

American Society for Yad Vashem, Inc.

Financial Statements

December 31, 2020 and 2019

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, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited American Society for Yad Vashem, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

As discussed in Note 6 to the financial statements, American Society for Yad Vashem, Inc. merged with International Society for Yad Vashem, Inc. American Society for Yad Vashem, Inc. remains as the surviving corporation. As a result of the merger, International Society for Yad Vashem, Inc. transferred its assets, liabilities and remaining net assets to the American Society for Yad Vashem, Inc. on October 21, 2020. Our opinion is not modified with respect to this matter.

PKF O'Connor Davies, LLP

October 14, 2021

American Society for Yad Vashem, Inc.

Statement of Financial Position
December 31, 2020
(with comparative amounts at December 31, 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 8,354,199	\$ 8,164,490
Due from International Society for Yad Vashem, Inc.	127,773	-
Pledges receivable, net	10,831,378	2,449,179
Investments	78,689,830	70,670,095
Accrued interest	298,631	268,864
Prepaid expenses	4,589	18,324
Furniture and equipment, net	17,044	6,498
Security deposits	52,680	16,536
Total Assets	\$ 98,376,124	\$ 81,593,986
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 271,521	\$ 607,958
Deferred rent liability	183,720	92,385
Due to International Society for Yad Vashem, Inc.	-	1,865,423
Total Liabilities	455,241	2,565,766
Net Assets		
Without Donor Restrictions		
Available for operations	8,399,675	5,908,946
Board-designated	71,939,830	63,920,095
With Donor Restrictions		
Time and purpose restricted	10,831,378	2,449,179
Endowment	6,750,000	6,750,000
Total Net Assets	97,920,883	79,028,220
Total Liabilities and Net Assets	\$ 98,376,124	\$ 81,593,986

See notes to financial statements

American Society for Yad Vashem, Inc.

Statement of Activities Year Ended December 31, 2020 (with summarized totals for the year ended December 31, 2019)

	2020				2019 Total
	Without Donor Restrictions	With Donor Restrictions		Total	
		Restricted	Endowment		
OPERATING REVENUE AND SUPPORT					
Contributions	\$ 9,431,075	\$ 14,432,302	\$ -	\$ 23,863,377	\$ 12,915,174
Paycheck Protection Program loan forgiveness	450,000	-	-	450,000	-
Special events, less costs of direct benefit to donors of \$170,196 and \$475,084	2,164,484	-	-	2,164,484	1,617,237
Interest and dividend income	1,561,943	146,555	-	1,708,498	1,878,507
Net realized gain on investments	125,369	11,763	-	137,132	53,509
Net unrealized gain on investments	7,166,012	672,376	-	7,838,388	5,361,775
In-kind services	61,781	-	-	61,781	122,816
Net assets released from restrictions	6,880,797	(6,880,797)	-	-	-
Total Operating Revenue and Support	<u>27,841,461</u>	<u>8,382,199</u>	<u>-</u>	<u>36,223,660</u>	<u>21,949,018</u>
OPERATING EXPENSES					
Program	16,076,064	-	-	16,076,064	14,127,191
Management and general	1,250,613	-	-	1,250,613	1,460,973
Fundraising	2,038,179	-	-	2,038,179	2,558,851
Total Operating Expenses	<u>19,364,856</u>	<u>-</u>	<u>-</u>	<u>19,364,856</u>	<u>18,147,015</u>
Change in Net Assets from Operations	8,476,605	8,382,199	-	16,858,804	3,802,003
Non-operating transfer of net assets from related party	<u>2,033,859</u>	<u>-</u>	<u>-</u>	<u>2,033,859</u>	<u>-</u>
Change in Net Assets	10,510,464	8,382,199	-	18,892,663	3,802,003
NET ASSETS					
Beginning 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>
End of year	<u>\$ 80,339,505</u>	<u>\$ 10,831,378</u>	<u>\$ 6,750,000</u>	<u>\$ 97,920,883</u>	<u>\$ 79,028,220</u>

See notes to financial statements

American Society for Yad Vashem, Inc.

Statement of Functional Expenses
Year Ended December 31, 2020
(with summarized totals for the year ended December 31, 2019)

	Program	Management and General	Fundraising	2020 Total	2019 Total
Grant to Yad Vashem - National Remembrance Authority	\$ 14,725,204	\$ -	\$ -	\$ 14,725,204	\$ 12,591,998
Salaries	469,153	654,475	764,625	1,888,253	2,071,324
Development	-	-	59,464	59,464	31,925
Payroll taxes	19,085	38,171	62,027	119,283	119,837
Employee benefits	13,804	19,256	22,497	55,557	44,145
Occupancy	130,217	181,654	212,227	524,098	525,018
Telephone	2,000	1,486	2,000	5,486	16,532
Office supplies and expense	30,000	26,810	30,000	86,810	124,673
Postage and mailings	40,000	1,214	40,000	81,214	119,264
Dues and subscriptions	4,000	724	4,000	8,724	6,327
Meetings and events	200,000	-	268,609	468,609	1,129,631
Professional fees	195,576	118,495	543,652	857,723	907,500
Advertising	25,105	-	21,460	46,565	132,240
Bank charges	-	-	45,061	45,061	21,896
Consulting	35,000	-	-	35,000	38,200
Printing and reproduction	105,343	11,129	33,778	150,250	185,685
Travel and entertainment	29,077	16,422	32,609	78,108	156,016
Insurance	52,500	52,500	53,457	158,457	105,003
Licenses and fees	-	-	12,909	12,909	13,245
Interest	-	188	-	188	4,082
Allowance for uncollectable pledges	-	125,000	-	125,000	275,000
Depreciation	-	3,089	-	3,089	2,558
	<u>16,076,064</u>	<u>1,250,613</u>	<u>2,208,375</u>	<u>19,535,052</u>	<u>18,622,099</u>
Less direct costs of donor benefits	<u>-</u>	<u>-</u>	<u>(170,196)</u>	<u>(170,196)</u>	<u>(475,084)</u>
	<u>\$ 16,076,064</u>	<u>\$ 1,250,613</u>	<u>\$ 2,038,179</u>	<u>\$ 19,364,856</u>	<u>\$ 18,147,015</u>

See notes to financial statements

American Society for Yad Vashem, Inc.

Statement of Cash Flows
Year Ended December 31, 2020
(with comparative amounts for year ended December 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 18,892,663	\$ 3,802,003
Adjustments to reconcile change in net assets to net cash from operating activities		
Allowance for uncollectable pledges	125,000	275,000
Depreciation	3,089	2,558
Unrealized gain on investments	(7,838,388)	(5,361,775)
Transfer of net assets from related parties	(2,033,859)	-
Deferred rent liability	91,335	92,385
Realized gain on investments	(137,132)	(53,509)
Discount on pledges receivable	603,901	(44,342)
Change in operating assets and liabilities		
Pledges receivable	(9,111,100)	1,268,039
Accrued interest	(29,767)	108,370
Prepaid expenses	13,735	(9,761)
Security deposits	1,521	(6,386)
Accounts payable and accrued expenses	(336,437)	463,316
Net Cash from Operating Activities	244,561	535,898
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(10,637)	-
Proceeds from sale of investments	9,785,511	3,566,554
Purchase of investments	(9,829,726)	(932,606)
Net Cash from Investing Activities	(54,852)	2,633,948
Net Change in Cash and Cash Equivalents	189,709	3,169,846
 CASH AND CASH EQUIVALENTS		
Beginning of year	8,164,490	4,994,644
End of year	\$ 8,354,199	\$ 8,164,490
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW		
Cash paid for interest	\$ 188	\$ 4,082
 NONCASH ACTIVITY		

All remaining net assets of ISYV were transferred to ASYV on October 21, 2020

See notes to financial statements

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

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.

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.

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

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

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 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 \$125,000 and \$275,000 as of December 31, 2020 and 2019.

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

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

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.

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, 2020 and 2019

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

Advertising Costs

ASYV expenses the costs of advertising as they are incurred. Advertising costs for the years ended December 31, 2020 and 2019 amounted to \$46,565 and \$132,240.

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 meetings and events. 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, 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, 2019, 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 October 14, 2021.

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

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 2020 and 2019, ASYV received pro bono legal services valued at \$61,781 and \$122,816.

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 3.25% for receivables pledged in 2020, and a rate of 4.94% for receivables pledged for 2019 and prior, on payments due in future years.

	<u>2020</u>	<u>2019</u>
Within one year	\$ 3,187,100	\$1,151,000
In one to five years	8,500,000	1,700,000
Discount to present value	<u>(730,722)</u>	<u>(126,821)</u>
	10,956,378	2,724,179
Less: allowance for uncollectable pledges	<u>(125,000)</u>	<u>(275,000)</u>
	<u>\$10,831,378</u>	<u>\$2,449,179</u>

Approximately 61% of contributions were received from three donors for the year ended December 31, 2020. The amount due from these donors was \$10,500,000 as of December 31, 2020.

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

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, 2020 and 2019:

<u>2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities	\$ 14,351,406	\$ -	\$ 14,351,406
U.S. Government obligations	-	16,519,542	16,519,542
Fixed income securities	-	46,498,115	46,498,115
Certificates of deposit, at cost	-	-	1,320,767
	<u>\$ 14,351,406</u>	<u>\$ 63,017,657</u>	<u>\$ 78,689,830</u>
<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>

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, 2020 and 2019

5. Furniture and Equipment

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

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 144,696	\$ 90,659
Furniture and fixtures	<u>49,937</u>	<u>23,585</u>
	194,633	114,244
Less: accumulated depreciation	<u>177,589</u>	<u>107,746</u>
	<u>\$ 17,044</u>	<u>\$ 6,498</u>

6. Related Party Transactions

In June 2018 the respective Boards of ASYV and International Society for Yad Vashem, Inc. ("ISYV") entered into a plan of Merger (the "Merger"), which was approved by the New York State Attorney General in July 2020. Effective October 21, 2020, ASYV became the surviving corporation and ISYV was the absorbed corporation. The existence, purpose, powers, rights and immunities of ISYV was merged into and vested with ASYV, which will continue unaffected and unimpaired by the Merger, and ISYV will cease to exist. Remaining net assets of \$2,033,859 of ISYV became those of ASYV as of October 21, 2020. Subsequent to December 31, 2020, the amount due from ISYV was received in full.

7. Paycheck Protection Program Loan Forgiveness

On April 27, 2020, ASYV received loan proceeds of \$450,000 from the Small Business Administration ("SBA") under the Paycheck Protection Program (the "PPP"), established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), which provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The loan bears an interest rate of 1% per annum. If certain conditions are met, the loan may be forgiven.

ASYV has elected to report the proceeds from the PPP loan as a conditional grant under requirements contained in ASU 2018-08, "Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made." Accordingly, ASYV recognized the full amount of the proceeds from the PPP loan as PPP loan forgiveness in the 2020 statement of activities as the conditions were met.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions of \$10,831,378 and \$2,449,179 are due to time and purpose restrictions imposed by the donor and \$6,750,000 is held for endowment as of December 31, 2020 and 2019.

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

8. Net Assets with Donor Restrictions (*continued*)

Net assets with donor restrictions released during the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Grant to Yad Vashem - National Remembrance Authority	\$ 4,280,797	\$ 5,730,962
Time restriction	<u>2,600,000</u>	<u>1,498,697</u>
	<u>\$ 6,880,797</u>	<u>\$ 7,229,659</u>

9. 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.

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

9. Endowment (continued)

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.

The following is a reconciliation of the activity in the endowment funds for the years ended December 31, 2020 and 2019:

	Purpose Restricted	Endowment	Total
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	<u>(696,661)</u>	-	<u>(696,661)</u>
Balance, December 31, 2019	-	6,750,000	6,750,000
Interest and dividend income	146,555	-	146,555
Realized gain	11,763	-	11,763
Unrealized gain	672,376	-	672,376
Appropriation for current expenditures	<u>(830,693)</u>	-	<u>(830,693)</u>
Balance, December 31, 2020	<u>\$ -</u>	<u>\$ 6,750,000</u>	<u>\$ 6,750,000</u>

10. 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.

American Society for Yad Vashem, Inc.

Notes to Financial Statements
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11. 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.

Occupancy expense for ASYV for each of the years ended December 31, 2020 and 2019 aggregated approximately \$525,000, 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:

2021	\$ 464,000
2022	455,000
2023	442,000
2024	461,000
2025	475,000
Thereafter	<u>1,898,000</u>
	<u>\$ 4,195,000</u>

American Society for Yad Vashem, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

12. 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:

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and cash investments	\$ 8,354,199	\$ 8,164,490
Due from International Society for Yad Vashem, Inc.	127,773	-
Pledges receivable, net	10,831,378	2,449,179
Investments	78,689,830	70,670,095
Accrued interest	298,631	268,864
Total Financial Assets	<u>98,301,811</u>	<u>81,552,628</u>
Less:		
Donor imposed restriction amounts for:		
Endowments	(6,750,000)	(6,750,000)
Purpose	(10,831,378)	(2,449,179)
Board designated for programs	<u>(71,939,830)</u>	<u>(63,920,095)</u>
	<u>(89,521,208)</u>	<u>(73,119,274)</u>
Add next year's release of donor restrictions	<u>3,187,100</u>	<u>775,000</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 11,967,703</u>	<u>\$ 9,208,354</u>

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.

13. Contingencies

The Coronavirus disease ("COVID-19") may 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.

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