



**WORLD JEWISH CONGRESS
(AMERICAN SECTION), INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2016 and 2015

INDEPENDENT AUDITORS' REPORT

Board of Directors
World Jewish Congress (American Section), Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the World Jewish Congress (American Section), Inc. (the "American Section"), which comprise the statements of financial position as of December 31, 2016 and 2015, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The American Section's 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 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgments, 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 auditors consider internal control relevant to the organization'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 the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 the World Jewish Congress (American Section), Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



New York, New York
May 24, 2017

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Statements of Financial Position

	December 31,	
	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 8,381,768	\$ 5,888,186
Investments	101,322	107,842
Pledges receivable, net	903,942	1,039,870
Prepaid and other assets	145,129	172,616
Property and equipment, net	<u>442,378</u>	<u>506,582</u>
	<u>\$ 9,974,539</u>	<u>\$ 7,715,096</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 244,768	\$ 132,519
Total liabilities	<u>244,768</u>	<u>132,519</u>
Commitment (Note M)		
Net assets:		
Unrestricted	8,722,266	6,439,859
Temporarily restricted	907,505	1,042,718
Permanently restricted	<u>100,000</u>	<u>100,000</u>
Total net assets	<u>9,729,771</u>	<u>7,582,577</u>
	<u>\$ 9,974,539</u>	<u>\$ 7,715,096</u>

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Statements of Activities

	Year Ended December 31,							
	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue:								
Contributions	\$ 18,838,735	\$ 125,172		\$ 18,963,907	\$ 15,280,872	\$ 66,238		\$ 15,347,110
Special events (net of direct benefit to donors of \$228,529 and \$292,089 for 2016 and 2015, respectively)	1,591,624	1,397,840		2,989,464	1,629,751	1,121,710		2,751,461
Grants					1,057,458			1,057,458
Legacies and bequests	535,834			535,834	1,114,321			1,114,321
Investment income	80,185	715		80,900	22,900	674		23,574
Other income	48,818			48,818	25,516			25,516
Total public support and revenue before net assets released from restrictions	21,095,196	1,523,727		22,618,923	19,130,818	1,188,622		20,319,440
Net assets released from restrictions	1,658,940	(1,658,940)		0	1,620,857	(1,620,857)		0
Total public support and revenue	22,754,136	(135,213)		22,618,923	20,751,675	(432,235)		20,319,440
Expenses:								
Program services:								
International affairs	11,963,660			11,963,660	11,305,153			11,305,153
Organizational and inter-religious affairs	826,179			826,179	765,313			765,313
Public information	3,529,694			3,529,694	4,026,243			4,026,243
Academic, cultural and youth programs	1,660,430			1,660,430	1,428,205			1,428,205
Total program services	17,979,963			17,979,963	17,524,914			17,524,914
Supporting services:								
Management and general	327,583			327,583	280,806			280,806
Fund-raising	2,164,183			2,164,183	1,959,639			1,959,639
Total supporting services	2,491,766			2,491,766	2,240,445			2,240,445
Total expenses	20,471,729			20,471,729	19,765,359			19,765,359
Change in net assets	2,282,407	(135,213)		2,147,194	986,316	(432,235)		554,081
Net assets, beginning of year	6,439,859	1,042,718	\$ 100,000	7,582,577	5,453,543	1,474,953	\$ 100,000	7,028,496
Net assets, end of year	\$ 8,722,266	\$ 907,505	\$ 100,000	\$ 9,729,771	\$ 6,439,859	\$ 1,042,718	\$ 100,000	\$ 7,582,577

See notes to financial statements.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Statement of Functional Expenses

Year Ended December 31, 2016

(with summarized financial information for 2015)

	Program Services				Supporting Services		Total Expenses		
	International Affairs	Organizational and Inter-Religious Affairs	Public Information	Academic Cultural and Youth	Total Program	Management and General	Fund-raising	2016	2015
Salaries	\$ 73,001	\$ 18,819	\$ 377,103	\$ 41,574	\$ 510,497	\$ 159,792	\$ 94,799	\$ 765,088	\$ 909,085
Payroll taxes and employee benefits	<u>24,956</u>	<u>6,433</u>	<u>128,915</u>	<u>14,212</u>	<u>174,516</u>	<u>54,626</u>	<u>32,408</u>	<u>261,550</u>	<u>269,570</u>
	97,957	25,252	506,018	55,786	685,013	214,418	127,207	1,026,638	1,178,655
Grants	11,814,000	787,600	1,575,200	1,575,200	15,752,000			15,752,000	14,778,000
Rent	19,674	5,072	101,628	11,204	137,578	43,063	25,548	206,189	209,971
Consultants and outside services	6,736	1,737	34,797	3,836	47,106	14,745	8,748	70,599	34,380
Office supplies and expenses	1,424	367	7,354	811	9,956	3,116	1,849	14,921	9,257
Books, subscriptions and memberships	1,138	293	5,878	648	7,957	2,491	1,478	11,926	7,818
Postage, shipping and messengers	218	56	1,126	124	1,524	477	283	2,284	3,195
Telephone	2,011	518	10,390	1,145	14,064	4,402	2,612	21,078	22,464
Printing and publications	241	62	1,247	137	1,687	528	313	2,528	1,429
Professional fees	2,576	664	13,308	1,467	18,015	5,639	3,345	26,999	25,000
Travel	2,190	564	11,312	1,247	15,313	4,793	2,844	22,950	28,009
Meetings and conferences	4,435	1,143	22,912	2,526	31,016	9,709	5,760	46,485	175,718
Depreciation and amortization	10,997	2,835	56,809	6,263	76,904	24,072	14,281	115,257	108,164
Direct mail costs			1,181,389		1,181,389		1,969,833	3,151,222	3,174,733
Miscellaneous	<u>63</u>	<u>16</u>	<u>326</u>	<u>36</u>	<u>441</u>	<u>130</u>	<u>82</u>	<u>653</u>	<u>8,566</u>
Total expenses	<u>\$ 11,963,660</u>	<u>\$ 826,179</u>	<u>\$ 3,529,694</u>	<u>\$ 1,660,430</u>	<u>\$ 17,979,963</u>	<u>\$ 327,583</u>	<u>\$ 2,164,183</u>	<u>\$ 20,471,729</u>	<u>\$ 19,765,359</u>

See notes to financial statements.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

**Statement of Functional Expenses
Year Ended December 31, 2015**

	Program Services				Supporting Services		Total	
	International Affairs	Organizational and Inter-Religious Affairs	Public Information	Academic Cultural and Youth	Total Program	Management and General	Fund-raising	2015
Salaries	\$ 101,983	\$ 30,121	\$ 515,681	\$ 6,546	\$ 654,331	\$ 140,832	\$ 113,922	\$ 909,085
Payroll taxes and employee benefits	<u>30,241</u>	<u>8,932</u>	<u>152,914</u>	<u>1,941</u>	<u>194,028</u>	<u>41,761</u>	<u>33,781</u>	<u>269,570</u>
	132,224	39,053	668,595	8,487	848,359	182,593	147,703	1,178,655
Grants	11,101,810	705,255	1,555,783	1,415,152	14,778,000			14,778,000
Rent	23,555	6,957	119,106	1,512	151,130	32,528	26,313	209,971
Consultants and outside services	3,857	1,139	19,502	248	24,746	5,326	4,308	34,380
Office supplies and expenses	1,038	307	5,251	67	6,663	1,434	1,160	9,257
Books, subscriptions and memberships	877	259	4,435	56	5,627	1,211	980	7,818
Postage, shipping and messengers	358	106	1,813	23	2,300	495	400	3,195
Telephone	2,520	744	12,743	162	16,169	3,480	2,815	22,464
Printing and publications	160	47	811	10	1,028	222	179	1,429
Professional fees	2,805	828	14,181	180	17,994	3,873	3,133	25,000
Travel	3,142	928	15,888	202	20,160	4,339	3,510	28,009
Meetings and conferences	19,712	5,822	99,677	1,265	126,476	27,222	22,020	175,718
Depreciation	12,134	3,584	61,357	778	77,853	16,756	13,555	108,164
Direct mail costs			1,442,243		1,442,243		1,732,490	3,174,733
Miscellaneous	<u>961</u>	<u>284</u>	<u>4,858</u>	<u>63</u>	<u>6,166</u>	<u>1,327</u>	<u>1,073</u>	<u>8,566</u>
Total expenses	<u>\$ 11,305,153</u>	<u>\$ 765,313</u>	<u>\$ 4,026,243</u>	<u>\$ 1,428,205</u>	<u>\$ 17,524,914</u>	<u>\$ 280,806</u>	<u>\$ 1,959,639</u>	<u>\$ 19,765,359</u>

See notes to financial statements.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.**Statements of Cash Flows**

	Year Ended December 31,	
	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 2,147,194	\$ 554,081
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Bad debt expense		8,200
Donated securities	(5,164,631)	(4,983,996)
Proceeds from sales of donated securities	5,228,406	4,988,616
Depreciation and amortization	115,257	108,164
Net realized and unrealized gains on investments	(57,255)	(10,520)
Changes in:		
Pledges receivable	135,928	424,709
Prepaid and other assets	27,487	(127,474)
Accounts payable and accrued expenses	112,249	(192,598)
Deferred income		(946,910)
Net cash provided by (used in) operating activities	<u>2,544,635</u>	<u>(177,728)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(51,053)	(849)
Purchases of investments		(800)
Net cash used in investing activities	<u>(51,053)</u>	<u>(1,649)</u>
Change in cash and cash equivalents	2,493,582	(179,377)
Cash and cash equivalents, beginning of year	<u>5,888,186</u>	<u>6,067,563</u>
Cash and cash equivalents, end of year	<u>\$ 8,381,768</u>	<u>\$ 5,888,186</u>

See notes to financial statements.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Notes to Financial Statements December 31, 2016 and 2015

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] The organization:

The World Jewish Congress (American Section), Inc. (the "American Section"), incorporated in New York in 1950, is a publicly supported not-for-profit organization, exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws. The American Section's goal is to protect human rights via integration of Jewish organizations and to disseminate information to the Jewish community and to various international, academic, cultural and youth programs.

The American Section is an affiliate of the World Jewish Congress (the "WJC"), which is a Swiss voluntary organization with representative offices and regional branches in various countries around the world. These affiliates, including the American Section and the World Jewish Congress LLC (the "LLC"), as described below, are subject to their own independent audits and filings in their countries of registration. Accordingly, the criteria of control and financial dependence that are required for the consolidation of financial statements have not been met, and the American Section does not include the financial condition, operations, or cash flows of any foreign or domestic affiliate in the accompanying financial statements (see Note E).

During 2012, the American Section began fund-raising in the United States for the WJC; previously, such fund-raising efforts had been conducted by a now-discontinued former affiliate. The American Section currently distributes all of its grants to the WJC, which operates in the United States through the LLC, a Delaware limited liability company which has the WJC as its sole member (see also Note E). The LLC, in turn, distributes grants to appropriate affiliated and non-affiliated entities.

[2] Basis of accounting:

The financial statements of the American Section have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue, and expenses. Actual results could differ from those estimates.

[4] Cash and cash equivalents:

The American Section considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

[5] Investments:

Investments in equity securities with readily determinable fair values are reported at their fair values in the accompanying statements of financial position, with realized and unrealized gains and losses included in the accompanying statements of activities. Purchases of long-term certificates of deposit with maturities of four months or more are included as part of the investment portfolio and are reported at fair value.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on investments are determined by comparison of the average cost of acquisition to proceeds at the time of disposition. The earnings from dividends and interest are recognized when earned.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Notes to Financial Statements December 31, 2016 and 2015

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments: (continued)

Any donated securities are recorded at their estimated fair values at the dates of donation. The American Section's policy is to sell donated securities immediately, and accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included as operating activities.

[6] Property and equipment:

The American Section capitalizes items of property and equipment that have a cost of \$500 or more and a useful life greater than one year. Property and equipment are reported at their original costs, at the dates of acquisition or, if contributed, at their fair values at the dates of donation. Leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets, which range from three to five years.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of December 31, 2016 and 2015, and, in the opinion of management, there was no impairment. However, it is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[7] Net assets:

(i) Unrestricted:

Unrestricted net assets represent those resources that are not subject to donor restrictions and are available for current operations.

(ii) Temporarily restricted:

Temporarily restricted net assets represent those resources that are subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA") and the use of which has been restricted by donors or state law to specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, a purpose restriction is accomplished, or the assets are appropriated, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

(iii) Permanently restricted:

Permanently restricted net assets represent those resources the principal of which is originally restricted into perpetuity by its donors. The purposes for which the income and net capital appreciation arising from the underlying assets may be used depend on the wishes of those donors. Under the terms of NYPMIFA, those earnings are classified as temporarily restricted in the accompanying statements of activities, pending appropriation by the Board of Directors.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Notes to Financial Statements December 31, 2016 and 2015

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Revenue recognition:

(i) Contributions:

Contributions to the American Section are recognized as revenue upon the receipt of either cash or other assets, or of unconditional pledges. Contributions are considered available for unrestricted use, unless the donor or grantor restricts the use thereof, on a temporary or permanent basis. Conditional contributions are recorded when the conditions have been met and, if received in advance, are recognized in the statements of financial position as funds received in advance. The American Section records bequest income at the time it has an established right to a bequest and the proceeds are measurable. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

(ii) Grant revenue:

Grant revenue is recognized based on the terms of each individual grant and is available for unrestricted use, unless the donor or grantor restricts the use thereof, either on a temporary or permanent basis.

[9] Functional allocation of expenses:

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated by management among the program, management and general, and fund-raising categories, used appropriate measurement methodologies.

[10] Income tax uncertainties:

The American Section is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the American Section's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the American Section's financial statements.

[11] Recent accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends financial-statement presentation and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard will be effective for years beginning after December 15, 2017. The American Section will adopt this new pronouncement when it becomes effective.

[12] Subsequent events:

The American Section considers all of the accounting treatments, and related disclosures in the current-year's financial statements, that may be required as the result of all events or transactions that occur after December 31, 2016, through May 24, 2017, the date on which the financial statements were available to be issued.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Notes to Financial Statements December 31, 2016 and 2015

NOTE B - INVESTMENTS

At each year-end, the American Section's investments consisted of the following:

	December 31,			
	2016		2015	
	Fair Value	Cost	Fair Value	Cost
Certificate of deposit	\$ 100,000	\$ 100,000	\$ 100,800	\$ 100,800
Equity securities	<u>1,322</u>	<u>1,592</u>	<u>7,042</u>	<u>6,539</u>
	<u>\$ 101,322</u>	<u>\$ 101,592</u>	<u>\$ 107,842</u>	<u>\$ 107,339</u>

During each year, net investment income consisted of the following:

	Year Ended December 31,	
	2016	2015
Net realized gains	\$ 58,028	\$ 10,889
Net unrealized losses	(773)	(369)
Interest and dividends	<u>23,645</u>	<u>13,054</u>
	<u>\$ 80,900</u>	<u>\$ 23,574</u>

ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a three-level valuation hierarchy for fair-value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar investments, in active markets, or (ii) quoted prices for identical or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period. During 2016 and 2015, there were no transfers between the fair-value levels.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

**Notes to Financial Statements
December 31, 2016 and 2015**

NOTE B - INVESTMENTS (CONTINUED)

The following table summarizes the fair values of the American Section's assets at each year-end, in accordance with the ASC Topic 820 valuation levels:

	December 31,					
	2016			2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Certificate of deposit		\$ 100,000	\$ 100,000		\$ 100,800	\$ 100,800
Equity securities	\$ 1,322		1,322	\$ 7,042		7,042
	<u>\$ 1,322</u>	<u>\$ 100,000</u>	<u>\$ 101,322</u>	<u>\$ 7,042</u>	<u>\$ 100,800</u>	<u>\$ 107,842</u>

NOTE C - PLEDGES RECEIVABLE

At each year-end, pledges receivable are estimated to be collected as follows:

	December 31,	
	2016	2015
Less than one year	\$ 702,020	\$ 656,320
One to five years	<u>225,000</u>	<u>440,000</u>
	927,020	1,096,320
Reduction of pledges due in excess of one year to present value at 5% annually	(23,078)	(48,250)
Reserve for uncollectible pledge		<u>(8,200)</u>
	<u>\$ 903,942</u>	<u>\$ 1,039,870</u>

NOTE D - PROPERTY AND EQUIPMENT

At each year-end, property and equipment consisted of the following:

	December 31,	
	2016	2015
Furniture and office equipment	\$ 773,705	\$ 743,263
Leasehold improvements	<u>20,611</u>	
	794,316	743,263
Less accumulated depreciation and amortization	<u>(351,938)</u>	<u>(236,681)</u>
	<u>\$ 442,378</u>	<u>\$ 506,582</u>

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Notes to Financial Statements December 31, 2016 and 2015

NOTE E - RELATED-PARTY TRANSACTIONS

In 2016 and 2015, respectively, the LLC was reimbursed \$1,310,294 and \$1,688,704 by the American Section for rent, compensation costs, benefits expenses, and other services performed by the LLC on behalf of the American Section.

The American Section granted \$15,752,000 and \$14,778,000 to the LLC during 2016 and 2015, respectively.

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

At each year-end, temporarily restricted net assets consisted of the following:

	Year Ended December 31,	
	2016	2015
Time-restricted for future periods	\$ 903,942	\$ 1,039,870
Accumulated endowment income reserved for appropriation	<u>3,563</u>	<u>2,848</u>
	<u>\$ 907,505</u>	<u>\$ 1,042,718</u>

Net assets released from time restrictions were \$1,658,940 and \$1,620,857 during 2016 and 2015, respectively.

NOTE G - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of an endowment contribution of \$100,000 received as part of the final dissolution of the World Jewish Congress Foundation. The funds were invested in a certificate of deposit. According to the donor stipulation, the American Section can withdraw a maximum of 3% of the fair value of the endowment on an annual basis. If the appropriation is in excess of accumulated earnings, the principal of the endowment can be used.

NOTE H - ACCOUNTING AND REPORTING FOR ENDOWMENT

[1] The endowment:

The endowment consists of one individual fund established for one purpose.

[2] Interpretation of relevant law:

NYPMIFA is applicable to all of the American Section's institutional funds, including its donor-restricted endowment fund. The Board of Directors will continue to adhere to NYPMIFA's requirements.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Notes to Financial Statements December 31, 2016 and 2015

NOTE H - ACCOUNTING AND REPORTING FOR ENDOWMENT (CONTINUED)

[3] Changes in endowment net assets:

	December 31, 2016		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 2,848	\$ 100,000	\$ 102,848
Investment income	<u>715</u>		<u>715</u>
Endowment net assets, end of year	<u>\$ 3,563</u>	<u>\$ 100,000</u>	<u>\$ 103,563</u>

	December 31, 2015		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 2,174	\$ 100,000	\$ 102,174
Investment income	<u>674</u>		<u>674</u>
Endowment net assets, end of year	<u>\$ 2,848</u>	<u>\$ 100,000</u>	<u>\$ 102,848</u>

Temporarily restricted endowment represents that portion of allocated investment income, derived from permanently restricted endowment assets, that has not been appropriated by the Board of Directors for expenditure.

[4] Funds with deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA may require the American Section to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2016.

[5] Return objectives and risk parameters:

The American Section has adopted investment and spending policies for endowment assets that attempt to provide funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets are those assets of donor-restricted funds that the American Section must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce acceptable rates of return with an appropriate level of investment risk.

[6] Strategies employed for achieving objectives:

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

[7] Spending policy and investment objectives:

The American Section has a policy of appropriating a maximum annual distribution of 3% of the fair value of the endowment fund. The annual draw from endowment will occur at the maturity of the certificate of deposit and is subject to approval by the Board of Directors.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

Notes to Financial Statements December 31, 2016 and 2015

NOTE I - CONCENTRATION OF REVENUES

During 2016 and 2015, the American Section received donations of \$11,580,000 and \$9,496,000, respectively, from one donor, representing approximately 53% and 52%, respectively, of total revenues received during the same time period. These contributions are concentrations of revenues to the American Section, and the American Section's operations may be significantly affected should this level of funding cease.

NOTE J - JOINT COSTS

The American Section conducts activities that include appeals for contributions and incur joint costs. These activities primarily include direct-response campaigns.

During each year, joint costs were allocated as follows:

	Year Ended December 31,	
	2016	2015
Program	\$ 1,181,389	\$ 1,442,243
Fund-raising	<u>1,969,833</u>	<u>1,732,490</u>
	<u>\$ 3,151,222</u>	<u>\$ 3,174,733</u>

NOTE K - EMPLOYEE-BENEFIT PLAN

Employees of the American Section participate in an employee-benefit plan under Section 401(k) of the Internal Revenue Code into which employees may contribute a portion of their annual compensation. The American Section may provide a discretionary contribution of up to 6% of an employee's annual compensation for employees who have up to five years of continuous employment and up to 8% for employees with over five years. The American Section's contributions amounted to \$53,874 and \$55,776 in 2016 and 2015, respectively.

NOTE L - CREDIT RISK

Financial instruments that potentially subject the American Section to concentrations of credit risk consist principally of cash and cash-equivalent accounts deposited in financial institutions, the balances of which, from time to time, may exceed federal insurance limits. However, management believes that the American Section does not face a significant risk of loss on these accounts that could result from the failure of these financial institutions.

NOTE M - COMMITMENT

In the normal course of business, the American Section enters into various contracts for professional and other services which are typically renewable on a year-to-year basis.

WORLD JEWISH CONGRESS (AMERICAN SECTION), INC.

**Notes to Financial Statements
December 31, 2016 and 2015**

NOTE N - PROGRAM AND SUPPORTING SERVICES EXPENSES

During each year, expenses were allocated among program and supporting services as follows:

	Year Ended December 31,	
	2016	2015
Program	\$ 17,979,963	\$ 17,524,914
General and administrative	327,583	280,806
Fund-raising	<u>2,392,712</u>	<u>2,251,728</u>
	<u>\$ 20,700,258</u>	<u>\$ 20,057,448</u>

The above expenses are inclusive of expenses that have been reported net of revenue in the accompanying statement of activities. The direct benefit to donors of \$228,529 and \$292,089 is reported as fund-raising expenses during 2016 and 2015, respectively.