

American Society for Yad Vashem, Inc.

Financial Statements

December 31, 2018 and 2017



Independent Auditors' Report

Board of Directors American Society for Yad Vashem, Inc.

We have audited the accompanying financial statements of American Society for Yad Vashem, Inc. ("ASYV") which comprise the statement of financial position as of December 31, 2018, 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 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 the entity'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 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 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 Society for Yad Vashem, Inc. as of December 31, 2018, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018 American Society for Yad Vashem, Inc. adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited American Society for Yad Vashem, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

February 12, 2020

American Society for Yad Vashem, Inc.

Statement of Financial Position
December 31, 2018
(with comparative amounts at December 31, 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 4,994,644	\$ 6,626,684
Pledges receivable, net of discount	3,947,876	6,322,789
Investments	67,888,759	59,917,672
Accrued interest	377,234	298,589
Prepaid expenses	8,563	8,563
Furniture and equipment, net	9,056	5,793
Security deposits	<u>10,150</u>	<u>10,150</u>
 Total Assets	 <u>\$ 77,236,282</u>	 <u>\$ 73,190,240</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 144,642	\$ 161,527
Due to International Society for Yad Vashem, Inc.	<u>1,865,423</u>	<u>417,554</u>
Total Liabilities	<u>2,010,065</u>	<u>579,081</u>
 Net Assets		
Without Donor Restrictions		
Available for operations	3,389,582	6,370,698
Board-designated	61,138,759	53,167,672
With Donor Restrictions		
Time and purpose restricted	3,947,876	6,322,789
Endowment	<u>6,750,000</u>	<u>6,750,000</u>
Total Net Assets	<u>75,226,217</u>	<u>72,611,159</u>
 Total Liabilities and Net Assets	 <u>\$ 77,236,282</u>	 <u>\$ 73,190,240</u>

See notes to financial statements

American Society for Yad Vashem, Inc.

Statement of Activities Year Ended December 31, 2018 (with summarized totals for the year ended December 31, 2017)

	2018			2017 Total	
	Without Donor Restrictions	With Donor Restrictions			
		Purpose Restricted	Endowment	Total	
REVENUE AND SUPPORT					
Contributions	\$ 12,299,934	\$ 7,706,950	\$ -	\$ 20,006,884	\$ 34,166,948
Special events, less costs of direct benefit to donors of \$89,684 and \$177,239	362,074	-	-	362,074	797,218
Interest and dividend income	1,579,858	174,424	-	1,754,282	1,151,327
Net realized gain on investments	7,228	798	-	8,026	659,636
Net unrealized (loss) gain on investments	(872,637)	(96,343)	-	(968,980)	1,242,444
In-kind services	61,585	-	-	61,585	216,139
Net assets released from restrictions	<u>10,160,742</u>	<u>(10,160,742)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>23,598,784</u>	<u>(2,374,913)</u>	<u>-</u>	<u>21,223,871</u>	<u>38,233,712</u>
EXPENSES					
Program	16,157,069	-	-	16,157,069	24,807,357
Management and general	612,579	-	-	612,579	724,882
Fundraising	<u>1,839,165</u>	<u>-</u>	<u>-</u>	<u>1,839,165</u>	<u>1,880,091</u>
Total Expenses	<u>18,608,813</u>	<u>-</u>	<u>-</u>	<u>18,608,813</u>	<u>27,412,330</u>
Change in Net Assets	4,989,971	(2,374,913)	-	2,615,058	10,821,382
NET ASSETS					
Beginning of year	<u>59,538,370</u>	<u>6,322,789</u>	<u>6,750,000</u>	<u>72,611,159</u>	<u>61,789,777</u>
End of year	<u>\$ 64,528,341</u>	<u>\$ 3,947,876</u>	<u>\$ 6,750,000</u>	<u>\$ 75,226,217</u>	<u>\$ 72,611,159</u>

See notes to financial statements

American Society for Yad Vashem, Inc.

Statement of Functional Expenses Year Ended December 31, 2018 (with summarized totals for the year ended December 31, 2017)

	Program	Management and General	Fundraising	2018 Total	2017 Total
Grant to Yad Vashem - National Remembrance Authority	\$ 14,879,496	\$ -	\$ -	\$ 14,879,496	\$ 23,884,976
Salaries	594,832	358,370	563,315	1,516,517	1,412,831
Development	-	-	65,120	65,120	225
Payroll taxes	25,185	18,052	23,777	67,014	89,852
Occupancy	193,484	83,780	136,955	414,219	413,492
Telephone	4,500	445	4,500	9,445	11,177
Office supplies and expense	34,284	700	34,283	69,267	98,100
Postage and mailings	14,990	3,335	14,990	33,315	34,227
Dues and subscriptions	2,858	635	2,857	6,350	2,888
Meetings and events	149,568	-	314,037	463,605	460,727
Professional fees	76,165	104,340	612,142	792,647	850,850
Advertising	23,000	-	22,387	45,387	2,898
Bank charges	-	-	3,349	3,349	890
Consulting	24,000	-	-	24,000	43,700
Printing and reproduction	56,117	3,500	26,500	86,117	116,877
Travel and entertainment	55,725	14,010	64,475	134,210	118,345
Insurance	22,865	22,860	22,865	68,590	34,102
Licenses and fees	-	-	12,547	12,547	7,797
Interest	-	-	4,750	4,750	4,767
Depreciaton	-	2,552	-	2,552	848
	<u>16,157,069</u>	<u>612,579</u>	<u>1,928,849</u>	<u>18,698,497</u>	<u>27,589,569</u>
Less direct costs of donor benefits	<u>-</u>	<u>-</u>	<u>(89,684)</u>	<u>(89,684)</u>	<u>(177,239)</u>
	<u>\$ 16,157,069</u>	<u>\$ 612,579</u>	<u>\$ 1,839,165</u>	<u>\$ 18,608,813</u>	<u>\$ 27,412,330</u>

See notes to financial statements

American Society for Yad Vashem, Inc.

Statement of Cash Flows
Year Ended December 31, 2018
(with comparative amounts for year ended December 31, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,615,058	\$ 10,821,382
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	2,552	848
Unrealized loss (gain) on investments	968,980	(1,242,444)
Realized gain on investments	(8,026)	(659,636)
Discount on pledges receivable	171,163	-
Change in operating assets and liabilities		
Pledges receivable, net of discount	2,203,750	284,981
Accrued interest	(78,645)	(120,230)
Accounts payable and accrued expenses	(16,885)	(1,351)
Due to International Society for Yad Vashem, Inc.	1,447,869	(91,490)
Net Cash from Operating Activities	7,305,816	8,992,060
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,815)	(5,314)
Proceeds from sale of investments	3,566,554	4,194,884
Purchase of investments	(12,498,595)	(16,315,514)
Net Cash from Investing Activities	(8,937,856)	(12,125,944)
Net Change in Cash and Cash Equivalents	(1,632,040)	(3,133,884)
 CASH AND CASH EQUIVALENTS		
Beginning of year	6,626,684	9,760,568
End of year	\$ 4,994,644	\$ 6,626,684

See notes to financial statements

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

1. Organization and Tax Status

Founded in 1981 by a group of Holocaust survivors, the American Society for Yad Vashem, Inc. ("ASYV") works in partnership with Yad Vashem, The Holocaust Martyrs' and Heroes' Remembrance Authority in Jerusalem ("Yad Vashem") to support their efforts in the areas of commemoration, education, research, capital improvement and special projects.

Yad Vashem was established in 1953 by the Israeli Parliament (Knesset) and was entrusted with the task of commemorating the six million murdered by the Nazis and their collaborators. It mandates Holocaust remembrance, commemoration and education to ensure the lessons of the Holocaust are secured for posterity.

Tax Status

ASYV was incorporated in the State of New York and is a not-for-profit organization exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and is also exempt from similar state and local taxes. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Use of Estimates

The preparation of financial statements in conformity with U.S. 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 net revenue and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

On January 1, 2018, ASYV adopted new guidance regarding the *Presentation of Financial Statements for Not-for-Profit Entities*. This guidance requires ASYV to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires ASYV to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard, prior period amounts for temporarily and permanently restricted net assets were combined and are now presented as net assets with donor restrictions and unrestricted net assets are now presented as net assets without donor restrictions.

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies *(continued)*

Cash and Cash Equivalents

ASYV considers all highly liquid debt investments with a maturity of three months or less when purchased to be cash equivalents. Their carrying amounts approximate fair value because of the short maturity.

Fair Value Measurement

ASYV carries its investments at fair value. Fair value is an estimate of the exit price based on closing market prices or bid quotations, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. A fair value hierarchy consists of three levels that are used to prioritize inputs to fair value techniques:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Investment Income

Dividends are recorded on the ex-dividend date, and interest is recorded when earned. Security transactions are accounted for on a trade date basis. Net realized gains or losses on sales of investments are determined on the basis of average cost.

Pledges Receivable

Unconditional pledges that are expected to be collected within one year are recorded at their net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Conditional pledges are not included as support until such time as the conditions are substantially met.

An allowance for doubtful accounts is established for amounts where there exists doubt as to whether an amount will be fully collectible. The determination of this allowance is an estimate based on ASYV's historical experience, review of balances and expectations relative to collections. In the opinion of management, all receivables for which collectability is doubtful have been written off and the remaining receivables are collectible and accordingly no provision for doubtful collection is deemed necessary.

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Furniture and Equipment

Furniture and equipment is recorded at cost. Depreciation is provided in accordance with straight-line and accelerated methods in amounts sufficient to amortize the costs of the related assets at the expiration of their estimated useful lives, which range from 3 to 20 years.

Maintenance, repairs and minor renewals are charged to expense when incurred. Replacements and major renewals are capitalized.

Net Asset Presentation

Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, ASYV's net assets are classified as with or without donor restrictions.

Net assets without donor restrictions include funds having no restrictions as to time or purpose imposed by the donors.

Net assets with donor restrictions are those that will be met either by actions of ASYV or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Endowments are those net assets subject to donor-imposed restrictions that they be maintained permanently by ASYV. The donors of these assets permit ASYV to use all or part of the income earned for specific or general purposes.

Revenue Recognition

In the absence of donor restrictions, contributions and bequests are considered to be available for use without donor restrictions. All income is recognized in the period when the contribution, pledge, or unconditional promise to give is received. Legacies and bequests are not recorded in the accompanying financial statements until such time as ASYV has an unconditional right to the gift and the proceeds are measurable in amount. Donated assets are recorded as contributions without donor restrictions at their fair value.

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Advertising Costs

ASYV expenses the costs of advertising as they are incurred. Advertising costs for the year ended December 31, 2018 and 2017 amounted to \$45,387 and \$2,898.

Functional Expense Allocations

The costs of providing the various program services and supporting services of ASYV have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification; these expenses include grants to Yad Vashem – National Remembrance Authority, development and consulting costs. Costs that are common to several functions are allocated among the program and supporting services based on time and effort records, and estimates made by ASYV's management; these include salaries, occupancy, meetings and events and professional fees.

Accounting for Uncertainty in Income Taxes

ASYV recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that ASYV had no uncertain tax positions that would require financial statement recognition or disclosure. ASYV is no longer subject to examinations by the applicable taxing jurisdictions for the periods prior to December 31, 2015.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with ASYV's financial statements as of and for the year ended December 31, 2017, from which the summarized information was derived.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is February 12, 2020.

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies *(continued)*

In-Kind Services

Donated services are recognized if the services rendered (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation.

During 2018 and 2017, ASYV received pro bono legal services valued at \$61,585 and \$216,139.

ASYV receives services from a large number of volunteers who give significant amounts of their time to ASYV's fundraising campaigns and management. The compensation equivalent for such services is not reflected in the accompanying financial statements, as they do not meet the criteria outlined above.

3. Pledges Receivable

Pledges receivable are shown in the accompanying statement of financial position, net of a discount to present value using a rate of 4.94% on payments due in future years.

	<u>2018</u>	<u>2017</u>
Within one year	\$ 2,219,039	\$ 6,322,789
In one to five years	1,900,000	-
Discount to present value	<u>(171,163)</u>	<u>-</u>
	<u>\$ 3,947,876</u>	<u>\$ 6,322,789</u>

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

4. Fair Value Measurement

The following table represents ASYV's financial instruments carried at fair value on the statement of financial position as of December 31, 2018 and 2017:

<u>2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	\$ 4,576,767	\$ -	\$ 4,576,767
U.S. Government obligations	-	2,347,069	2,347,069
Fixed income securities	-	59,994,593	59,994,593
Certificates of deposit, at cost	-	-	970,330
	<u>\$ 4,576,767</u>	<u>\$ 62,341,662</u>	<u>\$ 67,888,759</u>
<u>2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	\$ 4,790,185	\$ -	\$ 4,790,185
U.S. Government obligations	-	15,584,897	15,584,897
Fixed income securities	-	37,283,501	37,283,501
Certificates of deposit, at cost	-	-	2,259,089
	<u>\$ 4,790,185</u>	<u>\$ 52,868,398</u>	<u>\$ 59,917,672</u>

ASYV's investments may be subject to the following risks:

Market risk represents the potential loss that can be caused by increases or decreases in the fair value of investments.

Interest rate risk is the risk that the fair value or future cash flows of fixed income or rate sensitive instruments will increase or decrease because of changes in interest rates.

Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the fair value of fixed income securities tends to decrease. Conversely, as interest rates fall, the fair value of fixed income securities tends to increase. This risk is generally greater for long-term securities than for short-term securities.

Credit risk represents the potential loss that would occur if counterparties fail to perform pursuant to the terms of their obligations. In addition to its investments, ASYV is subject to credit risk to the extent a custodian or broker with whom it conducts business is unable to fulfill contractual obligations.

Liquidity risk is the risk that ASYV will not be able to raise funds to fulfill its obligations, including inability to sell investments quickly or at close to fair value.

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

5. Furniture and Equipment

Furniture and equipment, at cost, consists of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Computer equipment	\$ 90,659	\$ 84,844
Furniture and fixtures	<u>23,585</u>	<u>23,585</u>
	114,244	108,429
Less: accumulated depreciation	<u>105,188</u>	<u>102,636</u>
	<u>\$ 9,056</u>	<u>\$ 5,793</u>

6. Related Party Transactions

The amount due to the International Society for Yad Vashem, Inc. ("ISYV") is non-interest bearing and due on demand.

In June 2018 the respective Boards of ASYV and ISYV entered into a plan of Merger (the "Merger") subject to the approval of the New York Secretary of State which has not yet been granted. ASYV will become the surviving corporation and ISYV will be the absorbed corporation. Upon receiving such approval, the existence, purpose, powers, rights and immunities of ISYV shall be merged into and vested with ASYV, which will continue unaffected and unimpaired by the Merger, and ISYV will cease to exist. In addition, all debts, liabilities, obligations and all rights of creditors of ISYV will become those of ASYV.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions of \$3,947,876 and \$6,322,789 are due to time and purpose restrictions imposed by the donor and \$6,750,000 held for endowment as of December 31, 2019 and 2018.

Net assets with donor restrictions released during the years ended December 31, 2019 and 2018 are as follows:

	<u>2018</u>	<u>2017</u>
Grant to Yad Vashem - National Remembrance Authority	\$ 7,785,829	\$ 8,531,985
Time restriction	<u>2,374,913</u>	<u>284,981</u>
	<u>\$ 10,160,742</u>	<u>\$ 8,816,966</u>

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

8. Endowment

The Board of Directors of ASYV 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, ASYV classifies as net assets with donor restrictions - endowment (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment fund, and (c) accumulations of investment returns to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions - endowment is classified as net assets with donor restrictions – time or purpose until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Return Objective and Risk Parameters

ASYV utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Investments are managed by fund managers under guidelines established by the Board of Directors. Target allocation percentages are established for various asset classes and are modified over time. Performance is measured against a composite benchmark of investment indices reflecting the target asset allocation.

Endowment assets include those assets of donor-restricted funds that ASYV must hold in perpetuity. Under this policy, as approved by ASYV's Board of Directors, the endowment assets are invested in a number of different asset classes and investment strategies to diversify the investments to provide a balance that will enhance the long-term total return of the overall investment portfolio while avoiding undue risk or concentration in any single asset class or investment category.

Spend Rate Policy

ASYV spends from the endowment fund (the “fund”) each year the amount of interest and dividend income earned on the fund, not to exceed seven percent of the fair value of the fund calculated based on the fair value determined quarterly and averaged over a period of the last twenty quarters ending with the last quarter of the fiscal year preceding the distribution (or for the number of quarters in existence for endowments recently created). ASYV may spend in excess of seven percent of the fair value of the fund if permitted by the donor in the gift instrument, or at the discretion of the Board of Directors.

American Society for Yad Vashem, Inc.

Notes to Financial Statements
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8. Endowment *(continued)*

The following is a reconciliation of the activity in the endowment funds for the years ended December 31, 2018 and 2017:

	Purpose Restricted	Endowment	Total
Balance, December 31, 2016	\$ -	\$ 6,750,000	\$ 6,750,000
Interest and dividend income	225,836	-	225,836
Realized gain	74,311	-	74,311
Unrealized gain	139,967	-	139,967
Appropriation for current expenditures	<u>(440,114)</u>	<u>-</u>	<u>(440,114)</u>
Balance, December 31, 2017	-	6,750,000	6,750,000
Interest and dividend income	174,424	-	174,424
Realized gain	798	-	798
Unrealized loss	(96,343)	-	(96,343)
Appropriation for current expenditures	<u>(78,879)</u>	<u>-</u>	<u>(78,879)</u>
Balance, December 31, 2018	<u>\$ -</u>	<u>\$ 6,750,000</u>	<u>\$ 6,750,000</u>

9. Concentration of Credit Risk

Financial instruments that potentially subject the ASYV to significant concentrations of credit risk consist principally of a pledge receivable, which is expected to be collected in the normal course of business, cash and cash equivalents and the investment portfolio. At times cash balances held at financial institutions were in excess of federally insured limits. ASYV has not experienced any losses on its cash deposits. The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of market risk.

10. Rental Commitments

ASYV and ISYV share office space in New York City under a joint operating lease (the "lease") which expired on April 30, 2019. This lease arrangement required a monthly occupancy fee of approximately \$32,000 during 2019. Upon expiration of the lease, ASYV and ISYV renewed the lease beginning May 1, 2019 through October 31, 2029. The lease renewal requires an initial annual base occupancy fee of approximately \$414,000 per annum with a 1.75 percent escalation in subsequent years. This lease also provides for abatements of rent during the first 3 years of the lease.

In October 2016, ASYV entered into an operating lease for office space in Los Angeles, California. This lease expired in September 2019 and provided for a monthly occupancy fee of approximately \$7,000 during 2019.

American Society for Yad Vashem, Inc.

Notes to Financial Statements
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10. Rental Commitments (continued)

Occupancy expense for ASYV for each of the years ended December 31, 2018 and 2017 aggregated approximately \$414,000 and \$413,000, including various escalation clauses with the balance of the base occupancy fee paid by ISYV.

Future minimum lease commitments, net of abatements and excluding renewal options under these non-cancellable leases are approximately as follows for the years ending December 31:

2019	\$ 398,000
2020	350,000
2021	392,000
2022	399,000
2023	442,000
Thereafter	<u>2,834,000</u>
	<u>\$ 4,815,000</u>

11. Liquidity and Availability of Financial Assets

ASYV's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position were as follows:

Financial Assets:

Cash and cash investments	\$ 4,994,644
Pledges receivable, net of discount	3,947,876
Investments	67,888,759
Accrued interest	<u>377,234</u>
Total Financial Assets	<u>77,208,513</u>

Less:

Donor imposed restriction amounts for:

Endowments	(6,750,000)
Purpose	(3,947,876)
Board designated for programs	<u>(61,138,759)</u>
	<u>(71,836,635)</u>

Financial Assets Available to Meet General Expenditures
Over the Next Twelve Months

\$ 5,371,878

ASYV monitors its cash needs regularly and has special events and contribution appeals throughout the year. In addition, the Board has a spending policy which annually appropriates a percentage of the endowment's 5-year quarterly average value. Based on initial donor requests, the percentages range from 3% to 5%. The Board can also decide to draw upon the endowment if additional funds are needed.

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