

**American Society for Yad Vashem, Inc.**

Financial Statements

December 31, 2019 and 2018



## 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, 2019, 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, 2019, 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.

***Report on Summarized Comparative Information***

We have previously audited American Society for Yad Vashem, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

March 1, 2021

**American Society for Yad Vashem, Inc.**

Statement of Financial Position  
December 31, 2019  
(with comparative amounts at December 31, 2018)

	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,164,490	\$ 4,994,644
Pledges receivable, net	2,449,179	3,947,876
Investments	70,670,095	67,888,759
Accrued interest	268,864	377,234
Prepaid expenses	18,324	8,563
Furniture and equipment, net	6,498	9,056
Security deposits	16,536	10,150
Total Assets	\$ 81,593,986	\$ 77,236,282
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 607,958	\$ 144,642
Deferred rent liability	92,385	-
Due to International Society for Yad Vashem, Inc.	1,865,423	1,865,423
Total Liabilities	2,565,766	2,010,065
Net Assets		
Without Donor Restrictions		
Available for operations	5,908,946	3,389,582
Board-designated	63,920,095	61,138,759
With Donor Restrictions		
Time and purpose restricted	2,449,179	3,947,876
Endowment	6,750,000	6,750,000
Total Net Assets	79,028,220	75,226,217
Total Liabilities and Net Assets	\$ 81,593,986	\$ 77,236,282

See notes to financial statements

## American Society for Yad Vashem, Inc.

### Statement of Activities Year Ended December 31, 2019 (with summarized totals for the year ended December 31, 2018)

	2019				2018 Total
	Without Donor Restrictions	With Donor Restrictions		Total	
		Purpose Restricted	Endowment		
<b>REVENUE AND SUPPORT</b>					
Contributions	\$ 7,880,873	\$ 5,034,301	\$ -	\$ 12,915,174	\$ 20,006,884
Special events, less costs of direct benefit to donors of \$475,084 and \$89,684	1,617,237	-	-	1,617,237	362,074
Interest and dividend income	1,699,083	179,424	-	1,878,507	1,754,282
Net realized gain on investments	48,398	5,111	-	53,509	8,026
Net unrealized gain (loss) on investments	4,849,649	512,126	-	5,361,775	(968,980)
In-kind services	122,816	-	-	122,816	61,585
Net assets released from restrictions	7,229,659	(7,229,659)	-	-	-
Total Revenue and Support	<u>23,447,715</u>	<u>(1,498,697)</u>	<u>-</u>	<u>21,949,018</u>	<u>21,223,871</u>
<b>EXPENSES</b>					
Program	14,127,191	-	-	14,127,191	16,157,069
Management and general	1,460,973	-	-	1,460,973	612,579
Fundraising	2,558,851	-	-	2,558,851	1,839,165
Total Expenses	<u>18,147,015</u>	<u>-</u>	<u>-</u>	<u>18,147,015</u>	<u>18,608,813</u>
Change in Net Assets	5,300,700	(1,498,697)	-	3,802,003	2,615,058
<b>NET ASSETS</b>					
Beginning 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>
End of year	<u>\$ 69,829,041</u>	<u>\$ 2,449,179</u>	<u>\$ 6,750,000</u>	<u>\$ 79,028,220</u>	<u>\$ 75,226,217</u>

See notes to financial statements

## American Society for Yad Vashem, Inc.

### Statement of Functional Expenses Year Ended December 31, 2019 (with summarized totals for the year ended December 31, 2018)

	Program	Management and General	Fundraising	2019 Total	2018 Total
Grant to Yad Vashem - National Remembrance Authority	\$ 12,591,998	\$ -	\$ -	\$ 12,591,998	\$ 14,879,496
Salaries	500,000	671,324	900,000	2,071,324	1,516,517
Development	-	-	31,925	31,925	65,120
Payroll taxes	28,928	38,840	52,070	119,837	67,014
Employee benefits	10,656	14,308	19,181	44,145	-
Occupancy	126,735	170,160	228,123	525,018	414,219
Telephone	7,000	2,532	7,000	16,532	9,445
Office supplies and expense	50,000	24,673	50,000	124,673	69,267
Postage and mailings	50,000	19,264	50,000	119,264	33,315
Dues and subscriptions	3,327	-	3,000	6,327	6,350
Meetings and events	400,000	-	729,631	1,129,631	463,605
Professional fees	150,000	142,500	615,000	907,500	792,647
Advertising	-	-	132,240	132,240	45,387
Bank charges	-	-	21,896	21,896	3,349
Consulting	38,200	-	-	38,200	24,000
Printing and reproduction	95,000	15,685	75,000	185,685	86,117
Travel and entertainment	50,000	46,016	60,000	156,016	134,210
Insurance	25,347	34,032	45,624	105,003	68,590
Licenses and fees	-	-	13,245	13,245	12,547
Interest	-	4,082	-	4,082	4,750
Allowance for uncollectable pledges	-	275,000	-	275,000	-
Depreciation	-	2,558	-	2,558	2,552
	<u>14,127,191</u>	<u>1,460,973</u>	<u>3,033,935</u>	<u>18,622,099</u>	<u>18,698,497</u>
Less direct costs of donor benefits	<u>-</u>	<u>-</u>	<u>(475,084)</u>	<u>(475,084)</u>	<u>(89,684)</u>
	<u>\$ 14,127,191</u>	<u>\$ 1,460,973</u>	<u>\$ 2,558,851</u>	<u>\$ 18,147,015</u>	<u>\$ 18,608,813</u>

See notes to financial statements

**American Society for Yad Vashem, Inc.**

Statement of Cash Flows  
Year Ended December 31, 2019  
(with comparative amounts for year ended December 31, 2018)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 3,802,003	\$ 2,615,058
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	2,558	2,552
Unrealized (gain) loss on investments	(5,361,775)	968,980
Deferred rent liability	92,385	-
Realized gain on investments	(53,509)	(8,026)
Discount on pledges receivable	(44,342)	171,163
Change in operating assets and liabilities		
Pledges receivable	1,543,039	2,203,750
Accrued interest	108,370	(78,645)
Prepaid expenses	(9,761)	-
Security deposits	(6,386)	-
Accounts payable and accrued expenses	463,316	(16,885)
 Due to International Society for Yad Vashem, Inc.	 -	 <u>1,447,869</u>
Net Cash from Operating Activities	<u>535,898</u>	<u>7,305,816</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(5,815)
Proceeds from sale of investments	3,566,554	3,566,554
Purchase of investments	<u>(932,606)</u>	<u>(12,498,595)</u>
Net Cash from Investing Activities	<u>2,633,948</u>	<u>(8,937,856)</u>
Net Change in Cash and Cash Equivalents	3,169,846	(1,632,040)
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>4,994,644</u>	<u>6,626,684</u>
 End of year	 <u>\$ 8,164,490</u>	 <u>\$ 4,994,644</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW</b>		
Cash paid for interest	<u>\$ 4,082</u>	<u>\$ 4,750</u>

See notes to financial statements

## **American Society for Yad Vashem, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

### **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.

#### ***Adoption of New Accounting Policies***

On January 1, 2019, ASYV adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”). This guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way ASYV recognizes contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. Adoption of this ASU had no impact on ASYV’s financial statements.

## American Society for Yad Vashem, Inc.

Notes to Financial Statements  
December 31, 2019 and 2018

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

#### ***Adoption of New Accounting Policies (continued)***

Additionally, on January 1, 2019, ASYV adopted ASU 2014-09, *Revenue from Contracts with Customers*, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. Adoption of this ASU had no impact on ASYV's financial statements.

#### ***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.

## **American Society for Yad Vashem, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

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

#### ***Pledges Receivable (continued)***

An allowance for doubtful accounts is established for amounts where there exists doubt as to whether an amount will be fully collectible on a case by case basis. The determination of this allowance is an estimate based on ASYV's historical experience, review of balances and expectations relative to collections. Management recorded an allowance for uncollectable pledges of \$275,000 as of December 31, 2019.

#### ***Furniture and Equipment***

Furniture and equipment is recorded at cost. Depreciation is provided in accordance with the straight-line method in amounts sufficient to amortize the costs of the related assets at the expiration of their estimated useful lives, which range from 3 to 5 years.

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

#### ***Deferred Rent Liability***

Deferred rent liability is the difference between the cumulative amount recorded for occupancy expense on a straight line basis over the term of the operating lease as compared to the cumulative amounts required under the lease.

#### ***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.

## **American Society for Yad Vashem, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

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

#### ***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.

#### ***Advertising Costs***

ASYV expenses the costs of advertising as they are incurred. Advertising costs for the years ended December 31, 2019 and 2018 amounted to \$132,240 and \$45,387.

#### ***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 and 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, 2017.

#### ***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, 2018, from which the summarized information was derived.

## American Society for Yad Vashem, Inc.

Notes to Financial Statements  
December 31, 2019 and 2018

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

#### ***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 March 1, 2021.

#### ***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 2019 and 2018, ASYV received pro bono legal services valued at \$122,816 and \$61,585.

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>2019</u>	<u>2018</u>
Within one year	\$ 1,151,000	\$ 2,219,039
In one to five years	1,700,000	1,900,000
Discount to present value	<u>(126,821)</u>	<u>(171,163)</u>
	2,724,179	3,947,876
Less: allowance for uncollectable pledges	<u>(275,000)</u>	-
	<u>\$ 2,449,179</u>	<u>\$ 3,947,876</u>

## American Society for Yad Vashem, Inc.

Notes to Financial Statements  
December 31, 2019 and 2018

### 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, 2019 and 2018:

<u>2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	\$ 8,170,435	\$ -	\$ 8,170,435
U.S. Government obligations	-	4,741,974	4,741,974
Fixed income securities	-	55,984,678	55,984,678
Certificates of deposit, at cost	-	-	1,773,008
	<u>\$ 8,170,435</u>	<u>\$ 60,726,652</u>	<u>\$ 70,670,095</u>
<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>

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, 2019 and 2018

### 5. Furniture and Equipment

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

	<u>2019</u>	<u>2018</u>
Computer equipment	\$ 90,659	\$ 90,659
Furniture and fixtures	<u>23,585</u>	<u>23,585</u>
	114,244	114,244
Less: accumulated depreciation	<u>107,746</u>	<u>105,188</u>
	<u>\$ 6,498</u>	<u>\$ 9,056</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"), which was approved by the New York State Attorney General in July 2020. 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 \$2,449,179 and \$3,947,876 are due to time and purpose restrictions imposed by the donor and \$6,750,000 is 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>2019</u>	<u>2018</u>
Grant to Yad Vashem - National Remembrance Authority	\$ 5,730,962	\$ 7,785,829
Time restriction	<u>1,498,697</u>	<u>2,374,913</u>
	<u>\$ 7,229,659</u>	<u>\$ 10,160,742</u>

## American Society for Yad Vashem, Inc.

Notes to Financial Statements  
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### 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). The endowment is comprised of donations from 3 donors. One donor allows for spending of all investment income and the other 2 are silent. 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, 2019 and 2018:

	Purpose Restricted	Endowment	Total
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	(78,879)	-	(78,879)
Balance, December 31, 2018	-	6,750,000	6,750,000
Interest and dividend income	179,424	-	179,424
Realized gain	5,111	-	5,111
Unrealized gain	512,126	-	512,126
Appropriation for current expenditures	(696,661)	-	(696,661)
Balance, December 31, 2019	<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 consists principally of pledges receivable, which are 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. Upon expiration of the lease, ASYV renewed the lease beginning September 1, 2019 through September 30, 2022. The lease renewal requires an initial base rent of approximately \$69,000 per annum with a 3.50 percent escalation in subsequent years. This lease also provides for abatements of rent during the first year of the lease.

**American Society for Yad Vashem, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

**10. Rental Commitments (continued)**

Occupancy expense for ASYV for the years ended December 31, 2019 and 2018 aggregated approximately \$525,000 and \$414,000, including various escalation clauses, with the balance of the base occupancy fee paid by ASYV.

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:

	2020	\$	420,000
	2021		464,000
	2022		455,000
	2023		442,000
	2024		461,000
	Thereafter		<u>2,373,000</u>
			<u>\$ 4,615,000</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 at December 31:

	2019	2018
Financial Assets:		
Cash and cash investments	\$ 8,164,490	\$ 4,994,644
Pledges receivable, net	2,449,179	3,947,876
Investments	70,670,095	67,888,759
Accrued interest	<u>268,864</u>	<u>377,234</u>
Total Financial Assets	<u>81,552,628</u>	<u>77,208,513</u>
Less:		
Donor imposed restriction amounts for:		
Endowments	(6,750,000)	(6,750,000)
Purpose	(2,449,179)	(3,947,876)
Board designated for programs	<u>(63,920,095)</u>	<u>(61,138,759)</u>
	<u>(73,119,274)</u>	<u>(71,836,635)</u>
Add next year's release of donor restrictions	<u>775,000</u>	<u>836,000</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 9,208,354</u>	<u>\$ 6,207,878</u>

**American Society for Yad Vashem, Inc.**

Notes to Financial Statements  
December 31, 2019 and 2018

**11. Liquidity and Availability of Financial Assets (*continued*)**

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. The Board can also decide to draw upon the endowment if additional funds are needed.

**12. Contingencies**

Subsequent to year end, the Coronavirus ("COVID-19") pandemic has resulted in substantial volatility in the global financial markets. Because the value of ASYV's individual investments has and will fluctuate in response to changing market conditions, the amount of losses, if any, that may be recognized in subsequent periods, cannot be determined.

COVID-19 may continue to have an adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to future results of operations, cash flows, or financial condition.

In addition, ASYV received a \$450,000 Paycheck Protection Program loan (the "PPP Loan") from the Small Business Administration ("SBA"). The PPP Loan matures in April 2022, has an interest rate of 1.0% per annum and no payments are due until February 2021. If certain defined conditions are met, the PPP Loan may be forgiven by the SBA, otherwise ASYV will be required to repay the loan in full with interest.

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