Jewish National Fund (Keren Kayemeth LeIsrael), Inc. and Affiliates

Consolidated Financial Statements
and Supplementary Information
Year Ended September 30, 2018

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

Jewish National Fund (Keren Kayemeth LeIsrael), Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information
Year Ended September 30, 2018

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Independent Auditor's Report

The Board of Trustees
Jewish National Fund (Keren Kayemeth LeIsrael), Inc. and Affiliates
New York, New York

We have audited the accompanying consolidated financial statements of Jewish National Fund (Keren Kayemeth LeIsrael), Inc. and Affiliates (collectively, the Organization), which comprise the consolidated statement of financial position as of September 30, 2018, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 from 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 auditor's 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial position of the Organization as of September 30, 2018, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position (excludes Alexander Muss Institute for Israel Education (AMIIE)), consolidating schedule of activities (excludes AMIIE) and consolidating schedule of functional expenses (excludes AMIIE) as of and for the year ended September 30, 2018 are presented for purposes of additional analysis and are not required parts of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and to other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the 2017 consolidated financial statements of the Organization and our report, dated May 30, 2018, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

BDO USA, LLP

May 14, 2019

Jewish National Fund (Keren Kayemeth LeIsrael), Inc. and Affiliates

Consolidated Statement of Financial Position
(with comparative totals for 2017)

September 30,		2018		2017
Assets				
Current				
Cash and cash equivalents (Note 2)	$	**17,993,453**	$	18,457,263
Investments, at fair value (Note 3)		**282,462,773**		264,375,965
Property held for sale (Note 6)		**2,092,076**		5,390,968
Contributions receivable, current portion, net of allowance of $6,268,217 and discount of $876,370 (Note 5)		**24,431,411**		21,636,224
Prepaid expenses and other assets		**8,051,968**		7,633,055
Total Current Assets		**335,031,681**		317,493,475
Investments Held Under Split-Interest Agreements (Note 4)		**91,396,728**		85,571,550
Contributions Receivable, less current portion (Note 5)		**10,202,552**		10,048,426
Beneficial Interest in Trust Held by Others		**835,855**		837,304
Fixed Assets, Net (Note 6)		**28,533,214**		28,406,398
Total Assets	$	**466,000,030**	$	442,357,153
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	$	**4,591,239**	$	4,005,463
Accrued payroll and related liabilities		**1,789,213**		1,723,956
Deferred revenue		**2,139,647**		1,456,358
Grants payable, current portion (Note 7)		**4,646,118**		6,066,535
Total Current Liabilities		**13,166,217**		13,252,312
Grants Payable, less current portion (Note 7)		**6,290,571**		7,229,927
Note Payable (Note 8)		**4,192,807**		-
Obligations Due Under Split-Interest Agreements (Note 4)		**41,891,295**		40,019,516
Total Liabilities		**65,540,890**		60,501,755
Commitments and Contingencies (Notes 2, 4, 5, 7, 8, 9, 11, 12, 13 and 15)				
Net Assets				
Without donor restrictions (Note 2):				
Operating		**142,757,795**		139,637,148
Boruchin Israel Education Advocacy Center		**120,123,543**		113,017,889
Building fund		**3,203,168**		4,006,865
JNF Initiatives Fund		**58,127,365**		55,176,668
Total Without Donor Restrictions		**324,211,871**		311,838,570
With donor restrictions (Notes 2 and 11)		**76,247,269**		70,016,828
Total Net Assets		**400,459,140**		381,855,398
Total Liabilities and Net Assets	$	**466,000,030**	$	442,357,153

See accompanying notes to consolidated financial statements.

Jewish National Fund (Keren Kayemeth LeIsrael), Inc. and Affiliates

Consolidated Statement of Activities
(with comparative totals for 2017)

Year ended September 30,

	Without Donor Restrictions							
	Operating	Boruchin Israel Education Advocacy Center	Building Fund	JNF Initiatives Fund	Total	With Donor Restrictions	**2018**	2017
Revenues, Gains (Losses) and Other Support								
Contributions	$ 46,422,098	$ -	$ -	$ -	$ 46,422,098	$ 6,906,131	**$ 53,328,229**	$ 52,079,990
Special events revenue	9,444,785	-	-	-	9,444,785	-	**9,444,785**	8,829,722
Less: direct cost of special events	(4,100,205)	-	-	-	(4,100,205)	-	**(4,100,205)**	(3,308,562)
Net Special Events Revenue	5,344,580	-	-	-	5,344,580	-	**5,344,580**	5,521,160
Tuition and fees	9,484,492	-	-	-	9,484,492	-	**9,484,492**	9,241,327
Less: financial aid awards	(1,012,056)	-	-	-	(1,012,056)	-	**(1,012,056)**	(1,103,582)
Net Tuition and Fees	8,472,436	-	-	-	8,472,436	-	**8,472,436**	8,137,745
Bequests	8,766,149	-	-	-	8,766,149	(17,180)	**8,748,969**	18,383,204
Contributions from split-interest agreements (Note 5)	-	-	-	-	-	3,972,671	**3,972,671**	3,375,333
Changes in value of split-interest agreements (Note 5)	-	-	-	-	-	(2,474,923)	**(2,474,923)**	(1,500,311)
Investment income, net (Note 3)	5,281,595	9,332,011	-	3,168,697	17,782,303	5,587,611	**23,369,914**	29,358,989
Other revenue (expenses)	(409,666)	-	-	-	(409,666)	-	**(409,666)**	771,347
Net assets released from restrictions (Note 10)	7,743,869	-	-	-	7,743,869	(7,743,869)	**-**	-
Total Revenues, Gains (Losses) and Other Support	81,621,061	9,332,011	-	3,168,697	94,121,769	6,230,441	**100,352,210**	116,127,457
Expenses								
Program services:								
Israel projects	37,445,048	2,226,357	-	218,000	39,889,405	-	**39,889,405**	44,820,143
Education	18,212,216	-	-	-	18,212,216	-	**18,212,216**	16,410,799
Missions and scholarships	9,621,135	-	-	-	9,621,135	-	**9,621,135**	7,778,383
Total Program Services	65,278,399	2,226,357	-	218,000	67,722,756	-	**67,722,756**	69,009,325
Supporting services:								
Management and general	6,299,174	-	-	-	6,299,174	-	**6,299,174**	6,330,756
Donor development and fundraising	7,491,014	-	-	-	7,491,014	-	**7,491,014**	8,126,969
Total Supporting Services	13,790,188	-	-	-	13,790,188	-	**13,790,188**	14,457,725
Total Expenses	79,068,587	2,226,357	-	218,000	81,512,944	-	**81,512,944**	83,467,050
Transfers Between Board Designated Funds (Note 2)	803,697	-	(803,697)	-	-	-	**-**	-
Gain (Loss) on Foreign Currency Translation	(235,524)	-	-	-	(235,524)	-	**(235,524)**	216,128
Change in Net Assets	3,120,647	7,105,654	(803,697)	2,950,697	12,373,301	6,230,441	**18,603,742**	32,876,535
Net Assets - beginning of year	139,637,148	113,017,889	4,006,865	55,176,668	311,838,570	70,016,828	**381,855,398**	348,978,863
Net Assets - end of year	$ 142,757,795	$ 120,123,543	$ 3,203,168	$ 58,127,365	$ 324,211,871	$ 76,247,269	**$ 400,459,140**	$ 381,855,398

See accompanying notes to consolidated financial statements.

Jewish National Fund (Keren Kayemeth LeIsrael), Inc. and Affiliates

Consolidated Statement of Functional Expenses
(with comparative totals for 2017)

Year ended September 30,

	Program Services				Supporting Services				
	Israel Project	Education	Missions and Scholarships	Total Program Services	Management and General	Donor Development and Fundraising	Total Supporting Services	**2018**	2017
Salaries	$ 4,987,028	$ 7,095,223	$ 3,469,405	$ 15,551,656	$ 3,146,808	$ 3,522,858	$ 6,669,666	**$ 22,221,322**	$ 20,045,732
Employee benefits	1,495,933	1,293,542	957,888	3,747,363	872,180	960,107	1,832,287	**5,579,650**	4,932,151
Total Salaries and Benefits	6,482,961	8,388,765	4,427,293	19,299,019	4,018,988	4,482,965	8,501,953	**27,800,972**	24,977,883
Advertising	541,291	282,272	303,361	1,126,924	156,166	227,450	383,616	**1,510,540**	1,335,725
Conferences and education	6,643	44,134	1,525,150	1,575,927	170,077	4,360	174,437	**1,750,364**	262,621
Delivery and messenger	497,674	367,850	196,771	1,062,295	190,053	362,232	552,285	**1,614,580**	1,233,870
Depreciation and amortization	502,792	626,054	57,355	1,186,201	81,935	172,064	253,999	**1,440,200**	1,541,331
Dues and subscriptions	47,638	5,816	4,972	58,426	16,595	10,066	26,661	**85,087**	99,697
Equipment and leases	234,763	47,653	42,782	325,198	48,416	45,114	93,530	**418,728**	457,119
Housing	-	2,475,829	-	2,475,829	-	-	-	**2,475,829**	2,014,977
Information technology	-	136,274	-	136,274	-	-	-	**136,274**	9,747
Insurance	181,593	145,720	21,548	348,861	32,796	17,047	49,843	**398,704**	384,857
Interest	-	256,602	-	256,602	-	-	-	**256,602**	112,037
Stipends and sponsorships	346,632	32,196	19,212	398,040	4,169	5,887	10,056	**408,096**	400,818
Meetings	97,770	101,766	97,010	296,546	63,441	84,679	148,120	**444,666**	417,922
Miscellaneous	-	40,023	-	40,023	-	-	-	**40,023**	132,654
Missions	895,581	689,407	1,183,106	2,768,094	91,320	8,261	99,581	**2,867,675**	2,161,372
Office expense	-	142,065	-	142,065	-	-	-	**142,065**	309,050
Printing	485,506	609,802	306,183	1,401,491	178,806	517,129	695,935	**2,097,426**	2,461,064
Professional fees	1,862,516	230,501	247,691	2,340,708	427,202	419,875	847,077	**3,187,785**	3,566,397
Rent, security and maintenance	1,125,026	882,497	395,116	2,402,639	299,888	430,726	730,614	**3,133,253**	2,661,635
Speaker/honorarium fees and promotions	276,174	178,587	278,065	732,826	149,427	222,003	371,430	**1,104,256**	794,631
Student activities	-	152,949	-	152,949	-	-	-	**152,949**	138,765
Supplies	142,281	86,718	73,014	302,013	52,512	58,576	111,088	**413,101**	428,435
Taxes, licenses, and miscellaneous	440,201	55,744	60,562	556,507	81,646	84,642	166,288	**722,795**	659,449
Telephone	178,861	81,987	123,363	384,211	72,283	81,390	153,673	**537,884**	(410,660)
Transfers for Israel projects	25,169,486	-	-	25,169,486	-	-	-	**25,169,486**	33,410,270
Transportation	-	1,148,541	-	1,148,541	-	-	-	**1,148,541**	1,641,698
Travel	296,948	966,606	242,735	1,506,289	146,079	244,960	391,039	**1,897,328**	2,106,325
Utilities	77,068	35,858	15,846	128,772	17,375	11,588	28,963	**157,735**	157,361
Total Expenses	$ 39,889,405	$ 18,212,216	$ 9,621,135	$ 67,722,756	$ 6,299,174	$ 7,491,014	$ 13,790,188	**$ 81,512,944**	$ 83,467,050

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows
(with comparative totals for 2017)

Year ended September 30,	**2018**	2017
Cash Flows from Operating Activities		
Change in net assets	$ **18,603,742**	$ 32,876,535
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**1,440,200**	1,541,331
Realized and unrealized losses (gains) on investments	**11,671,615**	(17,051,044)
Realized and unrealized losses (gains) on investments under split interest agreement	**2,779,739**	(4,640,028)
Realized losses (gains) on sale of land, buildings and equipment	**902,314**	(1,171,341)
Contributions from split-interest agreements	**(3,972,671)**	(3,375,333)
Change in value of split-interest agreements	**2,474,923**	1,500,311
Change in discount allowance on contributions receivable	**(181,084)**	(170,993)
Bad debt expense	**431,783**	293,883
Increase in assets:		
Contributions receivable	**(3,200,012)**	(247,717)
Beneficial interest in trusts	**1,449**	(178,864)
Prepaid expenses and other assets	**(418,913)**	(3,906,579)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**585,776**	(351,236)
Accrued payroll and related liabilities	**65,257**	182,048
Deferred revenue	**683,289**	(140,443)
Grants payable	**(2,359,773)**	(3,498,553)
Net Cash Provided by Operating Activities	**29,507,634**	1,661,977
Cash Flows from Investing Activities		
Purchases of fixed assets	**(1,567,016)**	(1,764,547)
Proceeds from sale of investments	**131,664,998**	121,629,946
Purchase of investments	**(170,028,338)**	(135,875,843)
Proceeds from sale of fixed assets	**-**	8,240,607
Proceeds from sale of property held for sale	**2,396,578**	689,010
Net Cash Used in Investing Activities	**(37,533,778)**	(7,080,827)
Cash Flows from Financing Activities		
Proceeds from note payable	**4,192,807**	-
Proceeds from contributions restricted for split-interest agreements	**9,163,449**	9,125,239
Payments to annuitants of split-interest agreements	**(5,793,922)**	(5,695,329)
Net Cash Provided by Financing Activities	**7,562,334**	3,429,910
Net Decrease in Cash and Cash Equivalents	**(463,810)**	(1,988,940)
Cash and Cash Equivalents, beginning of year	**18,457,263**	20,446,203
Cash and Cash Equivalents, end of year	$ **17,993,453**	$ 18,457,263

See accompanying notes to consolidated financial statements.

1. Nature of Organization

Jewish National Fund (Keren Kayemeth LeIsrael), Inc. (JNF) is a not-for-profit corporation, founded in 1901 and incorporated in the United States in 1926, that is devoted to promoting and furthering the cultural, physical, social, medical, agricultural and general welfare of the people of Israel. JNF invests its efforts in seven action areas, including forestry and ecology, water management, community development, security roads, education, research and development and tourism and recreation. JNF is also involved in Israel advocacy and education throughout the United States. Israeli projects are carried out by JNF board-approved, select Israeli not-for-profit organizations. JNF consists of its national and zone offices throughout the country. The accompanying financial statements include the accounts of the national headquarters and all of the zone offices.

JNF is a Section 501(c)(3) not-for-profit organization and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code). JNF has been classified as a publicly supported organization, as described in Section 509(a)(1) of the Code. JNF is also exempt from state and local income taxes. Jewish National Fund and JNF are registered trademarks of the Organization with the U.S. Patent and Trademark Office since April 2002.

A related entity, Jewish National Fund-USA, Inc. (JNF-USA), was incorporated on September 4, 2018. JNF and JNF-USA are related through common board control. JNF-USA had no activity in fiscal year 2018.

Beyachad Fund (R.A.) is an Israeli not-for-profit organization (Amuta) that is organized to provide support to and develop areas in Israel. JNF is related to the Beyachad Fund (R.A.) through board control.

Alexander Muss Institute for Israel Education, Inc. (AMIIE) provides an Israel educational experience to students. This experience brings 4,000 years of Israel's history to life. AMIIE d/b/a Alexander Muss High School in Israel, or AMHSI, is a Section 501(c)(3) Florida not-for-profit organization registered to do business in New York and is exempt from federal income taxes under Section 501(a) of the Code. AMIIE is also exempt from state and local income taxes. JNF is related to AMIIE through board control.

On January 30, 2014, AMIIE's by-laws were amended and restated effective January 1, 2014, authorizing the JNF Board of Directors to appoint all members of the AMIIE Board of Governors.

On April 27, 1998, the American Seminar in Israel Ltd. (the Seminar), a property-holding company associated with AMIIE - Israeli Branch, entered into voluntary liquidation. According to the Memorandum of Association of the Seminar, upon its liquidation, it is obliged to give or to transfer the assets remaining after satisfaction of all its debts and liabilities to some other institution having objectives similar to the objectives of the Seminar, such institution to be determined by the Members of the Seminar. The Members of the Seminar have resolved to approve the transfer by the liquidator of the Seminar without consideration of all the assets of the Seminar to AMIIE - Israeli Branch. The Seminar was liquidated on December 31, 2006.

The Seminar's assets, recorded on its books at a value of $562,051 (cost of $1,214,599 less accumulated depreciation of $652,548), were transferred to AMIIE - Israeli Branch at a nominal value of $1.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The consolidated financial statements of JNF (which include the accounts of the national headquarters and all of the zone offices), AMIIE and Beyachad Fund (R.A.) (collectively, the Organization) are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). AMIIE balances in the consolidated financial statements are for the year ended December 31, 2018. Management does not believe that using a different year end for AMIIE materially affects the financial position of the Organization. All intercompany transactions have been eliminated in consolidation.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. This requires that the amounts for each of the classes of net assets—with donor restrictions and without donor restrictions—be displayed in a consolidated statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the consolidated statement of activities.

Net asset classifications are defined as follows:

Without Donor Restrictions – The part of net assets that is not restricted by donor-imposed stipulations.

Included in board-designated net assets without donor restrictions is The Boruchin Israel Education Advocacy Center (the Center) fund. The Center was created during fiscal 2015 with a $100 million allocation of funds received from the John and Dora Boruchin Trust that were designated by the JNF Board of Directors. The Center will provide programming, funding, and fundraising. Among other programs, this will include scholarships, JNFuture Leadership Institute, Zionist teacher training programs, JNF Israel Advocacy Department activities (including Spring Break, Birthright, and Caravan for Democracy), Faculty Fellowship, and additional educational initiatives. The Center fund is structured in such a manner as to distribute no more than $5 million annually or 5% of the Center's assets, as revalued each year on January 1st, whichever is greater. Any use of the Center's core assets other than previously stated, or a change in its mission, can only be determined and approved by a majority vote of JNF's Board of Directors. The balance of net assets designated to The Boruchin Israel Education Advocacy Center as of September 30, 2018 was $120,123,543.

During 2015, JNF established a JNF board-designated fund (the JNF Initiatives Fund) with a $50 million allocation from the John and Dora Boruchin Trust. Income from this fund can be used towards general operating costs of the Organization as well as special projects and new initiatives that may not have originally been budgeted by the Organization. This will allow for creativity and innovative ideas within JNF. The balance of net assets designated to the JNF Initiatives Fund as of September 30, 2018 was $58,127,365.

Following the renovations at the 69th street building, the Building Fund was established for any potential capital projects or future renovations. The balance of the net assets designated to the Building Fund, as of September 30, 2018, was $3,203,168.

With Donor Restrictions - Net assets resulting from contributions and other inflows of assets whose use by JNF is limited by donor-imposed stipulations, time and/or purpose restrictions. JNF reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—the net assets are reclassified as net assets without donor restriction.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting JNF to expend the income generated by the assets in accordance with provisions of additional donor-imposed stipulations or a board-approved spending policy.

See Note 10 for more information on the composition of net assets with donor restrictions and the release of restrictions, respectively.

Cash and Cash Equivalents

The Organization considers highly liquid financial instruments with original maturities of three months or less from the date or purchase, other than those held in the Organization's investment portfolio, to be cash equivalents.

Financial Instruments and Fair Value

Accounting Standards Codification (ASC) 820, "Fair Value Measurement," establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Organization would use in pricing the Organization's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Organization are traded. The Organization estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers for each investment based on best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 – Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuation is based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

Level 3 – Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Tuition and Fees/Deferred Income

Tuition and fees are recognized during the period (i.e., session) to which they pertain. Tuition and fees include payments contributed by third parties to cover tuition and fees shortfalls. The portion of tuition and fees collected in advance is reflected as deferred income until earned, which is generally within one year.

Contributions and Contributions Receivable

Contributions, including unconditional promises to give (pledges), are reported as revenues in the period received or pledged at their net realizable value. Unconditional promises to give, which are to be received after one year, are discounted using an appropriate discount rate (credit adjusted) commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue, in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided in the net asset class in which the contribution receivable resides based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts and historical information. Receivables are charged to bad debt when they are deemed to be uncollectible based upon a periodic review of the accounts by management. The Organization writes off any amounts that are no longer considered to be recoverable, and any payments subsequently received on such receivables are recorded as income in the period received.

Contributions with purpose or time restrictions are reported as increases in net assets with donor restrictions and subsequently released when the restrictions on which they depend are met. Contributions subject to donor-imposed stipulations that the corpus be maintained in perpetuity are recognized as increases in net assets with donor restrictions.

Conditional promises to give and intentions to give are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met.

Contributed Services

For the year ended September 30, 2018, the value of contributed services meeting the requirements for recognition in the consolidated financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization receives on average more than 120 volunteer hours per Board member, per year.

Split-Interest Agreements

The Organization holds assets under split-interest agreements consisting of pooled life income funds, charitable remainder trusts and charitable gift annuities for which the Organization serves as the trustee. Such agreements provide for payments to the donors or their stipulated beneficiaries of either income earned on related investments or specified annuity amounts. Assets held under these agreements are reported as investments held under split-interest agreements on the consolidated statement of financial position. A portion of the contributed assets is considered to be a charitable contribution for income tax purposes and has been recognized as a contribution at the date of gift. When the terms of the gift instrument have been met, the remaining amount of the gift may be used for general or specific purposes, as stipulated by the respective donor.

Under the Organization's charitable remainder trusts and charitable gift annuities programs where the Organization is the trustee, liabilities are recorded for the present value of the estimated future payments expected to be made to the donors and/or beneficiaries, as long as they live, after which time the remaining assets, if any, are available for the unrestricted use of the Organization unless otherwise stipulated by the donor. Under the Organization's pooled life income funds program, the difference between the fair value of the assets when received and the revenue recognized is recorded as an obligation, representing the amount of the discount for future interest, on the consolidated balance sheet. Upon termination of a life interest, the share of the corpus attributable to the life tenant becomes available to the Organization. Changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments are reported as change in value of split-interest agreements on the consolidated statement of activities.

Beneficial Interest in Trusts Held by Others

Donors have established and funded trusts, which are administered by organizations other than the Organization. Under the terms of these trusts, the Organization has the irrevocable right to receive all or a portion of the income earned on the trust assets either in perpetuity or for the life of the trust. The Organization does not control the assets held by outside trusts. The value of the beneficial interest is estimated by discounting the estimated future cash flows using a risk-adjusted interest rate.

Fixed Assets, Net

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements. The current estimated useful lives are as follows:

Building and building improvements	40 years
Furniture, fixtures and equipment	5 years
Vehicles	5 years

Leasehold improvements are depreciated over the shorter of their useful lives or the remainder of the lease period.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment of Long-Lived Assets

The Organization follows the provisions of ASC 360-10-35, "Accounting for the Impairment or Disposal of Long-Lived Assets," which requires the Organization to review long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. For the year ended September 30, 2018, there have been no such losses.

Grants (Transfers for Israel Projects) and Grants Payable

Grants are recorded as expenses in the year in which they are awarded, including multi-year awards, which are discounted to present value. The discounts on these amounts are computed using an appropriate discount rate (credit adjusted) applicable to the years in which the promises are made.

Advertising Expense

Advertising, consisting primarily of the cost of publications, public awareness and literature, is recorded as expense in the period incurred. Advertising expense was approximately $1,510,540 for the year ended September 30, 2018.

Foreign Currency Translation

Foreign currency is translated in accordance with ASC 830, “Foreign Currency Matters.” Under the provisions of ASC 830, the local currency used in the Organization’s foreign operations is considered to be the functional currency of these operations. Assets and liabilities denominated in New Israeli Shekels (NIS), are translated to U.S. Dollars (USD) using the exchange rate in effect at the date of the consolidated statement of financial position. Revenues, expenses, gains and losses are translated using the average exchange rate for the year. Gains or losses on foreign currency translation are recognized in the accompanying consolidated financial statements.

The cumulative translation gain is included in net assets with donor restrictions.

Concentrations of Credit Risk

Cash, cash equivalents and investments are exposed to various risks, such as interest rate, market and credit. To minimize such risks, the Organization has a diversified investment portfolio in a variety of asset classes managed by an independent investment manager. The Organization’s cash, cash equivalents and investments are placed with high credit quality financial institutions. The Organization regularly evaluates its investments including performance thereof. Due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying consolidated financial statements can vary substantially from year to year. The Organization maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits; however, the Organization does not anticipate nonperformance by these financial institutions.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The more significant estimates include the valuation of real estate and non-exchange traded alternative investments, the collection of contributions receivable and obligations under and residual interests pertaining to split-interest agreements. Actual results could differ from those estimates.

Comparative Financial Information

The consolidated financial statements are not comparative but include certain prior-year summarized comparative information. With respect to the consolidated statement of activities, the prior-year information is presented in total, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended September 30, 2017, from which the summarized information was derived.

Income Taxes

JNF qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Code and as a non-profit corporation in New York State. Accordingly, no provision for federal or state income taxes is required. JNF has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the Code. There was no unrelated business income for 2018.

JNF adopted the provisions of ASC 740, "Accounting for Uncertainty in Income Taxes." Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained. The implementation of ASC 740 had no impact on JNF's consolidated financial statements. JNF does not believe there are any material uncertain tax positions and, accordingly, it will recognize any liability for unrecognized tax benefits. JNF has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, JNF has filed IRS Form 990 tax returns, as required, and all other applicable returns in jurisdictions when it is required. For the year ended September 30, 2018, there was no interest or penalties recorded or included in the consolidated statement of activities. JNF is subject to routine audits by taxing authorities.

Accounting Pronouncements Issued but Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB also issued ASU 2015-14, which deferred the effective date for the Organization until annual periods beginning after December 15, 2018. Earlier adoption is permitted, subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements – Going Concern: Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern." This ASU provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Specifically, this ASU provides a definition of the term substantial doubt and requires an assessment for a period of one year after the date that the consolidated financial statements are issued (or available to be issued). It also requires certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans and requires an express statement and other disclosures when substantial doubt is not alleviated. The new standard will be effective for reporting periods beginning after December 15, 2016, with early adoption permitted. The Organization will apply the provisions of this standard upon adoption.

In February 2016, the FASB issued ASU 2016-02, "Accounting for Leases," which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statement, as well as the effect on the consolidated statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The amendments are effective for fiscal years beginning after December 15, 2019. Management is currently evaluating the impact of the pending adoption of ASU 2016-02.

Recently Adopted Accounting Pronouncement

In August 2016, the FASB issued ASU 2016-14, "Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – Presentation of Financial Statements of Not-for-Profit Entities." The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions;" (b) modifying the presentation of underwater endowment funds and related disclosures; (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise; (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the consolidated statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs; (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources; (f) presenting investment return net of external and direct expenses and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Organization has chosen to early-adopt this ASU as of and for the year ended September 30, 2018.

Reclassification

Certain prior year balances have been reclassified to be consistent with the current year financial statement presentation.

3. Investments, at Fair Value

The Organization's assets recorded at fair value have been categorized based upon a fair value hierarchy, in accordance with ASC 820. See Note 2 for the discussion of the Organization's policies regarding this hierarchy. A description of the valuation techniques applied to the Organization's major categories of assets measured at fair value are as follows. There have been no changes in valuation methodology as of September 30, 2018.

Equities, U.S. Treasury Bonds and Exchange - Traded Funds – These are valued at the closing price reported on the active market on which the individual securities are traded. These investments are classified as Level 1.

Mutual Funds – These are valued on a daily basis at the close of business day. Each mutual fund's net asset value (NAV) is the value of a single share that is actively traded on national securities exchanges. These investments are classified as Level 1.

Corporate Bonds and U.S. Treasury Securities - The Organization also has investments in fixed-income securities, which include corporate bonds and U.S. Treasury securities. The investment managers priced these investments using nationally recognized pricing services. Since fixed-income securities other than U.S. Treasury securities may not trade on a daily basis, the pricing services prepare estimates of fair value measurements for these securities using its proprietary pricing applications which include available relevant market information, benchmark curves, benchmarking of similar securities, sector grouping and matrix pricing. These investments are classified as Level 2.

State of Israel Bonds – These are valued based on yields currently available on comparable securities of issuers with similar credit ratings. These investments are classified as Level 2.

Funds managed by Miami Jewish Federation (GMFJ) - These are funds managed by GMFJ. Such non-exchanged-traded investments are carried at fair value, as determined by GMFJ, and are categorized as Level 3. The methods and procedures used to value these investments may include but are not limited to: (1) performing comparisons with prices of comparable or similar securities, (2) obtaining valuation-related information from the issuer and/or (3) other analytical data relating to the investments and using other available indications of value, absent readily available market values.

Investments in precious coins, medals and real estate are carried at their fair value, which is based on the latest appraised value available.

Alternative investments are those made in limited partnerships and limited liability corporations, all of which are valued based on the NAV of the interest owned by the Organization at year-end. Given the absence of market quotations, their fair value is estimated using information provided to the Organization by the investment advisor, Gerber Taylor. The values are based on estimates that require varying degrees of judgment and, for fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly traded securities, and other investment vehicles. The investments may indirectly expose the Organization to the effects of securities lending, short sales of securities, and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these financial instruments entail varying degrees of risk, the Organization's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment plus the Organization's commitment to provide additional funding, as described in the following paragraph. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors. The Organization does not directly invest in the underlying securities of the investment funds and, due to restrictions on transferability and timing of withdrawals from the limited partnerships, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions.

Certain alternative investments, which include limited partnership investments, have rolling lockups ranging from quarterly to one year with a redemption notice period of up to 90 days.

Investments are made under the authority and oversight of an Investment Committee in consultation with an outside consultant. Together, they have established investment guidelines and developed a diversified asset allocation structure, which includes high-cap equities, low-cap equities, international equities, fixed-income securities and alternative investments. The Organization engages individual managers who specialize in each asset category, and each manager is monitored for compliance with guidelines and performance is evaluated against appropriate benchmarks.

As of September 30, 2018, the Organization's investments, by level within the fair value hierarchy, consist of the following:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents and money market funds	$ 10,853,251	$ -	$ -	$ 10,853,251
Certificate of deposit	54,981	-	-	54,981
Mutual funds	110,880,555	-	-	110,880,555
U.S. government securities	11,166,573	-	-	11,166,573
Municipal bonds	-	9,787,067	-	9,787,067
Corporate bonds	-	14,019,208	-	14,019,208
Equities	91,475,485	-	-	91,475,485
State of Israel bonds	-	3,744,278	-	3,744,278
Fixed income	21,097,995	-	-	21,097,995
Real Estate	-	-	1,677,165	1,677,165
Funds managed by GMJF	-	-	117,640	117,640
Precious coins and medals	-	-	193,510	193,510
Total Investment Assets in the Fair Value Hierarchy	245,528,840	27,550,553	1,988,315	275,067,708
Hedge funds at NAV*	-	-	-	6,198,609
Limited partnerships at NAV*	-	-	-	1,196,456
Total Investments	$ 245,528,840	$ 27,550,553	$ 1,988,315	$ 282,462,773

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

There were no transfers between levels for the year ended September 30, 2018.

The Organization uses, as a practical expedient, for fair value, a reported NAV per share or its equivalent for purposes of valuing certain alternative investments within its investment portfolio as of September 30, 2018, as detailed below.

Alternative Investment Type	Alternative Investment Strategy	Number of Funds	NAV in Funds	Remaining Life	Amount of Unfunded Commitments	Redemption Term	Redemption Restrictions
Hedge funds	Achieve capital appreciation through direct and indirect investments in securities, derivative instruments and commodities	2	$ 6,198,609	As determined by the respective fund manager	$ -	Annual with 90 days' notice	None
Limited partnerships	Achieve capital appreciation through direct and indirect investments in domestic and international equity and fixed-income securities	4	1,196,456	As determined by the respective fund manager	-	2 funds are quarterly with 60 days' notice; 1 fund is monthly with 15 days' notice; and 1 fund is quarterly with 90 days' notice	None
Total		6	$ 7,395,065		$ -		

The table below sets forth a summary of changes in fair value of the Level 3 assets for the year ended September 30, 2018:

Year ended September 30, 2018

	Precious Coins and Medals	Real Estate	Funds Managed by GMJF*	Total
Balance, beginning of year	$ 193,510	$ 1,400,000	$ 117,759	$ 1,711,269
Purchases/contributions	-	277,165	-	277,165
Sales/withdrawals	-	-	(119)	(119)
Balance, end of year	$ 193,510	$ 1,677,165	$ 117,640	$ 1,988,315

* Consist of investments pooled and managed by Greater Miami Jewish Federation (GMJF) for which AMIIE has an interest in.

Investment return for the year ended September 30, 2018 consists of the following:

Year ended September 30, 2018

Dividends and interest	$ 11,355,751
Investment expenses and fees	(2,437,191)
Realized and change in unrealized gains	14,451,354
Total Return on Investments	$ 23,369,914

Investment expenses includes both direct internal investment expenses and direct external investment expenses.

4. Split-Interest Agreements

The Organization is the beneficiary or agent for a third-party beneficiary of a number of split-interest agreements with donors. Certain agreements provide that the Organization hold the contributed assets as trustee (e.g., pooled income funds and charitable remainder trusts), while other agreements are part of the general assets of the Organization (e.g., charitable gift annuities).

Under both forms of agreement, the Organization invests the donated assets and distributes to the donor or donor's designee income generated from those assets until such time as stated in the agreement (usually upon the death of the donor or donor's designee). JNF will be able to utilize that part of the gift in which it has an interest upon the death of the respective life income beneficiary and will distribute to any third-party beneficiaries their respective remainder interests.

At the time of the gift, and adjusted annually, the Organization records contribution income and a liability for amounts payable to annuitants and third-party beneficiaries using an actuarial calculation based on estimated mortality rates and other assumptions that could change in the near term. The discount rates used in the calculation of obligations due to annuitants under split-interest agreements at September 30, 2018 ranged from 2.63% to 18.95%. State-mandated insurance reserves related to charitable gift annuity agreements are maintained at the required level.

At September 30, 2018, assets held for split-interest agreements are as follows:

September 30, 2018		
Charitable gift annuities	$	68,653,993
Charitable remainder trusts		21,846,060
Pooled-life income funds		896,675
	$	91,396,728

At September 30, 2018, obligations due under split-interest agreement are as follows:

September 30, 2018		
Charitable gift annuities	$	31,084,138
Charitable remainder trusts		10,309,250
Pooled life income funds		497,907
	$	41,891,295

As of September 30, 2018, the Organization's investments held under split-interest agreements, by level within the fair value hierarchy, consist of the following:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents and money market funds	$ 3,635,869	$ -	$ -	$ 3,635,869
Mutual funds	977,008	-	-	977,008
U.S. government securities	-	3,538,486	-	3,538,486
Equities	43,122,896	-	-	43,122,896
Fixed income	36,766,317	-	-	36,766,317
Real estate	-	-	1,677,165	1,677,165
Mortgage	-	183,796	-	183,796
Total Investment Assets in the Fair Value Hierarchy	84,502,090	3,722,282	1,677,165	89,901,537
Limited partnerships at NAV*	-	-	-	1,495,191
	$ 84,502,090	$ 3,722,282	$ 1,677,165	$ 91,396,728

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

There were no transfers between levels for the year ended September 30, 2018.

The Organization uses, as a practical expedient, for fair value, a reported NAV per share or its equivalent for purposes of valuing certain alternative investments within its investment portfolio as of September 30, 2018, as detailed below.

Alternative Investment Type	Alternative Investment Strategy	Number of Funds	NAV in Funds	Remaining Life	Amount of Unfunded Commitments	Redemption Term	Redemption Restrictions
Limited partnerships	Generate attractive returns over the long-term by investing in a European and European-related publicly listed securities	2	$ 1,495,191	As determined by the respective fund manager	$ -	1 fund is weekly with 10 days and 1 fund is annually with 90 days' notice	None

5. Contributions Receivable, Net

Contributions receivable, net at September 30, 2018, are expected to be collected as follows:

September 30, 2018	
Due in less than one year	$ 24,808,549
One to five years	12,675,209
Five years and greater	4,294,792
	41,778,550
Less: discount to present value (at rates ranging from 0.57% - 5.30%)	(876,370)
Allowance for doubtful accounts	(6,268,217)
	$ 34,633,963

The Organization has been notified of certain intentions to give under various wills and trust agreements, the realizable amounts of which are not presently determinable. The Organization's share of such bequests is recorded when the Organization has an irrevocable right to the bequest and the proceeds are measurable.

6. Fixed Assets, Net

At September 30, 2018, fixed assets, net consist of the following:

September 30, 2018		
Land	$	4,445,210
Buildings and building improvements		31,583,995
Leasehold improvements		301,943
Furniture, fixtures, vehicles and equipment		9,323,791
		45,654,939
Less: accumulated depreciation		(17,121,725)
Total Fixed Assets, Net	$	28,533,214

Depreciation and amortization expenses for the year ended September 30, 2018 were $1,440,200.

7. Grants Payable, Net

Grants payable, net at September 30, 2018, are expected to be paid as follows:

September 30, 2018		
Less than one year	$	4,646,118
One to five years		5,224,571
More than five years		1,066,000
	$	10,936,689

8. Note Payable

During March 2018, JNF received a note in the amount of $5,000,000 at 0% interest. JNF is not required to make any payments for the first five years of the loan. After five years, the holder may demand payment of no more than $1,000,000 per year for each of the remaining five years. Upon the tenth anniversary of the note, any amounts still due will be forgiven.

Since this note is below the market interest rate, imputed interest and contribution revenue should be reported in connection with the note. JNF used a 4.5% risk free rate to calculate interest expense and contribution revenue. The balance of the note payable was $4,192,807 at December 31, 2018.

9. Defined Contribution Plan

JNF sponsors a 403(b) plan, which covers substantially all of its employees. The plan is funded through voluntary contributions by participants, JNF's matching contributions and/or a formulabased JNF contribution based on each eligible participant's compensation for the plan year. The contribution expense for the year ended September 30, 2018 was approximately $1,317,000.

10. Related Party Transactions with AMIIE

As described in Note 1, in September 2013, an agreement was entered into between JNF and AMIIE (the Agreement) that amended AMIIE's by-laws effective January 1, 2014, authorizing JNF's Board of Directors to appoint all members of the AMIIE Board of Governors. The provisions of the Agreement further established the creation of a new $5 million fund with funds received from the Chair of the AMIIE Board (the Muss Fund) and a separate matching fund of $5 million pledged from JNF (the JNF Fund). The funds are held and administered by JNF and restricted for the administration and operation of AMHSI for specific purposes as outlined in the Agreement and have been reported as part of net assets with donor restrictions in the accompanying consolidated financial statements.

Because JNF has oversight over AMIIE and holds significant resources that must be used for their benefit, JNF and AMIIE are considered to be financially interrelated under ASC 958-20. In accordance with this guidance, JNF records an asset and contribution revenue when it receives assets from a donor on behalf of AMIIE and AMIIE records its respective interest in the assets of JNF and the changes in its interest using a method similar to the equity method of accounting. As of September 30, 2018, AMIIE has recorded a beneficial interest in assets held by JNF of $12,582,972, which has been eliminated upon consolidation.

11. Net Assets with Donor Restrictions

At September 30, 2018, net assets with donor restrictions were available for the following purposes or periods:

September 30, 2018		
Restricted for Specific Purposes/Periods:		
Israel programs	$	20,493,102
Time restricted under split-interest agreements		29,437,762
Time restricted - for periods after September 30		11,068,737
Scholarships		2,562,320
Other		1,732,193
Restricted in Perpetuity:		
General operations		3,772,123
Scholarships		1,854,404
Special events		5,000,000
Beneficial interest in perpetual trust		326,628
	$	76,247,269

Net assets released from donor restrictions consisted of the following year ended September 30, 2018:

Year ended September 30, 2018		
Israel programs	$	1,285,593
Split-interest agreements expired		1,541,447
Time restriction lapsed		4,794,653
Scholarships		97,176
Other		25,000
	$	7,743,869

12. Endowment Funds

General

JNF's endowments consist of individual donor-restricted endowment funds established to support activities of the Organization. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The State of New York has enacted the New York State Prudent Management of Institutional Funds Act (NYPMIFA), its version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). All not-for-profit organizations formed in New York must apply this law. JNF classifies as net assets with donor restrictions held in perpetuity, unless otherwise stipulated by the donor: (a) the original value of gifts donated to its permanent endowment, (b) the original value of subsequent gifts to its permanent endowment and (c) accumulations to its permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds.

The remaining portion of the donor-restricted endowment fund not restricted in perpetuity is classified as net assets with donor restrictions until such amounts are appropriated for expenditure by JNF in a manner consistent with the uses, benefits, purposes and duration for which the endowment is established and the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, JNF considers the following factors in making a determination to appropriate for expenditure or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return on endowment investments; general economic conditions; the possible effects of inflation and deflation; other resources of JNF; and the investment policy of JNF.

Return Objectives, Strategies Employed and Spending Policy

The primary objective of the endowment in the near term is to preserve the nominal market value of its assets in order to limit realized and unrealized investment losses. The secondary objective of the endowment is to grow the value of its assets at a modest rate to allow for continued support of JNF's operations.

Due to JNF's current financial circumstance, the first priority, in the near term, is to reduce the potential for short-term investment losses. The objective therefore prioritizes short-term stability, risk reduction, and liquidity over long-term capital appreciation. The current investment approach for the endowment is to prioritize capital preservation and liquidity and to limit losses within the portfolio by minimizing its exposure to equities and other investments with the potential for significant losses. With this investment approach, the majority of the endowment's assets are invested in investments that are expected to generate modest returns with lower risk. A smaller portion of the endowment may be invested in asset classes and investment strategies with a higher risk-return profile, as appropriate.

Endowment net asset composition by type of fund as of September 30, 2018 is as follows:

September 30, 2018

		With Donor Restrictions
Donor-restricted funds	$	6,995,899

Changes in endowment net assets for the year ended September 30, 2018 are as follows:

September 30, 2018

		With Donor Restrictions
Endowment Net Assets, beginning of year	$	6,370,222
Investment return:		
Interest and dividends, net		164,328
Net realized and unrealized loss		136,849
Total Investment Return		301,177
Contributions		500,000
Appropriation of endowment net assets for expenditure - spending policy		(175,500)
Endowment Net Assets, end of year	$	6,995,899

Endowment funds consist of the following investments:

		Level 1		Level 2		Level 3		Total
Cash and cash equivalents and money market funds	$	220,575	$	-	$	-	$	220,575
Mutual funds		1,988,247		-		-		1,988,247
U.S. government securities		348,597		-		-		348,597
Corporate bonds		-		1,054,081		-		1,054,081
Equities		2,252,565		-		-		2,252,565
Fixed income		1,131,834		-		-		1,131,834
Total Investment Assets in the Fair Value Hierarchy	$	5,941,818	$	1,054,081	$	-	$	6,995,899

Permanently restricted net assets that have not been collected as of September 30, 2018 are not reflected in the endowment balance above.

13. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

September 30, 2018		
Cash and cash equivalents	$	17,993,453
Property held for sale		2,092,076
Contributions receivable, net		24,431,411
Investments, at fair value		282,462,773
Total Financial Assets Available Within One Year		326,979,713
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions		(24,787,615)
Restricted by donors with time restrictions		(40,506,499)
Restricted by donors in perpetuity		(10,953,155)
Total Amounts Unavailable for General Expenditures Within One Year		(76,247,269)
Amounts unavailable to management without Board's approval:		
Board Designated for Boruchin Israel Advocacy Center		(120,123,543)
Board Designated for JNF Initiatives Fund		(58,127,365)
Board Designated for Buildings Fund		(3,203,168)
Total Amounts Unavailable to Management Without Board's Approval		(181,454,076)
Total Financial Assets Available to Management for General Expenditure Within One Year	$	69,278,368

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Additionally, the Organization has Board Designated net assets without donor restrictions that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

14. Methods Used for Allocation of Expenses

Direct expenses are assigned to the various programs and supporting services based upon actual costs incurred. The financial statements also report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Those expenses are allocated based upon various allocation factors including square footage occupied and time and effort. Depreciation is allocated based on estimated use of square footage. Employee expenses are allocated based on time studies. Other expenses are allocated based on estimates of time and effort.

15. Commitments

Operating Leases

The Organization occupies certain of its zone and community offices under sublease agreements that expire through September 2022. Under the terms of the subleases, the Organization pays annual base rents and building operating expenses based on its pro rata share of the space occupied.

At September 30, 2018, future minimum (base) lease payments are as follows:

September 30, 2018		
2019	$	927,709
2020		726,478
2021		392,608
2022		365,309
2023		254,989
Thereafter		8,826
	$	2,675,919

Total rent expense for the year ended September 30, 2018 was approximately $1,021,000.

Litigation

Various lawsuits against the Organization may arise in the ordinary course of business. Contingent liabilities arising from such litigation and other matters are not expected to be material in relation to the financial position of the Organization.

16. Subsequent Events

The Organization has evaluated subsequent events through May 14, 2019, the date the consolidated financial statements were available for issuance. There were no subsequent events requiring adjustment to the consolidated financial statements or disclosures as stated herein.

Supplementary Information

Jewish National Fund (Keren Kayemeth LeIsrael), Inc. and Affiliates

Consolidating Schedule of Financial Position (excludes AMIIE)
(with comparative totals for 2017)

September 30,	2018	2017
Assets		
Current		
Cash and cash equivalents	$ 12,180,840	$ 12,720,685
Property held for sale	2,092,076	5,390,968
Contributions receivable, net	24,417,501	21,541,639
Prepaid expenses and other assets	7,733,466	7,533,257
Investments	282,345,133	264,258,206
Total Current Assets	328,769,016	311,444,755
Contributions Receivable, Net of Current Portion	10,202,552	10,048,426
Investments Held Under Split-Interest Agreements	91,396,728	85,571,550
Beneficial Interest in Trust Held by Others	835,855	837,304
Fixed Assets, Net	23,746,261	23,566,846
Total Assets	$ 454,950,412	$ 431,468,881
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 2,371,289	$ 2,040,430
Accrued payroll and related liabilities	1,301,318	1,178,301
Grants payable, net	4,646,118	6,066,535
Total Current Liabilities	8,318,725	9,285,266
Grants Payable, net of current portion	6,290,571	7,229,927
Note Payable	4,192,807	-
Obligations Due Under Split-Interest Agreements	41,891,295	40,019,516
Total Liabilities	60,693,398	56,534,709
Commitments and Contingencies		
Net Assets		
Without donor restriction:		
Operating	136,476,749	133,658,241
Boruchin Israel Education Advocacy Center	120,123,543	113,017,889
Building Fund	3,203,168	4,006,865
JNF Initiatives Fund	58,127,365	55,176,668
Total Without Donor Restriction	317,930,825	305,859,663
With donor restriction	76,326,189	69,074,509
Total Net Assets	394,257,014	374,934,172
Total Liabilities and Net Assets	$ 454,950,412	$ 431,468,881

Jewish National Fund (Keren Kayemeth LeIsrael), Inc. and Affiliates

Consolidating schedule of Activities (excludes AMIIE)
(with comparative totals for 2017)

Year ended September 30,

	Without Donor Restriction							
	Operating	Boruchin Israel Education Advocacy Center	Building Fund	JNF Initiatives Fund	Total	With Donor Restriction	**2018**	2017
Revenues, Gains (Losses) and Other Support								
Contributions	$ 44,759,214	$ -	$ -	$ -	$ 44,759,214	$ 7,024,138	**$ 51,783,352**	$ 50,243,714
Special events revenue	9,444,785	-	-	-	9,444,785	-	**9,444,785**	8,829,722
Less: direct cost of special events	(4,100,205)	-	-	-	(4,100,205)	-	**(4,100,205)**	(3,308,562)
Net Special Events Revenue	5,344,580	-	-	-	5,344,580	-	**5,344,580**	5,521,160
Bequests	8,766,149	-	-	-	8,766,149	(17,180)	**8,748,969**	18,383,204
Contributions from split-interest agreements	-	-	-	-	-	3,972,671	**3,972,671**	3,375,333
Change in value of split-interest agreements	-	-	-	-	-	(2,474,923)	**(2,474,923)**	(1,500,311)
Investment income	5,278,178	9,332,011	-	3,168,697	17,778,886	5,592,730	**23,371,616**	29,343,921
Miscellaneous income	(482,308)	-	-	-	(482,308)	-	**(482,308)**	609,183
Net assets released from restrictions	6,845,756	-	-	-	6,845,756	(6,845,756)	**-**	-
Total Revenues, Gains (Losses) and Other Support	70,511,569	9,332,011	-	3,168,697	83,012,277	7,251,680	**90,263,957**	105,976,204
Expenses								
Program services:								
Israel projects	37,445,048	2,226,357	-	218,000	39,889,405	-	**39,889,405**	45,807,814
Education	7,404,863	-	-	-	7,404,863	-	**7,404,863**	6,533,223
Missions and scholarships	9,621,135	-	-	-	9,621,135	-	**9,621,135**	7,778,383
Total Program Services	54,471,046	2,226,357	-	218,000	56,915,403	-	**56,915,403**	60,119,420
Supporting services:								
Management and general	6,299,174	-	-	-	6,299,174	-	**6,299,174**	5,747,074
Donor development and fundraising	7,491,014	-	-	-	7,491,014	-	**7,491,014**	7,971,665
Total Supporting Services	13,790,188	-	-	-	13,790,188	-	**13,790,188**	13,718,739
Total Expenses	68,261,234	2,226,357	-	218,000	70,705,591	-	**70,705,591**	73,838,159
Transfers Between Board Designated Funds	803,697	-	(803,697)	-	-	-	**-**	-
Gain on Foreign Currency Translation	(235,524)	-	-	-	(235,524)	-	**(235,524)**	215,044
Change in Net Assets	2,818,508	7,105,654	(803,697)	2,950,697	12,071,162	7,251,680	**19,322,842**	32,353,089
Net Assets - beginning of year	133,658,241	113,017,889	4,006,865	55,176,668	305,859,663	69,074,509	**374,934,172**	342,581,083
Net Assets - end of year	$ 136,476,749	$ 120,123,543	$ 3,203,168	$ 58,127,365	$ 317,930,825	$ 76,326,189	**$ 394,257,014**	$ 374,934,172

Jewish National Fund (Keren Kayemeth LeIsrael), Inc. and Affiliates

Consolidating Schedule of Functional Expenses (excludes AMIIE) (with comparative totals for 2017)

Year ended September 30,

	Program Services				Supporting Services				
	Israel Project	Education	Missions and Scholarships	Total Program Services	Management and General	Donor Development and Fundraising	Total Supporting Services	**2018**	2017
Salaries	$ 4,987,028	$ 2,990,809	$ 3,469,405	$ 11,447,242	$ 3,146,808	$ 3,522,858	$ 6,669,666	**$ 18,116,908**	$ 16,015,670
Employee benefits	1,495,933	831,863	957,888	3,285,684	872,180	960,107	1,832,287	**5,117,971**	4,652,087
Total Salaries and Benefits	6,482,961	3,822,672	4,427,293	14,732,926	4,018,988	4,482,965	8,501,953	**23,234,879**	20,667,757
Advertising	541,291	244,224	303,361	1,088,876	156,166	227,450	383,616	**1,472,492**	1,302,791
Conferences and education	6,643	33,105	1,525,150	1,564,898	170,077	4,360	174,437	**1,739,335**	235,294
Delivery and messenger	497,674	367,850	196,771	1,062,295	190,053	362,232	552,285	**1,614,580**	1,233,870
Depreciation	502,792	65,548	57,355	625,695	81,935	172,064	253,999	**879,694**	901,820
Dues and subscriptions	47,638	5,816	4,972	58,426	16,595	10,066	26,661	**85,087**	99,697
Equipment and leases	234,763	47,653	42,782	325,198	48,416	45,114	93,530	**418,728**	424,543
Insurance	181,593	71,741	21,548	274,882	32,796	17,047	49,843	**324,725**	302,191
Stipends and sponsorships	346,632	32,196	19,212	398,040	4,169	5,887	10,056	**408,096**	400,818
Meetings	97,770	101,766	97,010	296,546	63,441	84,679	148,120	**444,666**	417,922
Missions	895,581	689,407	1,183,106	2,768,094	91,320	8,261	99,581	**2,867,675**	2,161,372
Printing	485,506	609,802	306,183	1,401,491	178,806	517,129	695,935	**2,097,426**	2,461,064
Professional fees	1,862,516	230,501	247,691	2,340,708	427,202	419,875	847,077	**3,187,785**	3,457,932
Rent, security and maintenance	1,125,026	333,193	395,116	1,853,335	299,888	430,726	730,614	**2,583,949**	2,124,964
Speaker/honorarium fees and promotions	276,174	178,587	278,065	732,826	149,427	222,003	371,430	**1,104,256**	794,631
Supplies	142,281	86,718	73,014	302,013	52,512	58,576	111,088	**413,101**	428,435
Taxes, licenses and miscellaneous	440,201	55,744	60,562	556,507	81,646	84,642	166,288	**722,795**	659,449
Telephone	178,861	81,987	123,363	384,211	72,283	81,390	153,673	**537,884**	564,422
Transfers for Israel projects	25,169,486	-	-	25,169,486	-	-	-	**25,169,486**	33,781,248
Travel	296,948	310,495	242,735	850,178	146,079	244,960	391,039	**1,241,217**	1,260,578
Utilities	77,068	35,858	15,846	128,772	17,375	11,588	28,963	**157,735**	157,361
Total Expenses	$ 39,889,405	$ 7,404,863	$ 9,621,135	$ 56,915,403	$ 6,299,174	$ 7,491,014	$ 13,790,188	**$ 70,705,591**	$ 73,838,159