Consolidated Financial Statements and Report of Independent Certified Public Accountants

The American Jewish Joint Distribution Committee, Inc.

December 31, 2019 (With Summarized Comparative Information for December 31, 2018)

Contents

GRANT THORNTON LLP
757 Third Ave., 9th Floor
New York, NY 10017-2013

D 212 599 0100
F 212 370 4520
S linkd.in/grantthorntonus
twitter.com/grantthorntonus

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, Inc. ("JDC"), which comprise the consolidated statement of financial position as of December 31, 2019, 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 the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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, Inc., as of December 31, 2019, 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 2018 summarized comparative information

We have previously audited JDC's 2018 consolidated financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated July 22, 2019. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2018 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 20, 2020

The American Jewish Joint Distribution Committee, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2019, with comparative totals as of December 31, 2018

		With Donor Restrictions				
	Without Donor Restrictions	JDC	Wohl Charitable Foundation	Total	2019 Total	2018 Total
ASSETS						
Cash and cash equivalents	$ 53,933,997	$ 285,837	$ 2,261,443	$ 2,547,280	$ 56,481,277	$ 41,561,227
Investments - other	317,645	6,369,451	-	6,369,451	6,687,096	10,784,325
Investments (Notes 7 and 10)	146,289,203	247,377,017	167,091,517	414,468,534	560,757,737	488,447,630
Due from broker	2,861,886	-	-	-	2,861,886	929,937
Grants receivable	39,545,473	-	-	-	39,545,473	22,718,376
Contributions receivable, net (Note 9)	1,724,267	21,084,981	-	21,084,981	22,809,248	31,216,607
Other receivables and other assets	7,596,665	1,423,338	1,064	1,424,402	9,021,067	11,646,200
Fixed assets, net (Note 8)	41,637,168	152,290	-	152,290	41,789,458	47,996,026
Assets held for sale (Note 8)	1,028,462	-	-	-	1,028,462	882,969
Total assets	$ 294,934,766	$ 276,692,914	$ 169,354,024	$ 446,046,938	$ 740,981,704	$ 656,183,297
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Accounts payable and accrued expenses (Note 11)	$ 23,927,414	$ 1,225,137	$ 5,937,179	$ 7,162,316	$ 31,089,730	$ 29,717,641
Pension plan obligation (Note 3)	18,131,400	-	-	-	18,131,400	15,667,214
Other liabilities to employees (Note 4)	34,870,817	1,383,209	-	1,383,209	36,254,026	28,832,643
Annuity obligations (Note 10)	-	1,569,693	-	1,569,693	1,569,693	1,666,725
Loans payable (Note 5)	14,611,954	-	-	-	14,611,954	19,250,387
Due to others	-	2,916,659	-	2,916,659	2,916,659	17,465,314
Total liabilities	91,541,585	7,094,698	5,937,179	13,031,877	104,573,462	112,599,924
Total net assets (Notes 13, 14, and 15)	203,393,181	269,598,216	163,416,845	433,015,061	636,408,242	543,583,373
Total liabilities and net assets	$ 294,934,766	$ 276,692,914	$ 169,354,024	$ 446,046,938	$ 740,981,704	$ 656,183,297

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

The American Jewish Joint Distribution Committee, Inc.

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the year ended December 31, 2019, with comparative totals for the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions: JDC	With Donor Restrictions: Wohl Charitable Foundation	With Donor Restrictions: Total	2019 Total	2018 Total
Revenues, gains and other support						
Contributions (including JFNA)	$ 57,878,812	$ 77,197,239	$ -	$ 77,197,239	135,076,051	$ 138,750,257
Grants	185,043,541	-	-	-	185,043,541	169,949,369
Other income	6,056,506	1,889,532	-	1,889,532	7,946,038	8,689,622
Investment return used for operations (Note 7)	7,663,828	7,975,675	7,430,000	15,405,675	23,069,503	23,365,552
Actuarial (loss)/gain on annuity obligations (Note 10)	-	(191,125)	-	(191,125)	(191,125)	237,415
Net assets released from restriction (Note 14)	76,719,268	(68,770,363)	(7,948,905)	(76,719,268)	-	-
Total revenues, gains and other support	333,361,955	18,100,958	(518,905)	17,582,053	350,944,008	340,992,215
Expenses						
Program services	295,168,540	-	-	-	295,168,540	292,026,287
Support services						
Management and general	21,845,291	-	-	-	21,845,291	21,530,736
Fund raising	14,884,863	-	-	-	14,884,863	13,943,634
Total support services	36,730,154	-	-	-	36,730,154	35,474,370
Total expenses	331,898,694	-	-	-	331,898,694	327,500,657
Change in net assets before other changes	1,463,261	18,100,958	(518,905)	17,582,053	19,045,314	13,491,558
Non-operating changes in net assets						
Excess/(deficiency) of investment return, net (Note 7)	27,276,837	17,303,013	16,932,164	34,235,177	61,512,014	(53,941,351)
(Loss)/gain on disposal of fixed assets	(4,500,000)	-	-	-	(4,500,000)	608,707
Other	-	-		-	-	875,319
Actuarial adjustment for pension plan (Note 3)	(3,536,416)	-	-	-	(3,536,416)	(6,084,696)
Actuarial adjustment for non-qualified plans (Note 4)	(3,717,043)	-	-	-	(3,717,043)	(3,618,304)
Changes in net assets	16,986,639	35,403,971	16,413,259	51,817,230	68,803,869	(48,668,767)
Net assets - beginning of year	175,167,122	221,412,665	147,003,586	368,416,251	543,583,373	592,252,140
Transfer of net assets from merger of related parties (Notes 2 and 17)	11,239,420	12,781,580	-	12,781,580	24,021,000	-
Net assets - end of year	$ 203,393,181	$ 269,598,216	$ 163,416,845	$ 433,015,061	$ 636,408,242	$ 543,583,373

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

The American Jewish Joint Distribution Committee, Inc.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019, with comparative totals for the year ended December 31, 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	$ 114,346,525	$ 51,929,990	$ 33,486,098	$ 1,623,343	$ 201,385,956	$ -	$ -	$ 201,385,956
Building Jewish life	6,704,563	-	2,842,170	1,068,566	10,615,299	-	-	10,615,299
Other/multifunctional	-	2,509,952	13,044	2,065,219	4,588,215	-	-	4,588,215
Wohl grants to others	-	91,259	-	-	91,259	-	-	91,259
Regrants	-	-	-	2,801,891	2,801,891	-	-	2,801,891
Totals of grants to supported organizations and affiliates	121,051,088	54,531,201	36,341,312	7,559,019	219,482,620	-	-	219,482,620
Other expenses:								
Payroll, benefits, and other staff costs	12,508,265	21,695,475	5,940,870	6,985,534	47,130,144	12,069,330	9,965,842	69,165,316
Conferences, seminars, media and public relations	285,066	6,046,007	907,597	572,974	7,811,644	928,946	1,041,568	9,782,158
Consultants, professional services, supplies and other expenses	4,102,775	1,467,830	2,693,067	966,784	9,230,456	4,651,165	2,594,884	16,476,505
Occupancy, facilities, equipment, and repairs	1,905,222	1,122,758	855,220	778,924	4,662,124	2,409,513	114,590	7,186,227
Travel	954,501	400,344	771,631	1,754,238	3,880,714	469,750	797,277	5,147,741
Building impairment	18,768	-	-	-	18,768	-	-	18,768
Interest expense	482,338	404,026	104,616	-	990,980	285,282	-	1,276,262
Depreciation and amortization	1,225,559	540,031	189,890	5,610	1,961,090	1,031,305	370,702	3,363,097
Totals of other expenses	21,482,494	31,676,471	11,462,891	11,064,064	75,685,920	21,845,291	14,884,863	112,416,074
Total expenses	$ 142,533,582	$ 86,207,672	$ 47,804,203	$ 18,623,083	$ 295,168,540	$ 21,845,291	$ 14,884,863	$ 331,898,694
Total expenses 2018	$ 126,619,117	$ 92,326,920	$ 49,070,893	$ 24,009,357	$ 292,026,287	$ 21,530,736	$ 13,943,634	$ 327,500,657

*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 STATEMENTS OF CASH FLOWS

For the year ended December 31, 2019, with comparative totals for the year ended December 31, 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 68,803,869	$ (48,668,767)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	3,363,097	3,402,206
Impairment charges	18,768	1,184,882
Permanently restricted contributions	(4,824,211)	(7,004,357)
Realized and unrealized (gains) losses on investments	(82,428,335)	33,067,996
Change in discount and allowance on contributions receivable	(454,534)	(75,148)
Noncash items	(2,039,226)	(909,203)
(Loss) gain on disposal of fixed assets	4,589,897	(608,707)
Changes in assets and liabilities:		
Due from broker	(1,931,949)	1,509,527
Grants receivable	(10,105,097)	(4,260,698)
Contributions receivable	8,861,893	(562,372)
Other receivables and other assets	1,538,133	(489,992)
Accounts payable and accrued expenses	5,321,089	(5,907,140)
Pension plan obligation	2,464,186	4,400,647
Other liabilities to employees	6,217,383	1,982,320
Annuity obligations	(97,032)	(539,667)
Due to others	(1,767,075)	(4,382,536)
Net cash used in operating activities	(2,469,144)	(27,861,009)
Cash flows from investing activities:		
Increase in cash from merger of related parties	2,657,000	-
Purchases of investments	(87,226,748)	(123,449,427)
Proceeds from sale of investments	103,580,959	129,631,506
Purchases of fixed assets	(1,999,489)	(2,470,411)
Proceeds from sale of fixed assets	191,694	1,180,580
Net cash provided by investing activities	17,203,416	4,892,248
Cash flows from financing activities:		
Repayment of loans	(106,138,433)	(72,594,955)
Proceeds from loans	101,500,000	67,000,000
Proceeds from permanently restricted contributions	4,824,211	7,004,357
Net cash provided by financing activities	185,778	1,409,402
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,920,050	(21,559,359)
Cash and cash equivalents, beginning of year	41,561,227	63,120,586
Cash and cash equivalents, end of year	$ 56,481,277	$ 41,561,227
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 1,434,061	$ 1,180,231
Net cash refunded during the year for UBIT	$ 46,241	$ 1,021,572

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

NOTE 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 ("IRC").

NOTE 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) (Joint Israel), JDC International Ltd., 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.

JDC International Ltd. was incorporated in Israel in August 2017 and began its activities in July 2019. The Company is registered as a company for the public benefit and recognized as a not for-profit organization. The operations of the Company consist of the operations of AJJDC in Israel, which do not relate to its programmatic activities in Israel, including support to communities and organizations outside of Israel as well as other global activities. This includes mainly activities in the following regions and areas: Former Soviet Union, Europe, Africa and Asia, Global Response Innovative Development programs, Resource Development, and Information Technology operations.

Joint Israel has incorporated separate entities for purposes of developing services for the aged, children, at-risk youth and employment, to be used as leverage in social leadership, as follows:

1. Eshel – The Association for the Planning and Development of Services to the Aged in Israel;
2. Ashalim – The Association for Planning & Development of Services for Children and for Youth at Risk & their Families; and
3. Tevet – Fighting Poverty Through Employment Ltd.

In accordance with the guidelines received at the beginning of 2019 from the Accountant General of the Finance Ministry of Israel and in order to facilitate the most beneficial engagement between the Israeli Government and Joint Israel for the purpose of developing and implementing its programs, all of the transactions of the Israeli Government were to be executed directly with Joint Israel. This arrangement made it unnecessary for Joint Israel to carry out its activities through separate entities. Therefore, Joint Israel petitioned the court during the course of 2019 to issue an order mandating the merger of all operations of the above-described entities into the operations of Joint Israel. On December 1, 2019, a merger certificate was issued by the Companies Authority of Israel. Accordingly, on that date, the operations of Eshel, Ashalim, and Tevet were merged into Joint Israel and the entities were dissolved. The entities transferred all assets, liabilities, and net assets to Joint Israel on December 31, 2019. This merger resulted in an increase in assets of $8,494,420, a decrease in liabilities of $15,526,580, and an increase in net assets of $24,021,000. The details of the merger's impact on assets and liabilities are as follows:

Cash and cash equivalents	$ 2,657,000
Investments - other	202,420
Grants receivable	6,722,000
Other receivables and other assets	(1,087,000)
Total increase in assets resulting from merger	8,494,420
Accounts payable and accrued expenses	(3,949,000)
Liabilities to employees	1,204,000
Due to others	(12,781,580)
Total decrease in liabilities resulting from merger	(15,526,580)
Total increase in net assets resulting from merger	$ 24,021,000

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 statements 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's 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 net asset value ("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, 2019 and 2018.

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. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. 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.

At December 31, 2019 and 2018, conditional promises to give approximating $9.34M and $8.94M, respectively, have not been recognized in the accompanying consolidated statement of activities because the conditions on which they depend have not yet been met.

A portion of the JDC's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when JDC has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or prior to the grant period are reported as deferred grant revenue in the statement of financial position. In 2019 and 2018, JDC received advance payments totaling $2,673,325 and $445,659, respectively, which is included in accounts payable and accrued expenses in the accompanying consolidated statement of financial position.

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; (2) excess (deficiency) of investment return, net; and (3) 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 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 2018 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 2018 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 $46,241, which has been netted against investment income, for December 31, 2019.

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, 2019.

New Accounting Pronouncements

On January 1, 2019, JDC adopted Accounting Standards Update ("ASU") No. 2017-07 - Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. This guidance requires the service cost component of retiree benefit plans to be presented as a part of employee benefit expense. The other components of the net periodic benefit cost, such as interest, expected return on plan assets, and amortization of other actuarially determined amounts, are required to be presented as a nonoperating change in net assets without restrictions. These changes have been applied retrospectively in the 2018 consolidated statement of activities.

In June 2018, the Financial Accounting Standards Board ("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. JDC has adopted ASU 2018-08 as of and for the year ended December 31, 2019.

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. JDC has adopted ASU 2014-09 as of and for the year ended December 31, 2019. Analysis of various provisions of this standard resulted in no significant changes in the way JDC recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

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, 2022, with early adoption permitted. 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, 2019 consolidated financial statements for subsequent events through July 20, 2020, the date the consolidated financial statements were available to be issued.

In December 2019, the corona virus epidemic (COVID-19) broke out in China (hereafter: the “Corona virus" or the “Event” or the “Crisis") and in the first and second quarters of 2020, spread to additional countries worldwide. In March 2020, the World Health Organization declared the Corona virus as a global pandemic. The spread of the Corona virus is an exceptional macroeconomic event in many countries and across the globe. Further to the event, many countries have been taking significant steps in an attempt to prevent further spreading of the virus. Among these steps are the following: restricted movement and employment of the general population, closure of businesses and shopping malls, restrictions on public gatherings and events, restrictions regarding the transport of people and goods, closure of international border crossings, reduction in the number of employees allowed to enter the workplace, etc. The Event and the steps that have been taken by the various countries worldwide, as mentioned above, have a significant business impact globally and locally on many of the world’s economies as well as on the global capital markets.

As of the date these consolidated financial statements were available to be issued, the impact of the COVID-19 virus has been considered. As with most other investment portfolios, that of JDC has temporarily lost value in the period since the COVID-19 virus impacted global markets. However, some improvement is expected in the upcoming months. JDC is committed to preserving its core programs worldwide, and management firmly believes that JDC is well positioned to weather any continued turmoil in global social and economic conditions.

NOTE 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 IRC.

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, 2019 and 2018:

	2019	2018
Reconciliation of projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 65,868,302	$ 65,574,307
Service cost including expenses	453,181	518,304
Interest cost	2,649,335	2,245,778
Actuarial loss	6,965,043	571,939
Benefits payments	(3,203,132)	(2,902,856)
Expected expenses	(90,663)	(139,170)
Curtailments	1,826,118	-
Projected benefit obligation, end of year	$ 74,468,184	$ 65,868,302
Change in plan assets:		
Fair value of assets, beginning of year	$ 50,201,088	$ 54,307,740
Actual return (loss) on assets	7,969,008	(3,315,486)
Employer contributions	1,525,411	2,202,353
Benefits payments	(3,203,132)	(2,902,856)
Actual expenses	(155,591)	(90,663)
Fair value of assets, end of year	$ 56,336,784	$ 50,201,088
Funded status	$ (18,131,400)	$ (15,667,214)
Accumulated benefit obligation	$ 73,024,958	$ 64,724,305
Net periodic pension cost:		
Service cost	$ 453,181	$ 518,304
Interest cost	2,649,335	2,245,778
Expected return on assets	(3,096,002)	(3,516,307)
Amortization of prior service credit	(132,144)	(132,144)
Amortization of net actuarial loss	784,967	552,773
Net periodic pension (income)	$ 659,337	$ (331,596)
Other changes recognized in unrestricted net assets:		
Actuarial loss	$ 2,156,965	$ 7,355,225
Prior serve cost	1,826,118	-
Amortization of prior service cost	132,144	132,144
Amortization of net loss	(784,967)	(552,773)
Pension related activity other than net periodic pension (income) cost	$ 3,330,260	$ 6,934,596

The assumptions used to determine the benefit obligation as of December 31, 2019 and 2018 follow:

	2019	2018
Weighted-average assumptions:		
Discount rate	3.21%	4.18%
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, 2019 and 2018 follow:

	2019	2018
Weighted-average assumptions:		
Discount rate	4.18%	3.52%
Expected return on plan assets	6.50%	6.75%
Rate of compensation increase	3.00%	3.00%

Plan Assets

The composition of the Plan's investments as of December 31, 2019 and 2018 was as follows:

	2019			
	Level 1	Level 2	Level 3	Total
Common stocks	$ 1,573,412	$ -	$ -	$ 1,573,412
Collective investment trust	13,135,152	-	-	13,135,152
Mutual funds	9,842,868	-	-	9,842,868
Total investments, at fair value	$ 24,552,432	$ -	$ -	24,552,432
Alternative investments at net asset assets value:				
Equity fund				1,291,576
Hedge fund				24,104,697
Global markets				2,488,906
Private equity				1,019,959
Cash and cash equivalents				2,879,214
Fair value of plan assets				$ 56,336,784

	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 asset 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

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 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:

	2019			
	Fair value	Redemption frequency	Redemption notice period	Number of funds
Alternative investments:				
Equity fund [(a)]	$ 1,291,576	Monthly	30 days	1
Hedge fund [(b)]	24,104,697	Quarterly, semiannually	60-95 days	8
Global markets [(c)]	2,488,906	Monthly	30 days	1
Private equity [(d)]	1,019,959	N/A	N/A	2
Total	$ 28,905,138			

	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			

The above funds have no unfunded commitments as of December 31, 2019 and 2018.

(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.

(d) Private equity fund - Shares in the investments of various partnerships whose portfolios include debt securities, equity securities, and investments and various limited liability corporations. The purpose is to generate appreciation while managing risk thru 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,	
2020	$ 4,950,053
2021	3,915,069
2022	3,976,242
2023	4,401,356
2024	3,846,979
2025-2029	18,928,590

JDC expects to contribute approximately $2.05 million to its pension plan in fiscal year 2020.

NOTE 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 $1,484,289 and $1,492,988 as of December 31, 2019 and 2018, 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, 2019 and 2018:

	2019	2018
Reconciliation of projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 1,492,988	$ 1,720,814
Interest cost	51,593	47,733
Actuarial loss (gain)	140,646	(40,223)
Benefits payments	(217,827)	(235,336)
Projected benefit obligation, end of year	$ 1,484,289	$ 1,492,988

	2019	2018
Net periodic pension cost:		
Interest cost	$ 51,593	$ 47,733
Amortization of prior service cost	305,453	305,453
Amortization of net actuarial loss	26,853	35,027
Net periodic pension cost	$ 383,899	$ 388,213
Other changes recognized in unrestricted net assets:		
Actuarial loss (gain)	$ 140,646	$ (40,223)
Prior service cost	16,889	-
Amortization of prior service cost	(305,453)	(305,453)
Amortization of net actuarial loss	(26,853)	(35,027)
Pension related activity other than net periodic pension cost	$ (174,771)	$ (380,703)
Discount rate assumption used to determine the benefit obligation, as of December 31,	2.53%	3.72%
Discount rate assumption used to determine the net periodic pension cost as of December 31,	3.72%	2.98%

SERP

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, 24 active Highly Compensated Employees are accruing future benefits under this non-qualified plan. The estimated liability for this supplemental benefit plan is $7,243,156 and $4,615,636 as of December 31, 2019 and 2018, 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 SERP as of December 31, 2019 and 2018:

	2019	2018
Reconciliation of projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 4,615,636	$ -
Service cost including expenses	1,086,856	1,350,463
Interest cost	196,860	-
Plan amendments	200,662	3,730,109
Actuarial loss (gain)	1,156,483	(456,244)
Benefits payments	(13,341)	(8,692)
Projected benefit obligation, end of year	$ 7,243,156	$ 4,615,636
Net periodic pension cost:		
Service cost	$ 1,086,856	$ 1,350,463
Interest cost	196,860	-
Amortization of prior service cost	492,099	492,099
Amortization of net gain	(14,190)	-
Net periodic pension cost	$ 1,761,625	$ 1,842,562
Other changes recognized in unrestricted net assets:		
Actuarial loss (gain)	$ 1,156,483	$ (456,244)
Prior service cost	200,662	3,730,109
Amortization of prior service cost	(492,099)	(492,099)
Amortization of net actuarial loss	14,190	-
Pension related activity other than net periodic pension cost	$ 879,236	$ 2,781,766
Discount rate assumption used to determine the benefit obligation, as of December 31,	3.43%	4.37%
Discount rate assumption used to determine the net periodic pension cost as of December 31,	4.37%	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 $6,921,995 and $5,355,202 as of December 31, 2019 and 2018, 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, 2019 and 2018:

	2019	2018
Reconciliation of projected benefit obligation:		
Projected benefit obligation, beginning of year	$ 5,355,202	$ 5,394,765
Interest cost	209,601	176,458
Plan amendments	1,116,925	-
Actuarial loss	627,384	164,700
Benefits payments	(387,117)	(380,721)
Projected benefit obligation, end of year	$ 6,921,995	$ 5,355,202
Net periodic pension cost:		
Interest cost	$ 209,601	$ 176,458
Amortization of prior service cost	259,835	238,801
Amortization of net actuarial loss	62,173	51,342
Net periodic pension cost	$ 531,609	$ 466,601
Other changes recognized in unrestricted net assets:		
Actuarial loss	$ 627,384	$ 164,700
Prior service cost	1,116,925	-
Amortization of prior service credit	(259,835)	(238,801)
Amortization of net loss	(62,173)	(51,342)
Pension related activity other than net periodic pension cost	$ 1,422,301	$ (125,443)
Discount rate assumption used to determine the benefit obligation, as of December 31,	3.05%	4.06%
Discount rate assumption used to determine the net periodic pension cost as of December 31,	4.06%	3.39%

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, five executive managers participate in the plan. These deferred compensation arrangements total $1,689,175 and $1,955,382 as of December 31, 2019 and 2018, 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, 2019 and 2018, employee contributions totaled $18,500 and $0, 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 $18,915,411 and $15,413,435 as of December 31, 2019 and 2018, respectively.

NOTE 5 - LOANS PAYABLE

JPMorgan Chase

JDC has a credit line agreement with JPMorgan Chase in the amount of $26,500,000 in 2019 and 2018. The interest rate on the line of credit in 2019 and 2018 is LIBOR + 0.65%. During 2019 and 2018, the interest rate ranged from 2.22% to 3.33% and 2.09% to 3.04%, respectively. The line of credit is secured by JDC's investments held at JPMorgan Chase with a value at December 31, 2019 and 2018 of $51,944,124 and $41,997,704, respectively. The outstanding balance at December 31, 2019 and 2018 was $0 and $150,000, respectively. In March 2018, the line of credit was extended for three years to be renewed on March 20, 2021.

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. The line of credit is secured by JDC's investments held at Bank of America with a value as of December 31, 2019 and 2018 of $86,674,350 and $87,475,883, respectively. The interest rates on the tranches are LIBOR +0.45% for fixed income and LIBOR +0.70% for hedge funds. During 2019 and 2018, the interest rate ranged from 2.15% to 2.97%, and 2.02% to 3.05%, respectively. The outstanding balance at December 31, 2019 and 2018 was $0 and $19,000,000, respectively. In 2019, the line of credit was extended for another 2 years to be renewed on November 30, 2021.

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 2019 and 2018, the total interest rate ranged from 3.03% to 3.16% and 2.18% to 3.15%, respectively. The line is secured by JDC investments held at TD Bank with a value at December 31, 2019 and 2018 of $25,952,187 and $21,456,063, respectively. The outstanding balance at December 31, 2019 and 2018 was $0. In 2017, the line of credit was extended for another 3 years to be renewed on October 22, 2020.

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 was 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.

On July 31, 2019, JDC converted the second line of credit to a $15,000,000 term loan for 10 years to fund the renovation of the JDC building in Israel. Payments of principal and interest are due monthly in the amount of $151,641. The interest rate on the loan is 3.91% and matures on August 1, 2029. The balance of principal as of December 31, 2019 was $14,590,179. The line is secured by JDC investments held at TD Bank with a value at December 31, 2019 of $28,990,363. Future principal payments as are as follows:

2020	$ 1,262,532
2021	1,315,112
2022	1,368,205
2023	1,423,441
2024	1,479,902
2025-2029	7,740,987
	$ 14,590,179

Bank Leumi - Beit Ribakoff

Joint Israel of JDC has a loan agreement with Bank Leumi (Israel) for $840,000. The loan matured 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, 2019 and 2018 was 2.30%. Bank Leumi held a lien on an associated JDC property as collateral for this loan. The balance as of December 31, 2019 and 2018 was $21,775 and $100,387, respectively. On March 24, 2020, the loan has been fully paid and the lien duly released.

NOTE 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, 2019 were as follows:

2020	$ 1,435,919
2021	1,408,601
2022	1,450,804
2023	1,553,296
2024	1,553,296
Thereafter	47,822,879
	$ 55,224,795

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, 2019 and 2018 was $3,445,200 and $3,129,496, 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.

NOTE 7 - INVESTMENTS

The composition of JDC's investments as of December 31, 2019 and 2018 was as follows:

	2019			
	Level 1	Level 2	Level 3	Total
U.S. government and agency obligations:				
U.S. treasury bonds	$ 833,514	$ -	$ -	$ 833,514
Municipal bonds	617,600	-	-	617,600
Agency-backed bonds	1,000,970	-	-	1,000,970
Common stock	40,240,750	-	-	40,240,750
Mutual funds common stock	81,496,582	-	-	81,496,582
Mutual funds fixed income	60,347,585	-	-	60,347,585
Alternative investments:				
Private equity funds	-	-	135,613	135,613
Real estate	-	-	11,577,312	11,577,312
	$ 184,537,001	$ -	$ 11,712,925	196,249,926
Alternative investments valued at NAV				364,482,811
State of Israel bonds (at cost)				25,000
Total investments				$ 560,757,737

	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

The following tables summarize the changes in JDC's Level 3 investments for the years ended December 31, 2019 and 2018:

	2019		
	Real estate	Private equity funds	Total
Beginning of the year	$ 10,349,208	$ 228,496	$ 10,577,704
Realized and unrealized gains (losses)	1,228,104	(88,894)	1,139,210
Redemptions	-	(3,989)	(3,989)
End of the year	$ 11,577,312	$ 135,613	$ 11,712,925

	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

JDC uses the NAV 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, 2019 and 2018 which are reported at fair value using an NAV:

	2019				
	Number of funds	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Alternative investments:					
Real estate [(a)]	3	$ 1,667,447	$ 1,877,144	N/A	N/A
Hedge funds [(b)]	42	320,386,846	3,722,706	Monthly, Quarterly, Annually, 3 year lockup	10-180 days
Private equity funds [(c)]	27	40,057,098	39,689,867	N/A	N/A
Common trust funds [(d)]	7	2,371,420	-	Daily, thrice-monthly	Daily
Total		$ 364,482,811			

	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			

(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, 2019 and 2018.

2019				
Assets type	Fair value	Valuation technique	Unobservable inputs	Capitalization rate
Voting common shares	$ 11,577,312	Income approach	Capitalization rate an average of net income before taxes	10.3%

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%

Investment return consisted of the following for the years ended December 31, 2019 and 2018:

	2019	2018
Interest and dividends	$ 5,632,936	$ 4,363,328
Unrealized gains (losses) on investments	72,474,793	(46,895,238)
Realized gains on investments	9,953,542	13,827,242
	88,061,271	(28,704,668)
Unrelated business income tax refund	46,241	1,021,572
Investment fees	(3,525,995)	(2,892,703)
Total investment income (loss)	84,581,517	(30,575,799)
Less: investment return used for operations	(23,069,503)	(23,365,552)
Excess (deficiency) of investment returns, net	$ 61,512,014	$ (53,941,351)

NOTE 8 - FIXED ASSETS, NET

Fixed assets, net consisted of the following as of December 31, 2019 and 2018:

	2019			
	Cost	Accumulated depreciation	Net	Estimated useful lives
Headquarters, New York				
Leasehold improvements	$ 4,171,486	$ 944,269	$ 3,227,217	10 years
Software project costs	1,012,391	450,377	562,014	5 years
Furniture and equipment	1,241,951	613,454	628,497	5 years
Total Headquarters, New York	6,425,828	2,008,100	4,417,728	
Overseas				
Argentina				
Buildings	280,500	108,650	171,850	50 years
Israel				
Land	600,000	-	600,000	
Buildings and improvements	14,536,004	5,983,640	8,552,364	50 years
Equipment	769,124	384,190	384,934	5 years
Former Soviet Union				
Buildings	42,117,473	15,786,363	26,331,110	50 years
Furniture and equipment	1,021,203	417,725	603,478	5 years
Other Overseas Fixed Assets	1,945,889	1,217,895	727,994	5 years
Total overseas	61,270,193	23,898,463	37,371,730	
Total	$ 67,696,021	$ 25,906,563	$ 41,789,458	

	2018			
	Cost	Accumulated depreciation	Net	Estimated useful lives
Headquarters, New York				
Leasehold improvements	$ 4,171,486	$ 566,561	$ 3,604,925	10 years
Software project costs	3,062,369	1,887,881	1,174,488	5 years
Furniture and equipment	1,241,951	365,064	876,887	5 years
Total Headquarters, New York	8,475,806	2,819,506	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	$ 76,202,027	$ 28,206,001	$ 47,996,026	

During December 2019, renovations began on the office building of JDC in Jerusalem, which required employees working at this location to move to temporary offices. Accordingly, with the exception of fixed assets that were transferred to the temporary offices, all remaining assets were disposed of, which resulted in a loss on disposal of fixed assets of $4.5 million.

FSU buildings at December 31, 2019 and 2018 are stated net of impairment of $18,768 and $0, respectively. Other overseas fixed assets at December 31, 2019 and 2018 are stated net of impairment of $0 and $1,141,502, respectively. Building impairment is presented net of change in deferred tax liability in the Consolidated Statement of Functional Expenses.

Assets held for sale totaled $1,028,462 and $882,969, net of impairment of $0 and $43,380, as of December 31, 2019 and 2018, respectively. These buildings were approved by the board to be sold and are actively being marketed. During 2018, six buildings held for sale, of which three were fully depreciated, were sold, which resulted in a net gain on sale of $608,707. The rest of the buildings held for sale are still actively being marketed.

NOTE 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 3.3% to 4.4%. Included in the discount rate is a credit risk adjustment of 1.5% for fiscal years 2019 and 2018. As of December 31, 2019 and 2018, contributions receivable consisted of the following:

	2019
Amounts due in:	
2020	$ 16,245,033
2021	4,361,363
2022	2,110,481
2023	805,000
2024	255,000
Thereafter	1,140,000
	24,916,877
Less: Discount to present value	(841,815)
Less: Allowance for doubtfully collectible pledges	(1,265,814)
Contributions receivable, net	$ 22,809,248

	2018
Amounts due in:	
2019	$ 20,903,815
2020	4,727,558
2021	3,008,173
2022	2,417,224
2023	600,000
Thereafter	2,122,000
	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

NOTE 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 $4,632,249 and $4,314,791 at December 31, 2019 and 2018, 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 2.4% 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, 2019 and 2018, 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, 2019 and 2018:

	2019	2018
Beginning of the year	$ 1,666,725	$ 2,206,392
New agreements	$56,373	63,586
Payments to annuitants	(344,530)	(365,838)
Change in value due to actuarial valuations	191,125	(237,415)
End of the year	$ $1,569,693	$ 1,666,725

NOTE 11 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following as of December 31, 2019 and 2018:

	2019	2018
Liabilities in respect of programs	$ 11,172,581	$ 11,859,101
Wohl Charitable Foundation grants payable	5,937,179	8,210,101
Deferred rent	3,563,386	3,172,501
Deferred grant revenue	2,673,325	445,659
Liabilities to Government of Israel	1,177,726	743,698
Other	6,565,533	5,286,581
	$ 31,089,730	$ 29,717,641

NOTE 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.

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

	2019	2018
	US$	US$
Income tax - current year	$ 29,284	$ 70,275
Charge for the year	$ 29,284	$ 70,275

AREC is subject to corporate tax on its taxable profits at the rate of 12.5% in 2019 and 2018. 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, 2019 and 2018:

	2019	2018
Russia	20%	20%
Ukraine	18%	18%

The open tax years of the head office and its branches as of December 31, 2019 are as follows:

Head Office	2011 - 2019
Moscow Branch	2017 - 2019
St. Petersburg Branch	2017 - 2019
Ukraine Branch	2017 - 2019

NOTE 13 - NET ASSETS WITHOUT DONOR RESTRICTIONS

	2019	2018
Undesignated	$ 114,303,462	$ 88,058,545
Board-designated funds	48,922,326	39,799,283
Plant funds	40,167,393	47,309,294
	$ 203,393,181	$ 175,167,122

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.

NOTE 14 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2019 and 2018, 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:

	2019		
	Donor-restricted for time or purpose	Endowment funds maintained in perpetuity	Total
Saving Jewish lives	$ 66,233,811	$ 5,245,515	$ 71,479,326
Building Jewish life	39,057,342	10,259,529	49,316,871
Research institutes in Israel	58,899,715	6,400,000	65,299,715
Awaiting appropriation for program	25,751,151	31,670,797	57,421,948
Restricted for time	6,844,182	421,184	7,265,366
Wohl Charitable Foundation and other consolidated entities	182,231,835	-	182,231,835
	$ 379,018,036	$ 53,997,025	$ 433,015,061

	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

During the years ended December 31, 2019 and 2018, net assets with donor restrictions were released from restrictions by incurring expenses satisfying the following restricted purposes:

	2019	2018
Saving Jewish lives	$ 36,665,960	$ 39,877,699
Building Jewish life	36,579,466	47,484,112
Other	3,473,842	2,399,335
	$ 76,719,268	$ 89,761,146

NOTE 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 following tables summarize endowment net asset composition by type of fund as of December 31, 2019 and 2018.

	2019		
	Without donor restrictions (Board designated)	With donor restrictions (Endowment funds and accumulations)	Total
Endowment net assets, beginning of year	$ 39,799,284	$ 63,916,251	$ 103,715,535
Investment gain	4,656,381	9,815,315	14,471,696
Contributions and board designations	7,571,908	4,824,211	12,396,119
Actuarial loss on annuity obligations	-	(45,019)	(45,019)
Appropriation of endowment assets for expenditure and reclassifications	(3,105,247)	(2,660,810)	(5,766,057)
Endowment net assets, end of year	$ 48,922,326	$ 75,849,948	$ 124,772,274

	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 and reclassifications	(1,494,647)	(2,173,908)	(3,668,555)
Endowment net assets, end of year	$ 39,799,284	$ 63,916,251	$ 103,715,535

NOTE 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.

	2019	2018
Financial assets (excluding Wohl Charitable Foundation):		
Cash and cash equivalents	$ 54,219,834	$ 39,565,397
Investments	400,353,315	346,014,937
Due from broker	2,861,886	929,937
Grants receivable	39,545,473	22,718,376
Contributions receivable, net	22,809,248	31,216,607
Total financial assets, end of year	519,789,756	440,445,254
Less:		
Contractual, legal, or donor-imposed restrictions:		
Endowment funds maintained in perpetuity:		
Contributions receivable	1,985,230	2,561,557
Investments	52,257,567	46,853,616
	54,242,797	49,415,173
Donor-restricted funds for time and purpose:		
Contributions receivable restricted for time	6,590,029	9,547,963
Investments of JDC Support Foundations and Myers-JDC Brookdale Institute	24,765,168	21,926,249
Investments for split-interest agreements	3,829,916	3,824,418
Donor-advised funds	3,381,901	3,253,739
	38,567,014	38,552,369
Other:		
Investments restricted by lender as collateral	150,934,487	111,997,704
Investments held on behalf of other entities	2,916,659	17,465,314
	153,851,146	129,463,018
Total amounts unavailable for general expenditures within one year	$ 246,660,957	$ 217,430,560
Total amounts available for general expenditures before Board designations	273,128,799	223,014,694
Board designations:		
Funds functioning as endowments (quasi-endowments)	48,922,326	39,799,284
Total amounts unavailable to management without Board approval	48,922,326	39,799,284
Total financial assets available to meet cash needs for general expenditures within one year after Board designations	$ 224,206,473	$ 183,215,410

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 $101,500,000 in 2019 and $120,000,000 in 2018, 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, 2019 and 2018, the total outstanding balances on these three lines of credits were $0 and $19,150,000, 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 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.

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.

NOTE 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 $121,047,206 and $103,708,410 during 2019 and 2018, 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.

ALFANAR - 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.

JDC incurred expenditures for expenses by ALFANAR, net of reimbursements, of $9,947,252 and $15,032,115 during 2019 and 2018, respectively. JDC incurred expenditures for expenses by HOTAM, net of reimbursements, of $6,104,910 and $5,493,573 during 2019 and 2018, respectively.

After considering the effect of the merger of Eshel, Ashalim, and Tevet as if it had occurred on January 1, 2018, JDC's pro forma revenues, gains, and other support for the years ended December 31, 2019 and 2018 would be $376.67M and $364.82M, respectively; and JDC's pro forma changes in net assets, would be $91.89M and ($53.54M), respectively.

Included in due to others in the accompanying consolidated statements of financial position is $0 and $14,900,967 held on behalf of ESHEL and $2,916,659 and $2,564,347 held on behalf of other entities for a total of $2,916,659 and $17,465,314 as of December 31, 2019 and 2018, respectively.

NOTE 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 disabled, special education needs, 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, 2019 and 2018, the Foundation gave grants totaling $0 and $21,050,000, 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.