

**The United Synagogue of
Conservative Judaism and Affiliate**

Consolidated Financial Statements

June 30, 2020 and 2019

Independent Auditors' Report

Board of Directors

The United Synagogue of Conservative Judaism and Affiliate New York, New York

We have audited the accompanying consolidated financial statements of The United Synagogue of Conservative Judaism and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The United Synagogue of Conservative Judaism and Affiliate as of June 30, 2020, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Consolidated Financial Statements

The consolidated financial statements of The United Synagogue of Conservative Judaism and Affiliate as of and for the year ended June 30, 2019 were audited by other auditors whose report dated February 26, 2020 expressed an unmodified opinion on those statements.

PKF O'Connor Davies, LLP

January 12, 2021

**The United Synagogue of
Conservative Judaism and Affiliate**

Consolidated Statements of Financial Position

	June 30	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 1,281,836	\$ 719,790
Investments	11,992,949	12,486,128
Dues receivable	299,568	115,510
Accounts and other receivables, net	178,578	235,085
Prepaid expenses	204,996	1,043,720
Contributions receivable, net	230,777	487,503
Property and equipment, net	10,462,858	10,614,417
Other assets	5,320	511,307
Total Assets	\$24,656,882	\$26,213,460
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 551,062	\$ 1,269,602
Accrued salaries, vacation and benefits	662,013	659,640
Loan payable	831,294	-
Advance deposits	1,108,009	2,843,320
Total Liabilities	3,152,378	4,772,562
Net Assets		
Without Donor Restrictions		
Operating	8,911,487	7,837,816
Board-designed	7,585,768	8,283,263
Total Without Donor Restrictions	16,497,255	16,121,079
With Donor Restrictions	5,007,249	5,319,819
Total Net Assets	21,504,504	21,440,898
Total Liabilities and Net Assets	\$24,656,882	\$26,213,460

See notes to consolidated financial statements

**The United Synagogue of
Conservative Judaism and Affiliate**

Consolidated Statements of Activities

	Year Ended					
	June 30, 2020			June 30, 2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUES, GAINS, LOSSES AND OTHER SUPPORT						
Contributions	\$ 1,133,042	\$ 563,719	\$ 1,696,761	\$ 1,134,595	\$ 1,048,104	\$ 2,182,699
Membership dues	6,372,018	-	6,372,018	7,005,978	-	7,005,978
Program revenue	5,955,981	-	5,955,981	7,018,452	-	7,018,452
Biennial convention	751,158	-	751,158	25,000	-	25,000
Miscellaneous	12,192	-	12,192	72,703	-	72,703
Net assets released from restrictions	907,334	(907,334)	-	1,344,348	(1,344,348)	-
Total Revenues, Gains, Losses and Other Support	<u>15,131,725</u>	<u>(343,615)</u>	<u>14,788,110</u>	<u>16,601,076</u>	<u>(296,244)</u>	<u>16,304,832</u>
EXPENSES						
Program Services						
Youth	8,312,485	-	8,312,485	9,566,757	-	9,566,757
Education	921,950	-	921,950	1,134,522	-	1,134,522
Kehilla strengthening and transformation	1,808,588	-	1,808,588	2,205,246	-	2,205,246
Other	92,364	-	92,364	116,031	-	116,031
Total Program Services	<u>11,135,387</u>	<u>-</u>	<u>11,135,387</u>	<u>13,022,556</u>	<u>-</u>	<u>13,022,556</u>
Supporting Services						
Management and general	2,562,297	-	2,562,297	3,060,171	-	3,060,171
Fundraising	1,134,160	-	1,134,160	1,191,067	-	1,191,067
Total Supporting Services	<u>3,696,457</u>	<u>-</u>	<u>3,696,457</u>	<u>4,251,238</u>	<u>-</u>	<u>4,251,238</u>
Total Expenses	<u>14,831,844</u>	<u>-</u>	<u>14,831,844</u>	<u>17,273,794</u>	<u>-</u>	<u>17,273,794</u>
Change in Net Assets Before Nonoperating Activities	<u>299,881</u>	<u>(343,615)</u>	<u>(43,734)</u>	<u>(672,718)</u>	<u>(296,244)</u>	<u>(968,962)</u>
NONOPERATING ACTIVITIES						
Depreciation of leasehold improvements	-	-	-	(1,376,972)	-	(1,376,972)
Foreign currency exchange loss	(87,655)	-	(87,655)	(117,262)	-	(117,262)
Investment income	163,950	31,045	194,995	426,127	85,331	511,458
Change in Net Assets	376,176	(312,570)	63,606	(1,740,825)	(210,913)	(1,951,738)
NET ASSETS						
Beginning of year	<u>16,121,079</u>	<u>5,319,819</u>	<u>21,440,898</u>	<u>17,861,904</u>	<u>5,530,732</u>	<u>23,392,636</u>
End of year	<u>\$ 16,497,255</u>	<u>\$ 5,007,249</u>	<u>\$ 21,504,504</u>	<u>\$ 16,121,079</u>	<u>\$ 5,319,819</u>	<u>\$ 21,440,898</u>

See notes to consolidated financial statements

**The United Synagogue of
Conservative Judaism and Affiliate**

Consolidated Statement of Functional Expenses

	Year Ended June 30, 2020							
	Program Services				Supporting Services			
	Kehilla							
	Strengthening and							
	Youth	Education	Transformation	Other	Total	Management and General	Fundraising	Total
Salaries and benefits	\$ 1,890,878	\$ 307,719	\$ 1,325,564	\$ -	\$ 3,524,161	\$ 1,481,178	\$ 499,626	\$ 5,504,965
Professional fees	110,069	65,145	18,461	-	193,675	454,840	175,606	824,121
Advertising and promotion	22,649	405	-	-	23,054	13,618	-	36,672
Meetings and conferences	25,233	1,848	44,119	-	71,200	10,757	7,424	89,381
Dues and subscriptions	-	-	-	18,561	18,561	1,579	1,417	21,557
Insurance	95,979	15,619	67,284	-	178,882	75,183	25,360	279,425
Equipment lease	141	-	-	-	141	45,201	-	45,342
Occupancy	85,501	13,914	59,939	-	159,354	66,975	22,592	248,921
Office supplies	2,591	153	-	-	2,744	27,637	-	30,381
Travel	113,484	13,963	67,262	-	194,709	17,269	16,038	228,016
Postage and shipping	18,417	-	1,883	-	20,300	7,874	109,915	138,089
Printing and publications	36,170	3,984	4,787	-	44,941	1,447	200,413	246,801
Program expenses and participant costs	4,833,831	475,902	101,378	72,795	5,483,906	-	23,064	5,506,970
Biennial convention	884,329	-	-	-	884,329	-	-	884,329
Telephone	44,223	664	18,085	-	62,972	45,708	7,346	116,026
Depreciation	137,903	22,442	96,674	-	257,019	108,023	36,438	401,480
Bad debt	-	-	-	-	-	94,967	-	94,967
Miscellaneous	11,087	192	3,152	1,008	15,439	110,041	8,921	134,401
Total	<u>\$ 8,312,485</u>	<u>\$ 921,950</u>	<u>\$ 1,808,588</u>	<u>\$ 92,364</u>	<u>\$ 11,135,387</u>	<u>\$ 2,562,297</u>	<u>\$ 1,134,160</u>	<u>\$ 14,831,844</u>

See notes to consolidated financial statements

**The United Synagogue of
Conservative Judaism and Affiliate**

Consolidated Statement of Functional Expenses

	Year Ended June 30, 2019							
	Program Services					Supporting Services		
	Kehilla Strengthening and					Management and General	Fundraising	Total
Youth	Education	Transformation	Other	Total				
Salaries and benefits	\$ 2,116,564	\$ 344,448	\$ 1,483,777	\$ -	\$ 3,944,789	\$ 1,657,969	\$ 559,259	\$ 6,162,017
Professional fees	77,220	45,704	12,952	-	135,876	319,102	123,199	578,177
Advertising and promotion	63,925	1,144	-	-	65,069	38,437	-	103,506
Meetings and conferences	34,670	2,539	60,620	-	97,829	14,780	10,201	122,810
Dues and subscriptions	-	-	-	18,418	18,418	1,567	1,406	21,391
Insurance	63,368	10,312	44,423	-	118,103	49,638	16,744	184,485
Equipment lease	325	-	-	-	325	103,931	-	104,256
Occupancy	283,873	46,197	199,003	-	529,073	222,366	75,007	826,446
Office supplies	3,363	199	-	-	3,562	35,874	-	39,436
Travel	180,130	22,163	106,763	-	309,056	27,411	25,458	361,925
Postage and shipping	22,293	-	2,279	-	24,572	9,531	133,045	167,148
Printing and publications	25,826	2,845	3,418	-	32,089	1,033	143,098	176,220
Program expenses and participant costs	6,369,827	627,125	133,592	95,926	7,226,470	-	30,393	7,256,863
Biennial convention	67,363	-	-	-	67,363	-	-	67,363
Telephone	50,400	757	20,611	-	71,768	52,091	8,372	132,231
Depreciation	189,055	30,767	132,533	-	352,355	148,093	49,954	550,402
Bad debt	-	-	-	-	-	194,183	-	194,183
Miscellaneous	18,555	322	5,275	1,687	25,839	184,165	14,931	224,935
Total	<u>\$ 9,566,757</u>	<u>\$ 1,134,522</u>	<u>\$ 2,205,246</u>	<u>\$ 116,031</u>	<u>\$ 13,022,556</u>	<u>\$ 3,060,171</u>	<u>\$ 1,191,067</u>	<u>\$ 17,273,794</u>

See notes to consolidated financial statements

**The United Synagogue of
Conservative Judaism and Affiliate**

Consolidated Statements of Cash Flows

	Year Ended June 30	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 63,606	\$ (1,951,738)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation of leasehold improvements	-	1,376,972
Depreciation	401,480	550,402
Net realized and unrealized gains on investments	(95,263)	(423,686)
Foreign currency exchange loss	87,655	117,262
Bad debt expense	94,967	194,183
Changes in operating assets and liabilities		
Dues receivable	(184,058)	(55,197)
Accounts and other receivables	56,507	(11,724)
Prepaid expenses	838,724	(254,751)
Contributions receivable	161,759	(215,788)
Other assets	505,987	3,197
Accounts payable and accrued expenses	(718,540)	195,075
Accrued salaries, vacations and benefits	2,373	(175,186)
Advance deposits	(1,735,311)	(58,694)
Net Cash from Operating Activities	(520,114)	(709,673)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(249,922)	(183,147)
Purchases of investments	(927,772)	(568,921)
Proceeds from sale of investments	1,428,560	1,397,039
Net Cash from Investing Activities	250,866	644,971
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	831,294	-
Net Change in Cash and Cash Equivalents	562,046	(64,702)
Cash and Cash Equivalents, Beginning of Year	719,790	784,492
Cash and Cash Equivalents, End of Year	\$ 1,281,836	\$ 719,790
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ -	\$ 230

See notes to consolidated financial statements

**The United Synagogue of
Conservative Judaism and Affiliate**

Notes to Consolidated Financial Statements
June 30, 2020 and 2019

1. Organization and Tax Status

The United Synagogue of Conservative Judaism (“The United Synagogue”) was formed in 1913. It is a religious association of congregations of the Conservative Movement of Judaism and has 562 affiliated congregations. The United Synagogue’s Conservative Jewish program encompasses youth, educational and congregational programming. The United Synagogue is the sole member of the USCJ Supporting Foundation, Inc. (the “Foundation”). The United Synagogue and the Foundation are collectively referred to herein as the “Organization.”

The United Synagogue’s primary sources of revenues are membership dues, program revenue and contributions. The Foundation’s primary source of revenue is investment income.

Tax Status

The United Synagogue and the Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements are prepared on the accrual basis of accounting.

Basis of Consolidation

The consolidated financial statements include the accounts of The United Synagogue and the Foundation. All material inter-entity transactions have been eliminated in the consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**The United Synagogue of
Conservative Judaism and Affiliate**

Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Policies

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

Additionally, on July 1, 2019, the Organization 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 ASU 2014-09 had no impact on the Organization’s financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid instruments with maturities, when acquired, of three months or less. The Organization routinely invests its surplus operating funds in money market accounts. The money market accounts invest in highly liquid U.S. Government and agency obligations. Investments in money market accounts are not insured or guaranteed by the U.S. Government.

Investments and Investment Return

Investments are carried at fair value. The fair value of alternative investments has been estimated using the net asset value (“NAV”) as reported by the management of the respective alternative investment fund. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

**The United Synagogue of
Conservative Judaism and Affiliate**

Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Investments and Investment Return (continued)

The Organization maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Dues, Accounts and Other Receivables

Receivables are recognized based on established rates for dues and the programs operated. Receivables are recognized during the period in which the performance obligations are completed. Interest income is not accrued or recorded on outstanding receivables.

Allowance for Doubtful Accounts

The Organization determines whether an allowance for doubtful accounts should be provided for its receivables. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections and historical information.

Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of June 30, 2020 and 2019, the Organization recorded an allowance of \$135,000 on accounts and other receivables. As of June 30, 2020 and 2019, the Organization recorded an allowance of \$330,348 and \$303,756, respectively, against contributions receivable. No allowance has been recorded for dues receivable.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The Organization's policy is to capitalize items with a cost of \$1,000 or greater, and a useful life of more than one year. During 2019, depreciation of leasehold improvements, in the amount of \$1,376,972, was accelerated as a result of an early lease termination.

**The United Synagogue of
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Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2020 and 2019.

Advance Deposits

Advance deposits are for future programs that have not yet been held. The advance deposits are recorded as liabilities until such time that they will be earned.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions. The net assets of the Organization and the changes therein are classified as follows:

Without donor restrictions – net assets that represent resources that are not subject to donor restrictions. The Organization's board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

With donor restrictions – net assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may require the assets to be maintained in perpetuity.

Program Revenue

Program revenue includes revenues from providing events, trips and other programming for youth and members of The United Synagogue. Revenue is recognized when a program is conducted and such services are provided.

Membership Dues

Revenue from membership dues are recognized over the membership period.

**The United Synagogue of
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Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Contributions

Contributions, including unconditional promises to give, are provided to the Organization either with or without restrictions placed on the gift by the donor, and are recognized as revenue in the period received.

In addition to the amount initially recognized, contributions for unconditional gifts to be collected in future years are also recognized each year using discount factors that approximate the risk and expected timing of future contribution payments.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Rent

Rent is expensed on the straight-line basis when there are material step ups in rent or periods of free rent.

Advertising

Advertising costs are expensed as incurred. Advertising expenses totaled \$36,672 and \$103,506 for the years ended June 30, 2020 and 2019, respectively.

Foreign Currency Transactions

The Organization accounts for foreign transactions in accordance with the Financial Accounting Standards Board (FASB) ASC 830-20, *Foreign Currency Transactions*. Transaction gain and losses, which are a result of transactions denominated in currencies other than U.S. dollars are included in determining change in net assets for the period in which the transactions occurred. Net transaction adjustment losses for the years ended June 30, 2020 and 2019 was \$87,655 and \$117,262, respectively.

Functional Allocation of Expenses

The costs of providing services have been summarized on a functional basis. Certain costs have been allocated among the program, management and general and fundraising categories based on the program and supporting services benefited, based on the actual expenditures and costs allocated based on employee time attributed to the program or service.

**The United Synagogue of
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Notes to Consolidated Financial Statements
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2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

Fair value measurements establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The United Synagogue follows U.S. GAAP guidance which removed the requirements to categorize within the fair value hierarchy alternative investments where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient.

The following is a description of the type of investments and the valuation methodologies used for assets measured at either fair value or net asset value ("NAV"). There have been no changes in the methodologies used at June 30, 2020, as compared to those used at June 30, 2019.

Money Market Funds and Equities: Valued at the closing price reported on the active market on which the individual security is traded.

Fixed Income—Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities.

Mutual Funds: Valued at the published NAV of shares held at year-end.

Dynamic Asset Allocation Overlays include equity securities, fixed-income instruments of issuers located within and outside the United States, real estate related securities, below-investment grade ("high yield") securities (commonly known as "junk bonds"), currencies and commodities. The portfolio's asset class exposures may be implemented and adjusted either through transactions in individual securities or through derivatives.

**The United Synagogue of
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2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Limited Liability Company's underlying investments consist of certain equity funds, hedged credit funds, and private credit funds, real estate asset and real estate funds and are valued at the NAV of shares held at year-end as a practical expedient. The NAV is based on the fair value of the underlying assets held less any liability as determined by the underlying investment managers. The practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

The goals outlined below imply three primary objectives for managing this investment (the Pooled Endowment Portfolio):

- To obtain a return on investment sufficient to make the desired annual distributions without eroding the inflation-adjusted value of invested assets.
- To invest prudently, in order to preserve the inflation-adjusted value of the endowment and guard against material reductions in its value.
- To maintain liquidity sufficient to support routine withdrawals for distribution purposes as well as any non-routine withdrawals.

Limited Liability Partnership's underlying investments consist of:

- Limited partnerships that invest in domestic equities
- Investments in funds holding equity securities of companies primarily in emerging and frontier markets outside the United States
- Limited partnerships that invest in equity or debt that are not publicly traded, equity of start-up companies, companies embarking on new ventures or restructuring/turnaround plans that are illiquid
- Limited partnerships with absolute return/hedged equity strategies
- Multiple credit-related investments via limited partnerships
- Multiple real assets investment via limited partnerships

Valued at the NAV per share based on the underlying investments carried at fair value and a 30-day notice of redemption.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for years prior to June 30, .

**The United Synagogue of
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Notes to Consolidated Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified for comparative purposes only to conform to the 2020 presentation.

3. Investments

The following tables set forth by level and type, within the fair value hierarchy, the assets at fair value as of June 30:

	2020			
	Total	Fair Value Measurements Using		Investments Measured at NAV (A)
Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	-	
Investments at fair value				
Money market funds	\$ 70,579	\$ 70,579	\$ -	\$ -
Mutual Funds				
Fixed income	1,442,625	1,442,625	-	-
Equity	682,474	682,474	-	-
Global real estate	93,879	93,879	-	-
Fixed income, corporate bonds	401,005	-	401,005	-
Limited liability partnership	3,701,751	-	-	3,701,751
Exchange traded funds	266,332	266,332	-	-
Equities				
Basic materials	41,462	41,462	-	-
Consumer goods	128,704	128,704	-	-
Financial	212,468	212,468	-	-
Healthcare	33,677	33,677	-	-
Industrial goods	51,347	51,347	-	-
Construction	23,527	23,527	-	-
Technology	241,958	241,958	-	-
Dynamic Assets Allocation Overlays	14,589	14,589	-	-
Overlay A - equity-oriented asset allocation	403,880	-	-	403,880
Overlay B - fixed income - oriented asset allocations	229,250	-	-	229,250
Limited liability company	3,953,442	-	-	3,953,442
Total Investments	<u>\$ 11,992,949</u>	<u>\$ 3,303,621</u>	<u>\$ 401,005</u>	<u>\$ 8,288,323</u>

**The United Synagogue of
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Notes to Consolidated Financial Statements
June 30, 2020 and 2019

3. Investments (continued)

	2019			
	Total	Fair Value Measurements Using		Investments Measured at NAV (A)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Investments at fair value				
Money market funds	\$ 43,083	\$ 43,083	\$ -	\$ -
Mutual Funds				
Fixed income	919,340	919,340		
Equity	726,409	726,409	-	-
Global real estate	118,108	118,108	-	-
Fixed income, corporate bonds	515,538	-	515,538	-
Limited liability partnership	4,162,300	-		4,162,300
Exchange traded funds	656,401	656,401	-	-
Equities				
Basic materials	53,951	53,951	-	-
Consumer goods	119,685	119,685	-	-
Financial	188,073	188,073	-	-
Healthcare	46,937	46,937	-	-
Industrial goods	18,962	18,962	-	-
Energy	33,382	33,382	-	-
Construction	14,461	14,461	-	-
Technology	140,954	140,954	-	-
Dynamic Assets Allocation Overlays				
Overlay A - equity-oriented asset allocation	392,845	-	-	392,845
Overlay B - fixed income - oriented asset allocations	223,435	-	-	223,435
Limited liability company	4,112,264	-	-	4,112,264
Total Investments	<u>\$ 12,486,128</u>	<u>\$ 3,079,746</u>	<u>\$ 515,538</u>	<u>\$ 8,890,844</u>

(A) Certain investments that are measured at fair value using NAV value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position

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3. Investments (continued)

Alternative Investments

The following table summarizes investments in certain entities measured at fair value based on NAV per share, as a practical expedient as of June 30, 2020 and 2019:

	2020 Fair Value	2019 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Dynamic asset allocation overlays					
Overlay A - equity-oriented asset allocation	\$ 403,880	\$ 392,845	\$ -	Daily	None
Overlay B - fixed income - oriented asset allocation	229,250	223,435	-	Daily	None
Limited liability partnership	3,701,751	4,162,300	-	Monthly	30 days
Limited liability company	3,953,442	4,112,264	-	Monthly	15 days
	<u>\$ 8,288,323</u>	<u>\$ 8,890,844</u>	<u>\$ -</u>		

4. Property and Equipment

Property and equipment consisted of the following as of June 30:

	2020	2019	Estimated Useful Lives
Land in Israel	\$ 893,710	\$ 893,710	
Building in Israel	14,697,694	14,697,694	40 years
Equipment	1,906,051	1,899,296	3-10 years
Cemetery plots	1	1	
Leasehold improvements	292,034	48,867	15 years
	17,789,490	17,539,568	
Accumulated depreciation and amortization	(7,326,632)	(6,925,151)	
	<u>\$ 10,462,858</u>	<u>\$ 10,614,417</u>	

The Organization owns land in Jerusalem, Israel and constructed a building used as a youth education and dormitory facility.

The United Synagogue owns various cemetery plots. The plots were not valued and have been recorded at a nominal value of \$1 in these consolidated financial statements.

5. Retirement Plan

The Organization has a defined contribution retirement plan managed by a third party (The Joint Retirement Board). Employer contributions are 3.75 percent when each employee covered electively contributes at least 4 percent of their gross salary. Pension expense for the years ended June 30, 2020 and 2019 was \$81,953 and \$103,698, respectively.

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6. Contributions Receivable

Unconditional contributions receivable has been recorded at present value. Those receivables that are due in more than one year have been discounted to their present value using discount rates of 4 to 6 percent. The receivables as of June 30 are due as follows:

	2020		
	Without Purpose Restrictions	With Purpose Restrictions	Total
Due within one year	\$ 294,031	\$ 125,725	\$ 419,756
Due in one to five years*	38,917	111,000	149,917
	332,948	236,725	569,673
Less allowance for uncollectible amounts	(258,323)	(72,025)	(330,348)
	74,625	164,700	239,325
Less discount to present value	(2,226)	(6,322)	(8,548)
	\$ 72,399	\$ 158,378	\$ 230,777
	2019		
	Without Purpose Restrictions	With Purpose Restrictions	Total
Due within one year	\$ 419,181	\$ 237,681	\$ 656,862
Due in one to five years*	50,417	88,000	138,417
	469,598	325,681	795,279
Less allowance for uncollectible amounts	(237,031)	(66,725)	(303,756)
	232,567	258,956	491,523
Less discount to present value	(2,942)	(1,078)	(4,020)
	\$ 229,625	\$ 257,878	\$ 487,503

* Amounts in the "Due in one to five years" categories above that are in the "Without purpose restrictions" columns are time restricted.

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7. Line of Credit

The Organization had a line of credit with a bank in Israel (for \$2 million), which expired in May 2019. Certain buildings of the Fuchsberg Center in Israel collateralized the loan. The loan bore interest at a floating rate. Interest expense for the year ended June 30, 2019 was \$230. The line of credit was not renewed.

8. Loan Payable

On May 1, 2020, the Organization received a loan under the Paycheck Protection Program (the "PPP" Loan) in the amount of \$830,072 from the Small Business Administration ("SBA"). The PPP loan matures in May 2022, has an interest rate of 1% per annum and no payments are due until March 2021. Interest accrued as of June 30, 2020 on the PPP loan was \$1,222. If certain defined conditions are met, the PPP Loan may be forgiven by the SBA, otherwise the Organization will be required to repay the loan in full.

9. Related Organizations in Israel

The Organization is related to three organizations in Israel. The United Synagogue of America (Amutta) is a registered Amutta under Israeli law, whose purpose is to promote conservative Judaism through programs for youth and education. An Amutta is a tax-exempt entity in Israel formed for charitable or religious purposes and is governed by its members. The Organization is related to the Amutta as it owns 0.1 percent of the outstanding shares of the Amutta.

The Organization and the Amutta also own two corporations established for the public good in Israel: United Synagogue Center and Conservative Judaism Educational Company Limited (CJEC). The Amutta owns 99.9 percent of the outstanding shares of both the United Synagogue Center and CJEC. The Organization owns 0.1 percent of the outstanding shares of both the United Synagogue Center and CJEC. These corporations are not consolidated into these financial statements.

The Amutta, the United Synagogue Center and CJEC use a December 31 year-end. Individual financial statements have been issued in Israel using Israeli accounting principles. Those financial statements were denominated in New Israeli Shekel.

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10. Net Assets With Donor Restrictions

Net assets with donor restriction at June 30 are restricted for the following purposes or periods:

	2020	2019
Subject to expenditure for specified purpose		
Kehilot (member congregation) programs and services	\$ 561,709	\$ 898,252
Youth scholarships	897,720	1,131,571
Youth programs	891,849	507,308
Israel educational programs and operating support	450,321	524,838
Tikum olam (social action and disaster relief)	347,852	336,550
Annual fund time-restricted pledges and other	640,928	735,476
	3,790,379	4,133,995
 Endowments		
Subject to endowment spending policy and appropriation		
Day schools principals training program	775,372	775,372
Youth program and scholarships	135,191	135,191
Leadership development	50,000	50,000
Unappropriated investment income from endowments	256,307	225,261
	1,216,870	1,185,824
	\$ 5,007,249	\$ 5,319,819

Net assets released from restrictions for the years ended June 30 are as follows:

	2020	2019
Kehilot (member congregation) programs and services	\$ 285,836	\$ 279,633
Youth scholarships	197,977	210,970
Youth programs	81,800	64,019
Israel educational programs and operating support	242,018	446,926
Tikum olam (social action and disaster relief)	58,300	85,730
Annual fund time-restricted pledges and other	41,403	257,070
	\$ 907,334	\$ 1,344,348

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10. Net Assets With Donor Restrictions (continued)

Endowments

General

The Organization's endowment consists of 13 donor-restricted endowment funds established for youth scholarships, educational programs and youth programs.

Interpretation of Relevant Law

The General Assembly and the Board of Directors of the Organization have adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the "historic dollar value" standard and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Organization is now governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of 7 percent of the average of its previous five years' balance. As a result of this interpretation, the Organization classifies as restricted net assets - endowment (a) the original value of gifts donated to the endowment subject to perpetuity, (b) the original value of subsequent gifts to the endowment subject to perpetuity, and (c) accumulations to the endowment subject to perpetuity 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 in restricted net assets - endowments is classified as restricted net assets purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Return Objectives, Strategies Employed and Spending Policy

The primary objective of the endowment fund is income consistent with current yield and liquidity in both the equity and fixed-income portfolios. A secondary objective is long-term capital appreciation through investment in the equity portfolio. A total return strategy is emphasized through a balanced investment approach.

Funds with Deficiencies

The Organization does not have any funds with deficiencies at June 30, 2020 and 2019.

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10. Net Assets With Donor Restrictions (continued)

Endowments (continued)

Changes in Endowment Net Assets

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

	2020	2019
	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,185,824	\$ 1,102,904
Investment income	31,046	82,920
Endowment net assets, end of year	\$ 1,216,870	\$ 1,185,824

11. Board-Designated Net Assets

During 2016, The United Synagogue transferred, through a formal gift agreement, assets to the Foundation in order to establish a board-designated endowment fund (the Fund), which is to become an asset of the Foundation and shall be governed by the Articles of Incorporation and By-Laws of the Foundation and the Gift Agreement. The gift, and any additional gifts to the Foundation, by The United Synagogue or others, which are to be added to the Fund, shall be held, invested and reinvested by the Foundation in accordance with its standard investment policies and procedures. The assets of the Fund may, at the discretion of the Foundation, be pooled with similar assets in order to facilitate a cost-effective management of the assets of the Foundation, so long as the Foundation is able to account separately for the assets of the Fund.

For the purpose of making distributions from the Fund, the Foundation shall make use of a total return-based spending policy (the Spending Policy), meaning that it will fund distributions from net investment income, consisting of net realized capital gains, net increase or decrease in unrealized appreciation of investments, dividends and other distributions, less fees and costs associated with investing.

The distribution of Fund assets will be permitted to the extent such distributions do not exceed a level that would erode the Fund's long-term, real purchasing power of assets over time. The Foundation's Investment Committee will seek to reduce the variability of annual Fund distributions by factoring past spending and portfolio asset values into its current spending decisions. The Foundation's Investment Committee will review its spending assumptions annually for the purpose of deciding whether any changes therein necessitate amending the Fund's spending policy, its target allocations, or both.

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Notes to Consolidated Financial Statements
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11. Board-Designated Net Assets (continued)

The Foundation has established a spending policy of 4.5 percent and distributed \$372,000 to The United Synagogue on May 1, 2020. Thereafter, The United Synagogue shall request, no later than December 31 of any calendar year, a distribution to be made in accordance with the Foundation's spending policy. As agreed to by the Foundation's Board, during the next fiscal year, a request of approximately \$250,000 was made in 2020 to be distributed in 2021. All of these transactions are eliminated in consolidation. Notwithstanding the provisions detailed above and the returns, or lack thereof, achieved by the Foundation, The United Synagogue shall be entitled to receive at least the minimum distribution for each year through 2021.

The Foundation shall hold, administer and dispose of the Fund in perpetuity in order to accomplish the following purposes of the Fund:

- a) To support The United Synagogue and its affiliates;
- b) To further the purposes of The United Synagogue in creating a spiritual, intellectual and managerial community to fulfill its sacred mission and providing a connection with a common sense of community, shared mission and purpose; and
- c) To fund a variety of religious and charitable activities in connection with The United Synagogue.

Changes in board designated endowment net assets for the years ended June 30 were as follows:

	2020	2019
Beginning balance	\$ 8,283,263	\$ 8,890,856
Expenses	(20,660)	(12,475)
Investment income	80,992	275,974
Withdrawals	(757,827)	(871,092)
	\$ 7,585,768	\$ 8,283,263

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12. Operating Leases

On June 2, 2015, the Organization entered into a 15-year operating lease for office space in New York, NY. In connection with the lease, the Organization was required to provide a security deposit of \$502,178 to be held by the landlord, which was recorded in other assets on the 2019 consolidated statements of financial position. The Organization was also required to obtain a letter of credit in the amount of \$502,178, which expired on May 10, 2019. On October 29, 2019, \$324,249 of the security deposit was returned by the landlord, with the balance kept as a lease termination fee. In August 2019, the Organization formally terminated this lease and vacated the property as of June 30, 2019, and moved in to its current office located at 3080 Broadway (JTS Campus). In connection with the termination of the lease, accelerated depreciation of \$1,376,972 for leasehold improvements was recognized. In addition to the afore-mentioned lease, the Organization has various other operating lease arrangements for additional office space at other locations.

Future minimum lease payments in connection with these leases as of June 30, 2020 are as follows:

2021	\$ 218,592
2022	219,234
2023	218,892
2024	225,005
2025	44,086
	<u>\$ 925,809</u>

The leases expire on dates ranging through July 31, 2025. Total rent expense for the years ended June 30, 2020 and 2019 was \$224,651 and \$745,658, respectively.

13. Significant Estimates and Concentrations

Financial instruments which potentially subject the Organization to a concentration of credit risk are cash accounts with major financial institutions in excess of FDIC insurance limits. At June 30, 2020, the Organization's cash accounts exceeded federally insured limits by approximately \$654,000.

The Organization invests in various securities. Investment securities, in general, are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the consolidated financial statements.

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Notes to Consolidated Financial Statements
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13. Significant Estimates and Concentrations (continued)

General Litigation

The Organization is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Organization. Events could occur that would change this estimate materially in the near term.

14. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30 are comprised of the following:

	2020	2019
Financial assets		
Cash and cash equivalents	\$ 1,281,836	\$ 719,790
Investments	11,992,949	12,486,128
Dues receivable	299,568	115,510
Accounts and other receivables, net	178,578	235,085
Contributions receivable, net	230,777	487,503
Total Financial Assets	13,983,708	14,044,016
Internal designation		
Board-designated	(7,585,768)	(8,283,263)
Donor-imposed restrictions		
Restricted funds	(5,007,249)	(5,319,819)
Add next year's release of donor restrictions	208,686	907,334
Net Financial Assets After Donor-Imposed Restrictions		
Available to Meet General Expenditures Within One Year	\$ 1,599,377	\$ 1,348,268

The Organization regularly monitors liquidity required to meet its operating needs and other commitments, while striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, investments and accounts receivables.

For the purposes of analyzing resources available to meet general expenditures over a 12-month period (fiscal year), the Organization considers all expenditures related to its ongoing activities of programming (Teen Engagement and Synagogue Leadership), as well as the conduct of services undertaken to support those activities to be general expenditures. Receivables with donor restrictions are included in the analysis but funds received from these contributions are used solely to fulfill those restrictions and are, therefore, available to meet those current operating needs.

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Notes to Consolidated Financial Statements
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14. Liquidity and Availability (*continued*)

In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization is operating with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Organization also has the ability to un-designate net assets if additional funds are needed.

15. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through January 12, 2021 which is the date that the financial statements were available to be issued.

16. Contingencies

The Organization's activities and financial performance have been affected by the recent and ongoing outbreak of the coronavirus disease ("COVID-19"), which was declared a pandemic by the World Health Organization in March 2020. As mentioned in Note 8, the Organization obtained a PPP Loan offered by the Small Business Administration in response to COVID-19. If the outbreak continues and conditions worsen, the Organization may experience a disruption in operations as well as a decline in future contributions. The outbreak may adversely affect the Organization on an interim basis and the amount of the impact cannot be reasonably estimated at this time. The Organization has, however, taken several steps to strengthen its financial position and to maintain financial liquidity and flexibility.

COVID-19 has also led to substantial volatility in the global financial markets. Because the value of the Organization'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.

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date these financial statements were available for issuance. Therefore, the full extent of any adverse impact on the results of operations, financial position, and cash flows in 2021 cannot be reasonably estimated at this time.

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