions

Net assets with donor restrictions include funds are those whose use has been limited by donors to a specific time period or purpose. Also included in this category are net assets to be maintained in perpetuity at the behest of the donor and the income generated by such funds is utilized for operating purposes except if otherwise indicated by the donor.

Reclassifications

Certain reclassifications have been made to the 2017 consolidated financial statements to conform to the current year's presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2017 consolidated financial statements.

Functional Allocation of Expenses

The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Exchange Rates

The U.S. dollar equivalents of the local currencies were calculated either at the actual rates of exchange or at an average of the rates during the year.

Income Taxes

JDC is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. JDC is, likewise, exempt from income tax under comparable state statutes. JDC does derive revenue from an unrelated trade or business through its partnership investments; accordingly, it has calculated a net refund of $1,021,572, which has been netted against investment income, for December 31, 2018.

JDC follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

JDC 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. JDC has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements as of December 31, 2018.

New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities ("ASU 2016-14"). The ASU amends the current reporting model for not-for-profit organizations and requires certain additional disclosures. The significant changes include:

- Requiring the presentation of two net asset classes classified as "net assets without donor restrictions" and "net assets with donor restrictions";
- Modifying the presentation of underwater endowment funds and related disclosures;
- Requiring the use of the placed in service approach to recognize the satisfaction of restrictions on gifts used to acquire or construct long-lived assets, absent explicit donor stipulations otherwise;
- Requiring that all not-for-profits present an analysis of expenses by function and nature in a separate statement or in the notes to the financial statements;
- Requiring disclosure of quantitative and qualitative information on liquidity;
- Presenting investment return net of external and direct internal investment expenses; and
- Modifying other financial statement reporting requirements and disclosures intended to increase the usefulness to the reader.

JDC has adopted ASU No. 2016-14 as of and for the year ended December 31, 2018.

In June 2018, the FASB issued ASU 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made." This ASU is intended to provide a more robust framework for determining whether a transaction should be recorded as a contribution or as an exchange transaction. This update is effective for the fiscal year beginning January 1, 2019, with early adoption permitted. JDC is currently assessing the effect that adoption of the new standard will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases." This ASU will require lessees to recognize almost all leases on the balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as finance leases or operating leases. This update is effective for the fiscal year beginning January 1, 2020, with early adoption permitted. JDC is currently assessing the effect that adoption of the new standard will have on its financial statements.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers." The ASU provides updated guidance to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. Contribution revenue is specifically excluded from the scope of this update. This guidance is effective for JDC's annual reporting period beginning January 1, 2019 with early application permitted beginning January 1, 2017. JDC is currently assessing the effect that adoption of the new standard will have on its financial statements.

Subsequent Events

JDC evaluated its December 31, 2018 consolidated financial statements for subsequent events through July 22, 2019, the date the consolidated financial statements were available to be issued.

JDC is not aware of any subsequent events that would require recognition or disclosure in the accompanying consolidated financial statements.

3. RETIREMENT PLAN

JDC sponsors a noncontributory defined benefit pension plan ("Retirement Plan") covering its New York staff and overseas foreign service personnel. Prior service cost has been fully funded.

Effective December 31, 2012, the plan has been amended to eliminate future benefit accruals for employees who have not attained age 30 by December 31, 2012. The accrued pension benefits of employees who have not attained age 30 by December 31, 2012 will remain frozen at their current level.

In October of 2017, the Retirement Plan has been amended effective January 1, 2018, as follows: Active participants whose salary was above $120,000 ("Highly Compensated Employees") had their benefits frozen in the American Jewish Joint Distribution Committee, Inc. Employees' Retirement Plan ("Qualified Plan") and automatically became participants in the American Jewish Joint Distribution Committee, Inc. Supplemental Pension Plan (a non-qualified plan). Alternatively, some elected to receive their future benefits under the qualified 403(b) Defined Contribution Plan. This allowed the Qualified Plan to pass the participation, coverage and non-discrimination tests under the Internal Revenue Code.

The following table summarizes the benefit obligation, fair value of plan assets, the Retirement Plan's funded status and other information as of December 31, 2018 and 2017:

	2018	2017
Reconciliation of projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 65,574,307	$ 60,862,703
Service cost including expenses	518,304	1,515,488
Interest cost	2,245,778	2,446,181
Actuarial loss	571,939	6,701,118
Benefits payments	(2,902,856)	(2,790,462)
Expected expenses	(139,170)	(124,172)
Curtailments	-	(3,036,549)
Projected benefit obligation, end of year	$ 65,868,302	$ 65,574,307
Change in plan assets:		
Fair value of assets, beginning of year	$ 54,307,740	$ 48,254,962
Actual (loss) return on assets	(3,315,486)	6,954,756
Employer contributions	2,202,353	2,027,654
Benefits payments	(2,902,856)	(2,790,462)
Actual expenses	(90,663)	(139,170)
Fair value of assets, end of year	$ 50,201,088	$ 54,307,740
Funded status	$ (15,667,214)	$ (11,266,567)
Accumulated benefit obligation	$ 64,724,305	$ 64,342,027
Net periodic pension cost:		
Service cost	$ 518,304	$ 1,515,488
Interest cost	2,245,778	2,446,181
Expected return on assets	(3,516,307)	(3,095,368)
Amortization of prior service credit	(132,144)	(244,169)
Amortization of net actuarial loss	552,773	2,423,919
Net periodic pension (income) cost	(331,596)	3,046,051
Curtailment gain	-	(763,036)
Net periodic pension (income) cost after curtailments	$ (331,596)	$ 2,283,015
Other changes recognized in unrestricted net assets:		
Actuarial loss	$ 7,355,225	$ 2,856,728
Amortization of prior service cost	132,144	244,169
Amortization of net loss	(552,773)	(2,423,919)
Curtailment gain	-	(3,036,549)
Prior service credit recognized due to curtailment	-	763,036
Pension related activity other than net periodic pension (income) cost	$ 6,934,596	$ (1,596,535)

The assumptions used to determine the benefit obligation as of December 31, 2018 and 2017 follow:

	2018	2017
Weighted average assumptions:		
Discount rate	4.18 %	3.52 %
Expected return on plan assets	N/A	N/A
Rate of compensation increase	3.00 %	3.00 %

The assumptions used to determine the net periodic pension cost for the years ended December 31, 2018 and 2017 follow:

	2018	2017
Weighted average assumptions:		
Discount rate	3.52%	4.00%
Expected return on plan assets	6.75%	6.75%
Rate of compensation increase	3.00%	3.00%

Plan Assets

The composition of the Plan's investments as of December 31, 2018 and 2017 was as follows:

	2018			
	Level 1	Level 2	Level 3	Total
Common stocks	$ 2,809,461	$ -	$ -	$ 2,809,461
Collective investment trust	10,155,102	-	-	10,155,102
Mutual funds	6,998,501	-	-	6,998,501
Total investments, at fair value	$ 19,963,064	$ -	$ -	19,963,064
Alternative investments at net assets value:				
Equity fund				1,230,257
Hedge fund				23,929,609
Global markets				2,058,017
Cash and cash equivalents				3,020,141
Fair value of plan assets				$ 50,201,088

	2017			
	Level 1	Level 2	Level 3	Total
Common stocks	$ 3,543,880	$ -	$ -	$ 3,543,880
Mutual funds	11,770,318	-	-	11,770,318
Mutual funds fixed income	8,995,843	-	-	8,995,843
Total investments, at fair value	$ 24,310,041	$ -	$ -	24,310,041
Alternative investments at net assets value				
Equity fund				1,613,710
Hedge fund				22,486,622
Global markets				2,409,848
Cash and cash equivalents				3,487,519
Fair value of plan assets				$ 54,307,740

JDC is invested in various alternative investments that are not available to retail investors and are not publicly traded. The fair value estimates of these investments are based on net asset value ("NAV") as provided by the respective investment managers. Because JDC uses NAV as a practical expedient for fair value, these investments are excluded from the fair value hierarchy.

Information with respect to redemption terms, strategies, risks, and funding commitments for these investments is as follows:

	2018			
	Fair Value	Redemption Frequency	Redemption Notice Period	Number of Funds
Alternative Investments:				
Equity fund [a]	$ 1,230,257	Monthly	30 days	1
Hedge fund [b]	23,929,609	Quarterly, Semiannually	60-95 days	8
Global markets [c]	2,058,017	Monthly	30 days	1
Total	$ 27,217,883			

	2017			
	Fair Value	Redemption Frequency	Redemption Notice Period	Number of Funds
Alternative Investments:				
Equity fund [a]	$ 1,613,710	Monthly	30 days	1
Hedge fund [b]	22,486,622	Quarterly, Semiannually	60-95 days	8
Global markets [c]	2,409,848	Monthly	30 days	1
Total	$ 26,510,180			

The above funds have no unfunded commitments as of December 31, 2018 and 2017.

(a) Equity fund - This comingled equity fund's objective is to provide long-term capital appreciation by investing primarily in U.S. companies in the medium market capitalization segment. The fund identifies companies undergoing "corporate change" and generating large amounts of free cash flow.

(b) Hedge fund - This fund invests in various diversified strategies, including private investment companies. The purpose is to generate appreciation while managing risk through diversification.

(c) Global markets - This fund invests in common stock, exchange-traded funds ("ETF"), warrants, and other private investment companies relating to various global markets. The purpose is to generate appreciation while managing risk through diversification.

Investment Policies

JDC's investment policies are designed to ensure adequate plan assets will be available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, JDC formulates its investment portfolio to comprise an optimal combination of equity and debt securities.

The expected returns on plan assets are developed in conjunction with actuaries and investment advisors, and take into account long-term expectations for future returns and investment strategy. Amounts are compared to historical averages for reasonableness.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

Year ending December 31:	
2019	$ 4,595,009
2020	4,657,977
2021	3,781,020
2022	3,801,877
2023	4,127,768
2024-2028	18,311,732

JDC expects to contribute approximately $0.8 million to its pension plan in fiscal year 2019.

4. OTHER LIABILITIES TO EMPLOYEES

In addition to the Retirement Plan, JDC provides additional benefits to participants of four non-qualified plans.

Supplemental Plan

Under the American Jewish Joint Distribution Committee, Inc. Supplemental Plan (“Supplemental Plan”), JDC provides additional benefits to 8 former employees. Of the 8 employees, 6 employees participate in the Retirement Plan and receive these benefits as a supplement to their current pension payments. The remaining 2 former employees are not part of the Retirement Plan and receive these payments in lieu of pension payments. The estimated liability for this supplemental benefit plan is $1,492,988 and $1,720,814 as of December 31, 2018 and 2017, respectively, and is included in other liabilities to employees in the accompanying consolidated statements of financial position.

The following table summarizes the projected benefit obligation, net periodic pension cost, and pension-related activity other than net periodic pension cost related to the Supplemental Plan as of December 31, 2018 and 2017:

	2018	2017
Reconciliation of projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 1,720,814	$ 1,803,075
Interest cost	47,733	53,744
Actuarial (gain) loss	(40,223)	106,599
Benefits payments	(235,336)	(242,604)
Projected benefit obligation, end of year	$ 1,492,988	$ 1,720,814
Net periodic pension cost:		
Interest cost	$ 47,733	$ 53,744
Amortization of prior service cost	305,453	305,453
Amortization of net actuarial loss	35,027	18,696
Net periodic pension cost	$ 388,213	$ 377,893
Other changes recognized in unrestricted net assets:		
Actuarial (gain) loss	$ (40,223)	$ 106,599
Amortization of prior service cost	(305,453)	(305,453)
Amortization of net actuarial loss	(35,027)	(18,696)
Pension related activity other than net periodic pension cost	$ (380,703)	$ (217,550)
Discount rate assumption used to determine the benefit obligation, as of December 31,	3.72 %	2.98 %
Discount rate assumption used to determine the net periodic pension cost as of December 31,	2.98 %	3.19 %

SERP

Beginning in 2018, JDC provides additional benefits to 2 former employees in addition to the Retirement Plan under the American Jewish Joint Distribution Committee, Inc. Supplemental Pension Plan (“SERP”). Additionally, 25 active Highly Compensated Employees are accruing future benefits under this non-qualified plan. The estimated liability for this supplemental benefit plan is $4,615,636 as of December 31, 2018 and is included in other liabilities to employees in the accompanying consolidated statement of financial position.

The following table summarizes the projected benefit obligation, net periodic pension cost, and pension-related activity other than net periodic pension cost related to the SERP as of December 31, 2018:

		2018
Reconciliation of projected benefit obligation:		
Projected benefit obligation, beginning of year	$	-
Service cost including expenses		1,350,463
Plan amendments		3,730,109
Actuarial gain		(456,244)
Benefits payments		(8,692)
Projected benefit obligation, end of year	$	4,615,636
Net periodic pension cost:		
Service cost	$	1,350,463
Amortization of prior service cost		492,099
Net periodic pension cost	$	1,842,562
Other changes recognized in unrestricted net assets:		
Actuarial gain	$	(456,244)
Prior service cost		3,730,109
Amortization of prior service cost		(492,099)
Pension related activity other than net periodic pension cost	$	2,781,766
Discount rate assumption used to determine the benefit obligation, as of December 31,		4.37 %
Discount rate assumption used to determine the net periodic pension cost as of December 31,		3.52 %

Benefit Restoration Plan

The JDC Personnel and Management Committee adopted a “Benefit Restoration Plan” (“BRP”) to restore certain pension benefits to specified executive managers whose benefits were reduced due to the limitation contained in the Federal Omnibus Budget Reconciliation Act of 1993 (“OBRA 93”). The BRP attempts to equalize benefits to these managers as compared to all other JDC employees covered by the Retirement Plan. Under the BRP, the covered employees are entitled to receive a supplemental benefit, paid by JDC, consisting of the difference between the retirement benefit computed pursuant to the BRP and the statutory benefit computed pursuant to the Retirement Plan. The supplemental benefit is reserved by JDC in a separate restricted fund, on a current basis, in accordance with computations made by JDC’s actuary. Currently, one active executive manager and three retired executive managers participate in the BRP.

The balance of the BRP is approximately $5,355,202 and $5,394,765 as of December 31, 2018 and 2017, respectively, and is included in other liabilities to employees in the accompanying consolidated statement of financial position.

The following table summarizes the projected benefit obligation, net periodic pension cost, and pension-related activity other than net periodic pension cost related to the BRP as of December 31, 2018 and 2017:

	2018	2017
Reconciliation of projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 5,394,765	$ 5,305,875
Interest cost	176,458	195,367
Actuarial loss	164,700	228,534
Benefits payments	(380,721)	(335,011)
Projected benefit obligation, end of year	$ 5,355,202	$ 5,394,765
Net periodic pension cost:		
Interest cost	$ 176,458	$ 195,367
Amortization of prior service cost	238,801	238,801
Amortization of net actuarial loss	51,342	37,072
Net periodic pension cost	$ 466,601	$ 471,240
Other changes recognized in unrestricted net assets:		
Actuarial loss	$ 164,700	$ 228,534
Amortization of prior service credit	(238,801)	(238,801)
Amortization of net loss	(51,342)	(37,072)
Pension related activity other than net periodic pension cost	$ (125,443)	$ (47,339)
Discount rate assumption used to determine the benefit obligation, as of December 31,	4.06 %	3.39 %
Discount rate assumption used to determine the net periodic pension cost as of December 31,	3.39 %	3.82 %

Deferred Compensation

JDC offers its executive managers a non-matching deferred compensation plan. Participants can opt to defer a portion of their salary into an independently managed investment account owned by JDC. These investments are not part of JDC's pooled investment accounts. Currently, seven executive managers participate in the plan. These deferred compensation arrangements total $1,955,382 and $2,787,622 as of December 31, 2018 and 2017, respectively, and are included in investments and other liabilities to employees in the accompanying consolidated statements of financial position. For the years ended December 31, 2018 and 2017, employee contributions totaled $0 and $27,000, respectively.

In addition to the non-qualified retirement plans described above, included in other liabilities to employees are accrued salaries and benefits earned worldwide by JDC's employees of $15,413,435 and $16,947,122 as of December 31, 2018 and 2017, respectively.

5. LOANS PAYABLE

JPMorgan Chase

JDC has a credit line agreement with JPMorgan Chase in the amount of $26,500,000 in 2018 and $50,000,000 in 2017. The interest rate on the line of credit in 2018 and 2017 is LIBOR + 0.65% and LIBOR + 0.70%, respectively. During 2018 and 2017, the interest rate ranged from 2.09% to 3.04% and 1.73% to 2.09%, respectively. The line of credit is secured by JDC's investments held at JPMorgan Chase with a value at December 31, 2018 and 2017 of $41,997,704 and $82,758,332, respectively. The outstanding balance at December 31, 2018 and 2017 was $150,000 and $1,650,000, respectively. In March 2018, the line of credit was extended for three years to be renewed on March 20, 2021. The credit line was reduced at renewal to $26,500,000.

The terms of the line of credit require the maintenance of covenants, including financial reporting requirements and liquidity ratio minimums, which the bank may waive or modify at any time at their discretion.

Bank of America

JDC has a revolving line of credit agreement with Bank of America for $50,000,000. There are 2 tranches: $20,000,000 collateralized by fixed income and $30,000,000 collateralized by hedge funds. In 2015, the fixed income bonds were replaced with fixed income mutual funds. The line of credit is secured by JDC's investments held at Bank of America with a value as of December 31, 2018 and 2017 of $87,475,883 and $90,217,291, respectively. The interest rates on the tranches are LIBOR +0.45% for fixed income and LIBOR +0.70% for hedge funds. During 2018 and 2017, the interest rate ranged from 2.02% to 3.05%, and 1.23% to 2.21%, respectively. The outstanding balance at December 31, 2018 and 2017 was $19,000,000 and $20,000,000, respectively. In 2017, the line of credit was extended for another 2 years to be renewed on November 30, 2019.

The terms of the line of credit require the maintenance of covenants, including financial reporting requirements and maintaining a minimum of assets without donor restrictions, which the bank may waive or modify at any time at their discretion.

TD Bank

JDC has a $25,000,000 credit line agreement with TD Bank. The interest rate on the line of credit is LIBOR +0.65%. During 2018 and 2017, the total interest rate ranged from 2.18% to 3.15% and 1.65% to 2.18%, respectively. The line is secured by JDC investments held at TD Bank with a value at December 31, 2018 and 2017 of $21,456,063 and $24,879,622, respectively. The outstanding balance at December 31, 2018 and 2017 was $0 and $3,000,000 respectively. In 2017, the line of credit was extended for another 3 years to be renewed on October 22, 2020. In 2018, JDC reserved $1,500,000 of the line of credit to cover a letter of credit with the landlord of the New York Headquarters office, which moved in September 2017. The letter of credit expired in December 2018.

In March 2018, JDC opened a second line of credit with TD Bank for $18,500,000 with a similar interest rate. The duration and renewal dates are the same as the first line. The line is secured by JDC investments held at TD Bank with a value at December 31, 2018 of $24,036,851. The outstanding balance at December 31, 2018 was $0.

The terms of the line of credit require the maintenance of covenants, including financial reporting requirements and maintaining a minimum of assets without donor restrictions, which the bank may waive or modify at any time at their discretion.

Bank Leumi - Beit Ribakoff

Joint Israel of JDC has a loan agreement with Bank Leumi (Israel) for $840,000. The loan matures on March 24, 2020. Payments of principal and interest are due monthly. The interest rate is Israeli prime plus 0.55%, which at December 31, 2018 and 2017 was 2.30% and 2.15%, respectively. Bank Leumi holds a lien on an associated JDC property as collateral for this loan. The balance as of December 31, 2018 and 2017 was $100,387 and $195,342, respectively. Future principal payments as of December 31, 2018 were as follows:

2019	$ 80,310
2020	20,077
	$ 100,387

6. COMMITMENTS AND CONTINGENCIES

In February of 2017, JDC entered into a contractual agreement for a minimum of 31 years for its new global headquarters location in New York City. JDC also has employment agreements with certain key employees. Minimum future rental commitments under the terms of the lease and employment commitments as of December 31, 2018 were as follows:

2019	$ 2,602,371
2020	1,435,919
2021	1,408,601
2022	1,450,804
2023	1,553,296
Thereafter	49,376,175
	$ 57,827,166

The estimated sum of rental payments to be made over the life of this lease is being allocated on a straight-line basis over the entire lease period. Rent expense for all JDC offices worldwide for the years ended December 31, 2018 and 2017 was $3,129,496 and $2,825,386, respectively.

JDC is a party to 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 consolidated financial position or changes in net assets of JDC.

7. INVESTMENTS

The composition of JDC's investments as of December 31, 2018 and 2017 was as follows:

	2018			
	Level 1	**Level 2**	**Level 3**	**Total**
U.S. government and agency obligations:				
U.S. treasury bonds	$ 866,039	$ -	$ -	$ 866,039
Municipal bonds	800,730	-	-	800,730
Agency-backed bonds	990,250	-	-	990,250
Common stock	31,716,831	-	-	31,716,831
Mutual funds common stock	75,931,522	-	-	75,931,522
Mutual funds fixed income	55,702,370	-	-	55,702,370
Alternative investments:				
Private equity funds	-	-	228,496	228,496
Real estate	-	-	10,349,208	10,349,208
	$ 166,007,742	$ -	$ 10,577,704	176,585,446
Alternative investments valued at NAV				311,786,184
State of Israel bonds (at cost)				76,000
Total investments				$ 488,447,630

	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
U.S. government and agency obligations:				
U.S. treasury bonds	$ 1,122,994	$ -	$ -	$ 1,122,994
Mortgage-backed securities	538	-	-	538
Agency-backed bonds	996,330	-	-	996,330
Common stock	52,547,318	-	-	52,547,318
Mutual funds common stock	112,305,390	-	-	112,305,390
Mutual funds fixed income	49,787,169	-	-	49,787,169
Alternative investments:				
Private equity funds	-	-	228,496	228,496
Real estate	-	-	10,130,112	10,130,112
	$ 216,759,739	$ -	$ 10,358,608	227,118,347
Alternative investments valued at NAV				298,861,419
State of Israel bonds (at cost)				105,250
Total investments				$ 526,085,016

The following tables summarize the changes in JDC's Level 3 investments for the years ended December 31, 2018 and 2017:

	2018		
	Real Estate	**Private Equity Funds**	**Total**
Beginning of the year	$ 10,130,112	$ 228,496	$ 10,358,608
Realized and unrealized gains (losses)	219,096	-	219,096
Redemptions	-	-	-
End of the year	$ 10,349,208	$ 228,496	$ 10,577,704

	2017		
	Real Estate	**Private Equity Funds**	**Total**
Beginning of the year	$ 9,072,000	$ 390,309	$ 9,462,309
Realized and unrealized gains (losses)	1,058,112	46,656	1,104,768
Redemptions	-	(208,469)	(208,469)
End of the year	$ 10,130,112	$ 228,496	$ 10,358,608

JDC uses the net asset value per share or its equivalent to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists investments by major category as of December 31, 2018 and 2017 which are reported at fair value using an NAV:

	2018				
	Number of Funds	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Alternative investments:					
Real estate [(a)]	3	$ 5,024,915	$ 1,877,144	N/A	N/A
Hedge funds [(b)]	42	285,422,349	4,257,339	Monthly, Quarterly, Annually, 3 year lockup	10-180 days
Private equity funds [(c)]	21	19,250,477	39,645,501	N/A	N/A
Common Trust Funds [(d)]	7	2,088,443	-	Daily, thrice-monthly	Daily
Total		$ 311,786,184			

	2017				
	Number of Funds	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative investments:					
Real estate [a]	3	$ 7,890,697	$ 2,556,226	N/A	N/A
Hedge funds [b]	34	274,193,538	3,281,861	Monthly, Quarterly, Annually, 3 year lockup	10-180 days
Private equity funds [c]	14	14,122,179	15,543,081	N/A	N/A
Common Trust Funds [d]	8	2,655,005	-	Daily, thrice-monthly	Daily
Total		$ 298,861,419			

[a] Real estate - Shares in the investments of Apollo Real Estate Funds, LP (various real estate funds) to benefit from the various diversified strategies that Apollo Real Estate Funds, LP invests in, including real estate equity securities. The purpose is to generate appreciation while managing risk through diversification.

[b] Hedge funds - Shares in the investments of various partnerships whose portfolios include foreign and domestic debt/equity securities, long/short equity, natural resources, commodities, derivatives, and investments in other private equity funds and limited partnerships. The purpose is to generate appreciation while managing risk through diversification.

[c] Private equity funds - Shares in the investments of various partnerships whose portfolios include debt securities, equity securities, and investments in various limited liability corporations. The purpose is to generate appreciation while managing risk through diversification.

[d] Common Trust Funds - Shares in commingled vehicles encompassing several investment assets within a common management strategy, which includes indexes, bond funds and treasuries. The purpose is to generate appreciation while managing risk through diversification.

The following tables summarize the significant unobservable inputs JDC used to value one investment categorized as Level 3. The tables below are not meant to be all inclusive, but instead capture the significant unobservable inputs relevant to determination of fair value at December 31, 2018 and 2017.

2018

Assets Type	Fair Value	Valuation Technique	Unobservable Inputs	Capitalization Rate
Voting common shares	$ 10,349,208	Income approach	Capitalization rate an average of net income before taxes	9.60 %

2017

Assets Type	Fair Value	Valuation Technique	Unobservable Inputs	Capitalization Rate
Voting common shares	$ 10,130,112	Income approach	Capitalization rate an average of net income before taxes	9.60 %

Investment return consisted of the following for the years ended December 31, 2018 and 2017:

	(28,704,668)	77,303,024
Unrelated business income tax refund	1,021,572	498
Investment fees	(2,892,703)	(2,352,873)
Total investment (loss) gain	$ (30,575,799)	$ 74,950,649

8. FIXED ASSETS, NET

Fixed assets, net consisted of the following as of December 31, 2018 and 2017:

	2018			
Headquarters, New York	**Cost**	**Accumulated Depreciation**	**Net**	**Estimated Useful Lives**
Leasehold improvements	$ 6,718,166	$ 3,113,241	$ 3,604,925	10 years
Software project costs	3,250,384	2,075,896	1,174,488	5 years
Furniture and equipment	1,241,951	365,064	876,887	5 years
Total Headquarters, New York	11,210,501	5,554,201	5,656,300	
Overseas				
Argentina				
Buildings	280,500	103,040	177,460	50 years
Israel				
Land	600,000	-	600,000	
Buildings and improvements	18,277,231	5,683,255	12,593,976	50 years
Equipment	470,533	261,793	208,740	5 years
Former Soviet Union				
Buildings	41,889,498	14,663,859	27,225,639	50 years
Furniture and equipment	1,036,271	412,737	623,534	5 years
Other Overseas Fixed Assets	5,172,188	4,261,811	910,377	5 years
Total overseas	67,726,221	25,386,495	42,339,726	
Total	$ 78,936,722	$ 30,940,696	$ 47,996,026	

	2017			
Headquarters, New York	**Cost**	**Accumulated Depreciation**	**Net**	**Estimated Useful Lives**
Leasehold improvements	$ 6,718,168	$ 2,735,533	$ 3,982,635	10 years
Software project costs	2,669,138	1,314,731	1,354,407	5 years
Furniture and equipment	1,392,361	308,450	1,083,911	5 years
Total Headquarters, New York	10,779,667	4,358,714	6,420,953	
Overseas				
Argentina				
Buildings	280,500	97,430	183,070	50 years
Israel				
Land	600,000	-	600,000	
Buildings and improvements	16,893,328	5,277,618	11,615,710	50 years
Equipment	433,764	149,586	284,178	5 years
Former Soviet Union				
Buildings	41,460,222	13,249,161	28,211,061	50 years
Furniture and equipment	972,967	388,021	584,946	5 years
Other Overseas Fixed Assets	1,598,716	1,318,962	279,754	5 years
Total overseas	62,239,497	20,480,778	41,758,719	
Total	$ 73,019,164	$ 24,839,492	$ 48,179,672	

FSU buildings at December 31, 2018 and 2017 are stated net of impairment of $0 and $660,381, respectively. Other overseas fixed assets at December 31, 2018 and 2017 are stated net of impairment of $1,141,502 and $0, respectively. Building impairment is presented net of change in deferred tax liability in the Consolidated Statement of Functional Expenses.

Assets held for sale totaled $882,969 and $2,073,226, net of impairment of $43,380 and $93,500, as of December 31, 2018 and 2017, respectively. These buildings were approved by the board to be sold and are actively being marketed. A building held for sale in Israel was sold in early 2017, which resulted in a gain on sale of $4,319,900. Six additional buildings held for sale, of which three were fully depreciated, were sold during 2018, which resulted in a net gain on sale of $608,707. The rest of the buildings held for sale are still actively being marketed.

9. CONTRIBUTIONS RECEIVABLE, NET

All unconditional contributions receivable have been recorded at present value. Those receivables that are due in more than one year have been discounted to their present value using discount rates ranging from 4.06% to 4.40%. Included in the discount rate is a credit risk adjustment of 1.5% for fiscal years 2018 and 2017. As of December 31, 2018 and 2017, contributions receivable consisted of the following:

	2018
Amounts due in:	
2019	$ 20,903,815
2020	4,727,558
2021	3,008,173
2022	2,417,224
Thereafter	2,722,000
	33,778,770
Less: Discount to present value	(956,993)
Less: Allowance for doubtfully collectible pledges	(1,605,170)
Contributions receivable, net	$ 31,216,607

	2017
Amounts due in:	
2018	$ 20,889,267
2019	5,468,058
2020	2,524,542
2021	1,890,968
Thereafter	2,443,563
	33,216,398
Less: Discount to present value	(851,988)
Less: Allowance for doubtfully collectible pledges	(1,785,323)
Contributions receivable, net	$ 30,579,087

10. SPLIT-INTEREST AGREEMENTS

JDC is a beneficiary under certain split-interest agreements in which the donor has established a charitable remainder trust or charitable gift annuity. JDC invests these assets on behalf of these beneficiaries until the agreement expires and the assets are distributed. The fair value of the investments related to split-interest agreements totaled $4,314,791 and $4,989,759 at December 31, 2018 and 2017, respectively, and are included in investments on the consolidated statements of financial position. Contribution revenues for split-interest agreements are recognized at the date the agreement is established, net of the liability recorded for the present value of the future payments to be made to the respective donors and/or other beneficiaries. The present value of payments to beneficiaries is calculated using a discount rate which ranged from 4.4%

to 9.8%. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset class in the consolidated statement of activities.

At December 31, 2018 and 2017, JDC's obligations to annuitants pertaining to split-interest agreements are classified as Level 3 within the fair value hierarchy, which are reported as annuity obligations in the accompanying consolidated statements of financial position. The following table summarizes the changes in split-interest agreement liabilities for the years ended December 31, 2018 and 2017:

	2018	2017
Beginning of the year	$ 2,206,392	$ 2,301,775
New agreements	63,586	40,259
Payments to annuitants	(365,838)	(453,482)
Change in value due to actuarial valuations	(237,415)	317,840
End of the year	$ 1,666,725	$ 2,206,392

11. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following as of December 31, 2018 and 2017:

	2018	2017
Liabilities in respect of programs	$ 11,859,101	$ 13,123,726
Wohl Charitable Foundation grants payable	8,210,101	8,511,776
Deferred rent	3,172,501	2,781,615
Deferred grant revenue	445,659	2,431,380
Due for New York office construction	-	1,545,872
Other	6,030,279	7,230,412
	$ 29,717,641	$ 35,624,781

12. INCOME TAXES

AJJDC Real Estate Company Limited ("AREC") is subject to tax on its profits in each jurisdiction in which it operates. JDC accounts for deferred taxes under the assets and liabilities method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. The tax effect of asset purchases that are not business combinations, in which the cost of asset contributed by the shareholders differs from the tax basis of the asset, is determined by the simultaneous equations method to record the assigned value of the asset and the related deferred tax asset or liability.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized.

Calculation of Tax Provision for AREC

	2018 US$	2017 US$
Income tax - current year	$ 70,275	$ 186,696
Defence contribution - prior years	-	-
Deferred tax - charge (benefit)	-	(1,891,672)
Charge (credit) for the year	$ 70,275	$ (1,704,976)

Current Deferred Tax Liabilities

	2018 US$	2017 US$
Current tax liabilities	$ -	$ (168,250)
Total	$ -	$ (168,250)

AREC is subject to corporate tax on its taxable profits at the rate of 12.5% in 2018 and 2017. Under certain conditions interest income may be subject to defense contribution at the rate of 30%. In such cases this interest will be exempt from corporate tax. In certain cases, dividends received from abroad may be subject to defense contribution at the rate of 17%. Gains on disposal of qualifying investment assets (including stocks, bonds and other debentures) are exempt from Cyprus income tax.

The applicable tax rates for income tax in other jurisdictions are as follows for the years ended December 31, 2018 and 2017:

	2018	2017
Russia	20 %	20 %
Ukraine	18 %	18 %

The open tax years of the head office and its branches as of December 31, 2018 are as follows:

Head Office	2010 - 2018
Moscow Branch	2016 - 2018
St. Petersburg Branch	2016 - 2018
Ukraine Branch	2016 - 2018

13. NET ASSETS WITHOUT DONOR RESTRICTIONS

	2018	2017
Undesignated	$ 88,058,545	$ 110,597,342
Board-designated funds	39,799,283	40,523,427
Plant funds	47,309,294	50,248,986
	$ 175,167,122	$ 201,369,755

Board-designated funds include quasi-endowment and accumulated quasi-endowment investment income for specific purposes designated by JDC's Board of Directors.

Plant funds' net assets include JDC's fixed assets, including the net assets of AJJDC Real Estate Company Limited, as well as all related depreciation, amortization, and impairment expenses.

14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2018 and 2017, which are subject to expenditure for specified purposes or time restrictions, or funds restricted to investment in perpetuity, the income from which is expendable to support activities of JDC, are available for the following:

	2018		
	Donor-Restricted for Time or Purpose	Endowment Funds Maintained in Perpetuity	Total
Saving Jewish lives	$ 49,856,259	$ 5,245,515	$ 55,101,774
Building Jewish life	28,030,836	6,961,535	34,992,371
Research institutes in Israel	49,966,620	6,400,000	56,366,620
Awaiting appropriation for program	20,940,976	30,244,876	51,185,852
Restricted for time	6,629,508	302,617	6,932,125
Wohl Charitable Foundation and other consolidated entities	163,837,509	-	163,837,509
	$ 319,261,708	$ 49,154,543	$ 368,416,251

	2017		
	Donor-Restricted for Time or Purpose	Endowment Funds Maintained in Perpetuity	Total
Saving Jewish lives	$ 50,867,075	$ 5,488,937	$ 56,356,012
Building Jewish life	29,749,157	2,941,535	32,690,692
Research institutes in Israel	55,430,727	6,400,000	61,830,727
Awaiting appropriation for program	21,997,061	26,752,398	48,749,459
Restricted for time	5,364,613	648,193	6,012,806
Wohl Charitable Foundation and other consolidated entities	185,242,689	-	185,242,689
	$ 348,651,322	$ 42,231,063	$ 390,882,385

During the years ended December 31, 2018 and 2017, net assets with donor restrictions were released from restrictions by incurring expenses satisfying the following restricted purposes:

	2018	2017
Saving Jewish lives	$ 55,319,204	$ 56,392,187
Building Jewish life	32,042,607	25,490,053
Other	2,399,335	3,877,104
	$ 89,761,146	$ 85,759,344

15. ENDOWMENT FUNDS

General

JDC's endowments consist of individual donor-restricted endowment funds established to support activities of JDC, as well as accumulation of income from these funds. It also includes funds designated by JDC's Board of Directors to function as an endowment (quasi-endowment). As required by US GAAP, net assets associated with endowment funds, including funds designated by JDC's Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

JDC has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation 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, JDC classifies as net assets with donor restrictions (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is investment income from endowments until those amounts are appropriated for expenditure by JDC in a manner consistent with the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of JDC and the donor-restricted endowment fund;
- General economic conditions;
- The possible effects of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of JDC;
- The investment policies of JDC; and
- Where appropriate, alternatives to spending from donor-restricted endowment funds and the possible effects on JDC.

Return Objectives, Strategies Employed and Spending Policy

The objective of JDC is to maintain the principal endowment funds at the historical dollar value designated by the donor. The investment policy to achieve this objective is to invest in low-risk securities. JDC has a policy of appropriating for distribution between 4.25% and 5% of its endowment fund's average fair value over the prior twelve quarters.

The following tables summarize endowment net asset composition by type of fund as of December 31, 2018 and 2017.

	2018		
	Without Donor Restrictions (Board Designated)	With Donor Restrictions (Endowment Funds and Accumulations)	Total
Endowment net assets, beginning of year	$ 40,523,427	$ 62,694,423	$ 103,217,850
Investment loss	(1,527,506)	(3,564,275)	(5,091,781)
Contributions and board designations	2,298,010	7,004,357	9,302,367
Actuarial loss on annuity obligations	-	(44,346)	(44,346)
Appropriation of endowment assets for expenditure	(1,132,500)	(2,104,180)	(3,236,680)
Reclassification	(362,147)	(69,728)	(431,875)
Endowment net assets, end of year	$ 39,799,284	$ 63,916,251	$ 103,715,535

	2017		
	Without Donor Restrictions (Board Designated)	With Donor Restrictions (Endowment Funds and Accumulations)	Total
Endowment net assets, beginning of year	$ 27,357,655	$ 51,852,467	$ 79,210,122
Investment gain	4,011,327	7,102,471	11,113,798
Contributions and board designations	10,985,947	2,918,578	13,904,525
Actuarial loss on annuity obligations	-	(13,931)	(13,931)
Appropriation of endowment assets for expenditure	(1,279,113)	(2,130,914)	(3,410,027)
Reclassification	(552,389)	2,965,752	2,413,363
Endowment net assets, end of year	$ 40,523,427	$ 62,694,423	$ 103,217,850

16. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects JDC's financial assets at year-end, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions. Amounts already appropriated from either the donor-restricted endowment or quasi-endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	2018	2017
Financial assets (excluding Wohl Charitable Foundation):		
Cash and cash equivalents	$ 39,565,397	$ 61,612,383
Investments	346,014,937	364,048,023
Due from broker	929,937	2,439,464
Grants receivable	22,718,376	18,457,678
Contributions receivable, net	31,216,607	30,579,087
Total financial assets, end of year	440,445,254	477,136,635
Less:		
Contractual, legal, or donor-imposed restrictions:		
Endowment funds maintained in perpetuity:		
Contributions receivable	2,561,557	3,277,701
Investments	46,853,616	39,229,525
	49,415,173	42,507,226
Donor-restricted funds for time and purpose:		
Contributions receivable restricted for time	9,547,963	9,255,143
Investments of JDC Support Foundations and Myers-JDC Brookdale Institute	21,926,249	24,251,270
Investments for split-interest agreements	3,824,418	4,295,585
Donor-advised funds	3,253,739	3,790,411
	38,552,369	41,592,409
Other:		
Investments restricted by lender as collateral	111,997,704	155,758,332
Investments held on behalf of other entities	17,465,314	21,847,850
	129,463,018	177,606,182
Total amounts unavailable for general expenditures within one year	217,430,560	261,705,817
Total amounts available for general expenditures before Board designations	223,014,694	215,430,818
Board designations:		
Funds functioning as endowments (quasi-endowments)	39,799,284	40,523,427
Total amounts unavailable to management without Board approval	39,799,284	40,523,427
Total financial assets available to meet cash needs for general expenditures within one year after Board designations	$ 183,215,410	$ 174,907,391

Liquidity

JDC is substantially supported by contributions (both with and without donor restrictions) and grants from the Conference of Jewish Material Claims Against Germany ("Claims Conference") and the government of Israel. Because donor restrictions require resources to be used in a particular manner or in future periods, JDC must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

In addition, grants from the Claims Conference and the government of Israel are received on a reimbursement basis, and therefore, JDC funds programs and operations in advance of receiving the grants.

As part of liquidity management, JDC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. JDC invests cash in excess of daily requirements in accordance with JDC's investment policies.

Lines of Credit

As described in Note 5, JDC has lines of credit arrangements with three financial institutions aggregating $120,000,000 in 2018 and $125,000,000 in 2017, of which $50,000,000 is a revolving line of credit. JDC has the ability to draw upon these lines of credit as needed during the year to manage cash flows.

As of December 31, 2018 and 2017, the total outstanding balances on these three lines of credits were $19,150,000 and $24,650,000, respectively.

Endowment Draw

JDC's endowments consist of individual donor-restricted endowment funds established to support activities of JDC, as well as accumulation of income from these funds. It also includes funds designated by JDC's Board of Directors to function as an endowment (quasi-endowment). As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by JDC's Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The objective of JDC is to maintain the principal endowment funds at the historical dollar value designated by the donor. The investment policy to achieve this objective is to invest in a diversified portfolio of securities. JDC has a policy of appropriating for distribution between 4.25% and 4.5% of its endowment fund average fair value over the prior 20 quarters for permanently restricted endowment funds and over the prior 12 quarters for temporarily restricted and quasi-endowment funds.

17. TRANSACTIONS WITH RELATED PARTIES:

Supported Organizations in the Former Soviet Union ("FSU")

JDC carries out its programs through various organizations in the FSU. JDC made distributions of $103,708,410 and $101,554,521 during 2018 and 2017, respectively, for various program services to these organizations. These expenditures are reflected in the consolidated statements of functional expenses.

Projects for the Public Benefit in Israel:

JDC through Joint Israel works in partnership with the Government of Israel and other third parties to support projects in Israel for the public benefit.

ASHALIM - Association for Planning and Development of Services for Children and Youth at Risk and their Families

ESHEL - The Association for the Planning and Development of Services for the Aged in Israel

TEVET - Fighting Poverty through Employment

NPTECH - Information and communication technologies for civil society organizations

ELFANAR - A company for public benefit (incorporated in 2013) dedicated to the development of employment opportunities and professionalism in the Arab Sector

HOTAM - Also known as Teach First Israel, HOTAM promotes equal opportunity in Israel by developing and training a high-quality community of educators, outstanding teachers, and leaders who work together to enable every child to choose their own future, regardless of their parents' income, level of education, or social standing.

A description of the transactions and their dollar amounts with the above mentioned entities for the years ended December 31, 2018 and 2017 are presented below:

	2018					
	ASHALIM	ESHEL	TEVET	ELFANAR	HOTAM	Total
Expenditures for expenses incurred by related parties net of reimbursements	$ 2,512,304	$ 6,069,715	$ 8,735,187	$ 15,032,115	$ 5,493,573	$ 37,842,894

	2017					
	ASHALIM	ESHEL	TEVET	NPTECH	ELFANAR	Total
Expenditures for expenses incurred by related parties net of reimbursements	$ 6,269,037	$ 8,904,590	$ 5,117,826	$ 53,048	$ 13,302,288	$ 33,646,789

Included in due to others in the accompanying consolidated statements of financial position is $14,900,967 and $16,965,635 held on behalf of ESHEL and $2,564,347 and $4,882,215 held on behalf of other entities for a total of $17,465,314 and $21,847,850 as of December 31, 2018 and 2017, respectively.

18. MAURICE AND VIVIENNE WOHL CHARITABLE FOUNDATION (THE "FOUNDATION")

This independent Foundation is a British West Indies charity established by a trust deed dated May 21, 1998. The objectives of the Foundation are that the income and capital of the Trust is held for the benefit of recognized charitable organizations as the Trustee(s) shall in its discretion determine to benefit the Jewish people, whether in the State of Israel or in the Diaspora, and in particular for the advancement of general and vocational education; the promotion of Jewish religion and studies; cultural programs; programs for the handicapped, retarded, and physically impaired; medical facilities, services, and medical research; rehabilitation services; programs for the aged; programs for immigrants and other social welfare programs;

and general relief of poverty, indigence, and distress. To achieve this objective, it is the goal of the Foundation to make annual grants of approximately 5% of the fund value for these purposes.

With the death of both Maurice and Vivienne Wohl, JDC was designated the "Appointor" and was directed to insure that the charitable mission of the Maurice and Vivienne Wohl Charitable Foundation is carried out. It was the stated intention of Maurice and Vivienne Wohl that when fully funded the Foundation would fall under the protective umbrella of JDC. It was JDC whom they entrusted with the role of acting as the "Appointor" of the Protectors of the Foundation in their place.

The Appointor has the authority to add or remove members of the Protector Committee. The Protector Committee has the power to appoint the trustees. The trustees are responsible for the day-to-day operations of the trust and make recommendations for grants in accordance with the charitable mission of the Foundation.

The Foundation operates as a separate independent grant-making body in accordance with the terms of its mission statement as defined in the Trust Deed agreement. It is consolidated with JDC due to common board control and economic interest as required by US GAAP.

During the years ended December 31, 2018 and 2017, the Foundation gave grants totaling $21,050,000 and $0, respectively, to JDC. The 2018 grants consist of $18,000,000 to be paid over 3 years (2019-2021), $3,000,000 to be paid over 3 years (2019-2021) and $50,000 paid in full in 2018. These amounts have been eliminated in consolidation.