

Financial Statements and Report of  
Independent Certified Public  
Accountants

**American Jewish World Service, Inc.**

For the year ended April 30, 2020, with  
summarized comparative information for the year  
ended April 30, 2019

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## Report of Independent Certified Public Accountants

To the Board of Trustees of  
**American Jewish World Service, Inc.:**

We have audited the accompanying financial statements of American Jewish World Service, Inc. ("AJWS"), which comprise the statement of financial position as of April 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's responsibility for the financial statements**

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

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to AJWS's preparation and fair presentation of the 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 AJWS'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 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 financial statements referred to above present fairly, in all material respects, the financial position of American Jewish World Service, Inc. as of April 30, 2020, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other matter**

We have previously audited AJWS's 2019 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2019. In our opinion, the accompanying summarized comparative information as of and for the year ended April 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Grant Thornton LLP*

New York, New York  
October 5, 2020

**American Jewish World Service, Inc.**

**Statement of Financial Position**

**As of April 30, 2020, with summarized comparative information as of April 30, 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,837,309	\$ 6,167,601
Contributions receivable, net	17,250,703	21,610,112
Investments, at fair value	24,058,381	21,099,354
Prepaid expenses and other assets	826,791	680,438
Property and equipment, net	1,443,801	1,081,678
Total assets	\$ 54,416,985	\$ 50,639,183
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,062,138	\$ 794,112
Grants payable	2,428,537	3,205,198
Loan payable	2,132,540	-
Deferred rent	971,509	868,293
Unearned revenue	88,227	254,891
Charitable gift annuity obligations	361,468	187,297
Total liabilities	7,044,419	5,309,791
 <b>Commitments and contingencies</b>		
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	4,468,128	2,026,487
Designated for donor-advised fund	1,781,803	653,383
Board-designated for reserve fund	14,645,105	12,096,982
Board-designated for working capital fund	4,022,449	3,993,375
Total without donor restrictions	24,917,485	18,770,227
With donor restrictions	22,455,081	26,559,165
Total net assets	47,372,566	45,329,392
Total liabilities and net assets	\$ 54,416,985	\$ 50,639,183

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

American Jewish World Service, Inc.

Statement of Activities

For the year ended April 30, 2020, with summarized comparative information for the year ended April 30, 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUES AND SUPPORT</b>				
Contributions:				
Individuals	\$ 15,204,126	\$ 4,497,043	\$ 19,701,169	\$ 18,169,387
Donor-advised fund	3,240,000	-	3,240,000	3,438,300
Bequests	662,664	100	662,764	832,342
Foundations and corporations	1,246,364	18,568,757	19,815,121	15,920,921
Government agencies	585,474	-	585,474	331,447
Donated services and goods	558,018	-	558,018	404,449
Investment return, net of expenses of \$65,113 in 2020 and \$64,857 in 2019	61,230	(699)	60,531	710,604
Study tour fees and miscellaneous revenue	410,449	331	410,780	420,192
Net assets released from restrictions				
Satisfaction of purpose restrictions	23,930,866	(23,930,866)	-	-
Satisfaction of time restrictions	3,238,750	(3,238,750)	-	-
<b>Total revenues and support</b>	<b>49,137,941</b>	<b>(4,104,084)</b>	<b>45,033,857</b>	<b>40,227,642</b>
Program services:				
Programs	27,771,197	-	27,771,197	30,122,911
Communications	3,591,083	-	3,591,083	3,587,028
Strategic learning, research and evaluation	2,361,018	-	2,361,018	2,352,068
<b>Total program services expenses</b>	<b>33,723,298</b>	<b>-</b>	<b>33,723,298</b>	<b>36,062,007</b>
Supporting services:				
Management and general	2,949,978	-	2,949,978	2,635,522
Fundraising	6,317,407	-	6,317,407	5,595,828
<b>Total supporting services expenses</b>	<b>9,267,385</b>	<b>-</b>	<b>9,267,385</b>	<b>8,231,350</b>
<b>Total expenses</b>	<b>42,990,683</b>	<b>-</b>	<b>42,990,683</b>	<b>44,293,357</b>
<b>Change in net assets</b>	<b>6,147,258</b>	<b>(4,104,084)</b>	<b>2,043,174</b>	<b>(4,065,715)</b>
<b>NET ASSETS</b>				
Beginning of year	18,770,227	26,559,165	45,329,392	49,395,107
End of year	<u>\$ 24,917,485</u>	<u>\$ 22,455,081</u>	<u>\$ 47,372,566</u>	<u>\$ 45,329,392</u>

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

American Jewish World Service, Inc.

Statement of Functional Expenses

For the year ended April 30, 2020, with summarized comparative information for the year ended April 30, 2019

	2020							2019 Total	
	Programs	Communications	Strategic Learning, Research and Evaluation	Program Services Total	Management and General	Fundraising	Supporting Services Total		Total
Salaries and benefits	\$ 6,428,196	\$ 2,102,510	\$ 1,035,778	\$ 9,566,484	\$ 1,897,823	\$ 3,602,745	\$ 5,500,568	\$ 15,067,052	\$ 14,148,224
Program grants (donor-advised)	2,079,915	-	-	2,079,915	-	-	-	2,079,915	5,380,000
Program grants (non donor-advised)	15,311,378	-	679,755	15,991,133	-	-	-	15,991,133	15,695,810
Professional services	1,421,782	391,021	361,790	2,174,593	420,204	808,470	1,228,674	3,403,267	2,748,688
Conferences, meetings and travel	916,795	96,966	77,712	1,091,473	130,204	163,119	293,323	1,384,796	1,531,095
Occupancy	732,837	244,926	90,948	1,068,711	196,107	420,151	616,258	1,684,969	1,658,792
Telecommunications and systems applications	372,624	178,971	43,499	595,094	85,236	257,790	343,026	938,120	859,263
Printing and publications	28,070	55,558	573	84,201	7,951	474,734	482,685	566,886	542,827
Office supplies and other office expenses	108,715	50,816	15,070	174,601	32,563	65,296	97,859	272,460	268,124
Insurance	50,119	14,344	6,281	70,744	11,479	25,229	36,708	107,452	117,842
Postage	3,930	10,243	422	14,595	3,164	220,695	223,859	238,454	239,152
Dues and subscriptions	35,317	18,669	17,257	71,243	30,363	34,473	64,836	136,079	129,788
Advertising and promotion	12,642	383,952	584	397,178	1,276	58,009	59,285	456,463	328,965
Bad debt recovery	-	-	-	-	12,244	-	12,244	12,244	(50,065)
Depreciation and amortization	102,436	34,138	13,623	150,197	27,327	59,854	87,181	237,378	233,811
Other fees	153,904	7,856	16,147	177,907	91,411	73,544	164,955	342,862	365,351
Miscellaneous	12,537	1,113	1,579	15,229	2,626	53,298	55,924	71,153	95,690
Subtotal	27,771,197	3,591,083	2,361,018	33,723,298	2,949,978	6,317,407	9,267,385	42,990,683	44,293,357
Investment management fee	-	-	-	-	65,113	-	65,113	65,113	64,857
Total	\$ 27,771,197	\$ 3,591,083	\$ 2,361,018	\$ 33,723,298	\$ 3,015,091	\$ 6,317,407	\$ 9,332,498	\$ 43,055,796	\$ 44,358,214

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

**American Jewish World Service, Inc.**

**Statement of Cash Flows**

**For the year ended April 30, 2020,  
with summarized comparative information for the year ended April 30, 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 2,043,174	\$ (4,065,715)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Change in present value discount on contributions receivable	(29,434)	(132,823)
Change in allowance for doubtful accounts	12,244	(50,065)
Depreciation and amortization	237,378	233,811
Net realized and unrealized losses (gains) on investments	574,759	(226,203)
Actuarial loss on charitable gift annuity obligation	13,160	18,441
Changes in operating assets and liabilities		
Decrease in contributions receivable	4,376,599	5,675,497
(Increase) decrease in prepaid expenses and other assets	(146,353)	140,617
Increase in accounts payable and accrued expenses	268,026	248,406
Decrease in grants payable	(776,661)	(3,169,903)
Increase in deferred rent	103,216	136,585
(Decrease) increase in unearned revenue	(166,664)	146,729
Net cash provided by (used in) operating activities	6,509,444	(1,044,623)
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(599,501)	(427,325)
Purchases of investments	(50,449,181)	(32,204,797)
Proceeds from sale of investments	46,915,395	25,881,298
Net cash used in investing activities	(4,133,287)	(6,750,824)
<b>Cash flows from financing activities:</b>		
Loan payable	2,132,540	-
Contributions subject to charitable gift annuity obligation	191,613	-
Payment on obligations under charitable gift annuity obligation	(30,602)	(25,851)
Net cash provided by (used in) financing activities	2,293,551	(25,851)
Net increase (decrease) in cash and cash equivalents	4,669,708	(7,821,298)
<b>Cash and cash equivalents at beginning of year</b>	6,167,601	13,988,899
<b>Cash and cash equivalents at end of year</b>	\$ 10,837,309	\$ 6,167,601

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

**AMERICAN JEWISH WORLD SERVICE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**April 30, 2020 and 2019**

**NOTE 1 - ORGANIZATION**

American Jewish World Service, Inc. ("AJWS"), a not-for-profit organization incorporated under the laws of the State of New York, is the leading Jewish organization working to fight poverty and pursue justice in the developing world. By supporting hundreds of social change organizations in 19 countries, we respond to the most pressing issues of our time - from disasters, genocide and hunger, to the persecution of women and minorities worldwide. AJWS's international grantmaking and U.S. advocacy focus on four central issues that we believe are key to securing human rights and ending poverty: advancing sexual health and rights; promoting civil and political rights; defending land, water and climate justice; and aiding communities in the aftermath of disasters. AJWS pursues lasting change by supporting grassroots and global human rights organizations in Africa, Asia, Latin America and the Caribbean and by mobilizing supporters in the United States to advocate for global justice. With Jewish values and a global reach, AJWS is making a difference in millions of lives and bringing a more just and equitable world closer for all.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

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

***Net Asset Classification***

AJWS classifies its net assets in the following categories:

***Net Assets Without Donor Restrictions***

Net assets without donor restrictions include funds that have not been restricted by an outside donor and are therefore available for use in carrying out the general operations of AJWS. Net assets without donor restrictions may be designated for specific purposes by actions of the Board of Trustees (Note 9).

***Net Assets With Donor Restrictions***

Net assets with donor restrictions include funds that have been restricted by donor-imposed stipulations and either expire with the passage of time or can be fulfilled and removed by actions of AJWS pursuant to stipulations (see Note 7). When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net asset released from restrictions.

Net assets with donor restrictions also include donor-imposed restrictions that stipulate that resources be maintained in perpetuity, but permit AJWS to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes (Note 15).

***Cash and Cash Equivalents***

AJWS maintains cash in bank accounts which, at times, may exceed federally insured limits. AJWS has not experienced any losses in such accounts.

For the purpose of the statements of cash flows, AJWS considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**AMERICAN JEWISH WORLD SERVICE, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**April 30, 2020 and 2019**

***Investments***

Investments are stated at fair value in the accompanying statement of financial position. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains and losses on sale of investments are calculated on the basis of specific identification of the securities sold and included within investment returns in the accompanying statement of activities. Purchases and sales of investments are recorded on a trade-date basis.

***Property and Equipment***

AJWS's policy for capitalization of property and equipment is limited to purchases of \$1,000 or more. Property and equipment (consisting of leasehold improvements, furniture and office equipment and website) are recorded at cost or, if donated, at fair value at the date of donation. Depreciation and amortization are recorded using the straight-line method over the lesser of the estimated useful lives of the assets or lease term.

***Revenue Recognition***

AJWS recognizes revenue from contributions in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, AJWS evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, AJWS applies guidance under FASB Accounting Standards Codification ("ASC") 606. If the transfer of assets is determined to be a contribution, AJWS evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before AJWS is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

AJWS reports gifts of cash and other assets as restricted support 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 the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional promises due in less than one year are recorded at their net realizable value. Unconditional promises to give due in one year or more are recorded at the present value of their net realizable value, using a discount rate, which also considers the credit risk factors of the donor at the time the promise is received. Amortization of the discount is offset against contributions revenue. An allowance for doubtful contributions received is provided by management based upon AJWS's experience with the donors and their ability to pay.

Study tour fees are recognized in the period the trip takes place. Study tour fees received in advance are recognized as unearned revenue.

AJWS receives certain contributed services and materials that meet the criteria established by ASC 958 for recognition as contributions (Note 14).

***Expenses***

The costs of providing program services and supporting services have been allocated among functional categories depending upon the ultimate purpose of the expense. Functional expenses that are not

**AMERICAN JEWISH WORLD SERVICE, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**April 30, 2020 and 2019**

exclusively attributable to program services or supporting services have been allocated by management among the program and supporting services benefited based on time and effort.

Grants are recorded as an expense and a payable when grants are approved and communicated to the grantees. All grants payable are expected to be paid within the following year except for approximately \$70,000, which is expected to be paid in fiscal year 2022.

***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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Comparative Information***

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with AJWS's financial statements for the year ended April 30, 2019, from which the summarized information was derived.

***Reclassification***

Certain 2019 amounts have been reclassified, to conform with the financial statement presentation used in 2020. Such reclassifications had no effect on the 2019 totals reported for assets, liabilities, net assets, revenues, expenses, and change in net assets.

***Fair Value Measurement***

AJWS applies FASB ASC 820, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles. ASC 820 applies to all financial instruments measured and reported on a fair value basis.

As defined in ASC 820, fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, AJWS uses various methods, including market price, income and cost approaches. Based on these approaches, AJWS often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. AJWS utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, AJWS is required to provide the following information according to the fair value hierarchy, which assess the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1 - Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 - Observable inputs other than Level 1, including quoted prices for similar assets or liabilities quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or that can be derived principally from or corroborated by observable market data.

**AMERICAN JEWISH WORLD SERVICE, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**April 30, 2020 and 2019**

Level 3 - Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

For the years ended April 30, 2020 and 2019, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is based on quoted market prices, when available, or bid or evaluation prices provided by recognized broker-dealers.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. AJWS's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

***Income Taxes***

AJWS 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 consolidated 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.

AJWS is exempt from federal income tax under Internal Revenue Code (the "Code") 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. AJWS has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business 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. AJWS has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. In addition, AJWS has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

***Subsequent Events***

AJWS evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was October 5, 2020.

***Recently Issued Accounting Standards***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. AJWS is currently evaluating the impact of the adoption of the new standard on its financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and

**AMERICAN JEWISH WORLD SERVICE, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**April 30, 2020 and 2019**

either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. For contributions made, this update is effective for the fiscal year beginning May 1, 2020. AJWS is currently evaluating the new guidance and has not determined the impact this standard may have on the financial statements nor decided upon the method of adoption.

**NOTE 3 - CONTRIBUTIONS AND CONTRIBUTIONS RECEIVABLE, NET**

Contributions receivable are expected to be collected as follows:

	<u>2020</u>	<u>2019</u>
Within one year	\$ 14,124,029	\$ 16,682,828
One to five years	<u>3,298,000</u>	<u>5,115,800</u>
	17,422,029	21,798,628
Less: discount to present value at rates ranging from 0.76% to 2.60%	(50,135)	(79,569)
Allowance for uncollectibles	<u>(121,191)</u>	<u>(108,947)</u>
	<u>\$ 17,250,703</u>	<u>\$ 21,610,112</u>

In addition to the contributions receivable above, certain donors provided conditional contributions or have confirmed their intentions to recommend approximate annual contributions over a period of one to ten years, as follows:

	<u>2020</u>	<u>2019</u>
Conditional receivables	<u>\$ 3,490,000</u>	<u>\$ 4,256,000</u>

These anticipated contributions have not been recognized in the accompanying financial statements, as they do not meet the criteria for recognition of contributions revenue under FASB ASC 958-605.

A significant portion of AJWS's total revenues and support, excluding donated services and goods, were provided by a single donor during the year ended April 30, 2020, and a single donor during the year ended April 30, 2019. These contributions amounted to 34% and 38%, respectively, of total revenues and support when donor-advised funds from one of the donors is included. When donor-advised contributions are excluded, such percentages were 30% and 33%, respectively.

A significant portion of AJWS's total gross contributions receivable balances were provided by two donors as of April 30, 2020, which amounted to \$10,087,483, and three donors as of April 30, 2019, which amounted to \$15,954,000. These contributions represent 58% and 73% of the gross contributions receivable as of April 30, 2020 and 2019, respectively.

**AMERICAN JEWISH WORLD SERVICE, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**April 30, 2020 and 2019**

**NOTE 4 - INVESTMENTS AT FAIR VALUE**

Investments, at fair value consisted of the following as of April 30, 2020 and 2019:

Description	2020 Quoted Prices in Active Markets for Identical Assets (Level 1)	2019 Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments		
Money market funds	\$ 1,308,589	\$ 7,993
Exchange-traded funds	7,319,663	5,893,986
Mutual funds	15,430,129	13,179,143
Government securities	-	2,018,232
Total	\$ 24,058,381	\$ 21,099,354

Money market funds, exchange-traded funds and mutual funds listed on a national securities exchange are stated at the last reported sales, trade or evaluation price on the day of valuation.

Investments in fixed income securities, including U.S. government debt, are stated at the last reported sales price on the day of valuation. Where no last sales price was recorded on that date, the last quoted bid or evaluation price was used.

The components of investment return, net of expenses follow:

	2020	2019
Interest and dividend income	\$ 700,403	\$ 549,258
Realized losses	(659,059)	(77,724)
Unrealized gains	84,300	303,927
Management fees	(65,113)	(64,857)
	\$ 60,531	\$ 710,604

**AMERICAN JEWISH WORLD SERVICE, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**April 30, 2020 and 2019**

**NOTE 5 - PROPERTY AND EQUIPMENT, NET**

At April 30, 2020 and 2019, property and equipment, at cost, consisted of the following:

	Depreciation/ Amortization Period	2020	2019
		<u>          </u>	<u>          </u>
Computer equipment	3-5 years	\$ 278,103	\$ 260,409
Computer software	3-7 years	941,587	634,391
Website	4 years	226,400	226,400
Office equipment	5-15 years	302,864	260,462
Office furniture	5-15 years	803,156	767,505
Leasehold improvements	Lease term	<u>2,157,339</u>	<u>2,053,229</u>
		4,709,449	4,202,396
Less: Accumulated depreciation and amortization		<u>(3,265,648)</u>	<u>(3,120,718)</u>
Property and equipment, net		<u>\$ 1,443,801</u>	<u>\$ 1,081,678</u>

Depreciation and amortization expense is as follows for the years ended April 30, 2020 and 2019:

	2020	2019
	<u>          </u>	<u>          </u>
Depreciation and amortization expense	\$ 237,378	\$ 233,811

**NOTE 6 - CHARITABLE GIFT ANNUITY OBLIGATIONS**

AJWS has an established gift annuity program, whereby donors may contribute assets to AJWS in exchange for the right to receive a fixed-dollar annual return during their lifetimes. The difference between the amount provided for the gift annuities and the present value of the liabilities for future payments, determined on an actuarial basis, is recognized as a contribution without donor restrictions on the date of the gift and, therefore, is considered a charitable contribution for the respective donor's income tax purposes. Such liabilities are adjusted annually, based on actuarially determined mortality rates and risk adjusted discount rates. The discount rates used were 4.0% to 10.4% in 2020 and 2019, respectively. Gains and losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset category in the accompanying statement of activities.

AJWS's assets associated with these charitable gift annuity agreements are included in the accompanying statement of financial position as investments and cash and cash equivalents.

**AMERICAN JEWISH WORLD SERVICE, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**April 30, 2020 and 2019**

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

At April 30, 2020 and 2019, net assets with donor restrictions consisted of and were restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
Programs	\$ 13,492,719	\$ 17,381,117
Communications	500,000	920,065
Strategic learning, research and evaluation	100,000	305,923
Management and general	700,000	700,000
Fundraising	750,000	824,272
Time-restricted (for board-designated reserve fund)	3,785,400	4,603,727
Time-restricted (for general support)	2,707,706	1,407,266
Family philanthropy funds	405,472	402,980
Donor-restricted endowment (Note 15)	13,784	13,815
	<u>\$ 22,455,081</u>	<u>\$ 26,559,165</u>

Net assets released from restrictions consisted of the following for the years ended April 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Programs	\$ 21,326,173	\$ 20,038,432
Communications	920,065	1,046,911
Strategic learning, research and evaluation	305,923	445,759
Management and general	700,000	575,989
Fundraising	675,000	459,033
Family philanthropy funds	3,705	14,900
	<u>23,930,866</u>	<u>22,581,024</u>
Time-restricted (for board-designated reserve fund)	1,037,312	522,400
Time-restricted (for general support)	2,201,438	1,620,444
	<u>3,238,750</u>	<u>2,142,844</u>
	<u>\$ 27,169,616</u>	<u>\$ 24,723,868</u>

**AMERICAN JEWISH WORLD SERVICE, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**April 30, 2020 and 2019**

**NOTE 8 - JOINT COSTS**

AJWS produced several publications to educate the public that included appeals for contributions. Joint costs were incurred and allocated as follows for the years ended April 30, 2020 and 2019:

	2020	2019
Programs	\$ 73,830	\$ 18,099
Communications	108,018	100,464
Management and general	8,788	16,002
Fundraising	306,941	34,101
	<u>\$ 497,577</u>	<u>\$ 168,666</u>

**NOTE 9 - BOARD-DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions represent expendable funds that are available for support of AJWS's operations. Net assets without donor restrictions include amounts that the board designated for a reserve fund and a working capital fund.

The reserve fund is a distinct pool of liquid assets that AJWS can, with Board approval, access to ensure the sustainability of its programs and to pursue opportunities of strategic importance. It was created to cover at least six months of operational and grant expenses, and AJWS may use both the principal and earnings of the reserve fund to mitigate unexpected losses and undesirable financial events. In addition, AJWS expects to add \$3,785,400 to the reserve fund when pledges come due and are collected, which are currently included in net assets with donor restrictions as time-restricted for board-designated reserve fund (Note 7).

The working capital fund is to be used to cover expenses when AJWS anticipates receiving replacement funds later in the same fiscal year. The anticipated replacement funds are expected either based on a pledge due later in the fiscal year and/or from renewal gifts. The working capital fund is different from the reserve fund as the latter may be used only in the case of organizational emergencies or significant organizational opportunities. The total amounts designated by the Board of Trustees for reserve fund and working capital fund were as follows as of April 30, 2020 and 2019:

	2020	2019
Board-designated for reserve fund	\$ 14,645,105	\$ 12,096,982
Board-designated for working capital fund	4,022,449	3,993,375
	<u>\$ 18,667,554</u>	<u>\$ 16,090,357</u>

**NOTE 10 - DONOR-ADVISED FUND**

AJWS administers a donor-advised fund (the "Fund") within the meaning of Section 4966(d)(2) of the Internal Revenue Code of 1986, for the purpose of facilitating grants to non-U.S. grantee organizations. The Fund is owned and controlled by AJWS, which serves as the "sponsoring organization" of the Fund within the meaning of Code Section 4966(d)(1). The assets of the Fund include the initial gift made upon its creation and any subsequent gifts. The Fund's assets are held as cash or cash equivalents, with any earnings from the investment of the assets of the Fund transferred to AJWS for its own charitable purposes

**AMERICAN JEWISH WORLD SERVICE, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**April 30, 2020 and 2019**

and operations. AJWS makes grants from the Fund based on donor recommendations; however, AJWS has full discretion to accept or reject a grant recommendation.

Revenue for grant purposes was as follows for the years ended April 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Donor-advised fund	<u>\$ 3,240,000</u>	<u>\$ 3,438,300</u>

Grants expense from the Fund follows for the years ended April 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Program grants (donor-advised)	<u>\$ 2,079,915</u>	<u>\$ 5,380,000</u>

**NOTE 11 - 403(B) PLAN**

AJWS established a 403(b) plan, available to all eligible employees who qualify, under Section 401(a) of the Code. AJWS also makes a safe-harbor matching contribution to each participant who makes salary deferrals to the plan. Employer contributions under the plan are as follows for the years ended April 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Employer 403(b) plan contributions	<u>\$ 421,582</u>	<u>\$ 375,291</u>

**NOTE 12 - CONDITIONAL GRANTS AND CONTINGENCIES**

In 2020 and 2019, the donor-advised fund awarded certain conditional grants to various grantee organizations. The remaining portions of these grants are conditional to AJWS's determination of the grantees' proper use of the previously distributed funds as well as sufficient funds being on deposit with AJWS. Conditional grants as of April 30, 2020 and 2019 amounted to approximately \$1,700,000 and \$1,100,000, respectively.

Various claims and regulatory reviews may arise in the ordinary course of AJWS's activities. Based upon information currently available, management believes that such matters, if any, will not have a material effect on the financial position or operations of AJWS.

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**April 30, 2020 and 2019**

**NOTE 13 - COMMITMENTS**

AJWS leases its office spaces under several noncancelable operating leases that have various expiring terms, with the latest expiring in June 2032. Rents under these leases are subject to escalations for their share of increases in real estate taxes. AJWS subleased part of its office space under noncancelable operating leases. Sublease income under the leases amounted to approximately \$156,000 for the year ended April 30, 2020. Minimum future obligations under the leases, net of sublease income and exclusive of required payments for increases in real estate taxes, follow:

	<u>Gross Rent</u>	<u>Sublease</u>	<u>Net Total</u>
Years ending April 30:			
2021	\$ 1,306,080	\$ (179,934)	\$ 1,126,146
2022	1,301,166	(89,488)	1,211,678
2023	1,288,051	-	1,288,051
2024	1,226,971	-	1,226,971
2025	1,196,234	-	1,196,234
Thereafter	9,253,896	-	9,253,896
	<u>\$ 15,572,398</u>	<u>\$ (269,422)</u>	<u>\$ 15,302,976</u>

Rent expense under these leases (inclusive of escalations) charged to operations amounted to approximately \$1,433,000 and \$1,417,000 for the years ended April 30, 2020 and 2019, respectively.

For financial statement purposes, rent expense is recognized on a straight-line basis over the term of the lease. The difference between rental payments made under these leases and rent expense calculated on a straight-line basis is reflected in the accompanying statement of financial position as deferred rent.

**NOTE 14 - DONATED SERVICES AND GOODS**

AJWS received specialized service volunteers and donated goods, which are recorded in the accompanying financial statements at their approximate fair values, as follows, for the years ended April 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Donated legal services	\$ 181,751	\$ 96,545
Donated online-advertisement service	343,243	274,592
Donated computer software	33,024	33,312
	<u>\$ 558,018</u>	<u>\$ 404,449</u>

**NOTE 15 - ENDOWMENTS**

AJWS is subject to the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), and has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. AJWS classifies as net assets with donor restrictions: (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the

**AMERICAN JEWISH WORLD SERVICE, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**April 30, 2020 and 2019**

applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund includes the accumulated unspent earnings on the donor-restricted endowment fund that remains within net assets with donor restrictions until those amounts are appropriated for expenditure by AJWS in a manner consistent with the standard of prudence prescribed by NYPMIFA.

AJWS's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. The Board of Trustees has determined that when AJWS receives a contribution and the donor restricts AJWS from spending the principal, New York law requires AJWS to maintain the original historical dollar value of the contribution received as an endowment. This amount and income from interest and dividends are recorded as net assets with donor restrictions.

AJWS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that AJWS must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that provide a high total return (income and capital gains) over the long term, consistent with the preservation of principal. AJWS expects that earnings growth will match or exceed inflation and that the real (i.e., inflation-adjusted) value of the endowment will be maintained. Actual returns in any given year may vary.

To satisfy its long-term rate-of-return objectives, AJWS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

AJWS's Board of Trustees determines the amount of appropriation each year. In establishing this policy, AJWS considered the long-term expected return on its endowment. Accordingly, over the long term, AJWS expects the current spending policy to support the objective of maintaining the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of April 30, 2020 and 2019 is as follows:

	2020		2019	
	<u>With Donor Restrictions</u>	<u>Total</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 13,785</u>	<u>\$ 13,785</u>	<u>\$ 13,815</u>	<u>\$ 13,185</u>

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**April 30, 2020 and 2019**

Changes in endowment net assets for the years ended April 30, 2020 and 2019 are as follows:

	With Donor Restrictions	Total
Endowment net assets, April 30, 2018	\$ 12,903	\$ 12,903
Investment return		
Investment income	507	507
Unrealized and realized gains	430	430
Total investment return	937	937
Investment expenses		
Management fee	(25)	(25)
Endowment net assets, April 30, 2019	13,815	13,815
Investment return		
Investment income	435	435
Unrealized and realized losses	(436)	(436)
Total investment return	(1)	(1)
Investment expenses		
Management fee	(29)	(29)
Endowment net assets, April 30, 2020	\$ 13,785	\$ 13,785

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**April 30, 2020 and 2019**

**NOTE 16 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

AJWS receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions as well as support without donor restrictions. AJWS regularly monitors the availability of resources required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. AJWS's financial assets available within one year of April 30, 2020 and 2019 for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 10,837,309	\$ 6,167,601
Contributions receivable, gross	17,422,029	21,798,628
Investments, at fair value	24,058,381	21,099,354
Other assets	<u>39,352</u>	<u>30,602</u>
 Total financial assets available	 <u>52,357,071</u>	 <u>49,096,185</u>
Less:		
Contractual, legal or donor-imposed restrictions:		
Amounts subject to board appropriation (board-designated for reserve fund and board-designated for working capital fund)	18,667,554	16,090,357
Amounts reserved for donor-advised fund	655,558	200,000
Amounts reserved for charitable gift annuity obligation	701,455	427,567
Satisfaction of donor restrictions	<u>8,999,780</u>	<u>10,934,795</u>
 Total amounts unavailable for general expenditures within one year	 <u>29,024,347</u>	 <u>27,652,719</u>
 Total financial assets available within one year to meet general expenditures	 <u>\$ 23,332,725</u>	 <u>\$ 21,443,466</u>

As part of AJWS's liquidity management, AJWS structures its financial assets to be available as its general operations, liabilities, and other obligations require. To manage its liquidity, AJWS operates within a prudent range of financial soundness and stability and maintains adequate liquid assets to fund near term operating needs and continues to build its reserves to provide reasonable assurance that long term obligations will be met.

**NOTE 17 - SELF-INSURED UNEMPLOYMENT**

AJWS is required to provide for unemployment claims for former employees by making payments to a state unemployment insurance program or by self-insurance. Since January 2014, AJWS is self-insured for unemployment claims under a plan monitored by a third-party administrator. Annually, the administrator determines AJWS's required contributions to the plan to pay future unemployment claims as they arise. AJWS had a plan balance of approximately \$136,700 and \$120,600 at April 30, 2020 and 2019, respectively, which is included in prepaid expenses and other assets in the accompanying statement of financial position.

In accordance with US GAAP, AJWS is required to accrue for expected future claims during the period of employment of those eligible to make unemployment claims. As of April 30, 2020, AJWS had recognized a

**AMERICAN JEWISH WORLD SERVICE, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**April 30, 2020 and 2019**

liability and expense of approximately \$82,000 for possible future claims, which is included in accounts payable and accrued expenses in the accompanying statement of financial position.

**NOTE 18 - LOAN PAYABLE**

On March 13, 2020, the United States declared a national emergency over the COVID-19 pandemic, and the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was passed by Congress and signed into law on March 27, 2020. The CARES Act was created to provide economic assistance for American workers, families, and small businesses, and preserve jobs in the United States. Under the CARES Act, the Department of Treasury implemented the Small Business Administration's ("SBA") Payroll Protection Program ("PPP"), which provides loans for businesses, nonprofits and other organizations with 500 or fewer employees that meet specific eligibility requirements. Under the Act, SBA may forgive loans if beneficiary organizations meet the criteria determined by the SBA. On April 6, 2020, AJWS applied for the SBA's PPP and was granted approval. AJWS received loan proceeds totaling \$2,132,540 on April 10, 2020. AJWS is accounting for the loan monies received as a loan payable until such time the conditions for recognition as revenue have been satisfied.