

**Jewish National Fund
(Keren Kayemeth Lelsrael), Inc.**

Financial Statements
Year Ended September 30, 2019

Jewish National Fund (Keren Kayemeth LeIsrael), Inc.

Financial Statements
Year Ended September 30, 2019

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Jewish National Fund (Keren Kayemeth Lelsrael), Inc. (JNF), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to JNF's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JNF's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JNF as of September 30, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the 2018 financial statements of JNF and our report, dated May 14, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

May 18, 2020

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Statement of Financial Position (with comparative totals for 2018)

<i>September 30,</i>	2019	2018
Assets		
Current		
Cash and cash equivalents	\$ 5,200,405	\$ 5,972,434
Contributions receivable, current portion, net of allowance of \$7,000,000 and \$6,268,217 and discount of \$1,266,258 and \$876,370 for 2019 and 2018 respectively	31,164,180	24,417,501
Prepaid expenses and other assets	2,810,471	2,170,592
Investments, at fair value	276,286,587	282,345,133
Total Current Assets	315,461,643	314,905,660
Contributions Receivable, less current portion	13,506,339	10,202,552
Investments Held Under Split-Interest Agreements	93,097,811	91,396,728
Property Held for Sale	2,092,076	2,092,076
Beneficial Interest in Trust Held by Others	604,926	835,855
Fixed Assets, Net	20,625,485	22,585,255
Total Assets	\$ 445,388,280	\$ 442,018,126
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,327,244	\$ 2,212,894
Accrued payroll and related liabilities	1,664,384	1,272,461
Grants payable, current portion	4,185,425	4,646,118
Total Current Liabilities	8,177,053	8,131,473
Grants Payable, less current portion	5,528,570	6,290,571
Note Payable	4,381,483	4,192,807
Obligations Due Under Split-Interest Agreements	40,586,172	41,891,295
Total Liabilities	58,673,278	60,506,146
Commitments and Contingencies		
Net Assets		
Without donor restrictions:		
Operating	131,598,732	132,109,632
Boruchin Israel Education Advocacy Center	118,222,925	120,123,543
Building fund	3,204,984	3,203,168
JNF Initiatives Fund	60,450,405	58,127,365
Total Without Donor Restrictions	313,477,046	313,563,708
With donor restrictions	73,237,956	67,948,272
Total Net Assets	386,715,002	381,511,980
Total Liabilities and Net Assets	\$ 445,388,280	\$ 442,018,126

See accompanying notes to financial statements.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

**Statement of Activities
(with comparative totals for 2018)**

Year ended September 30,

	Without Donor Restrictions					Total	With Donor Restrictions	2019	2018
	Operating	Boruchin Israel Education Advocacy Center	Building Fund	JNF Initiatives Fund					
Revenues, Gains and Other Support									
Contributions	\$ 51,655,876	\$ -	\$ -	\$ -	\$ 51,655,876	\$ 9,746,245	\$ 61,402,121	\$ 51,954,497	
Special events revenue	9,567,150	-	-	-	9,567,150	100,000	9,667,150	9,444,785	
Less: direct cost of special events	(4,599,094)	-	-	-	(4,599,094)	-	(4,599,094)	(4,100,205)	
Net Special Events Revenue	4,968,056	-	-	-	4,968,056	100,000	5,068,056	5,344,580	
Bequests	9,315,293	-	-	-	9,315,293	218,774	9,534,067	8,744,361	
Contributions from split-interest agreements	-	-	-	-	-	2,184,038	2,184,038	3,977,279	
Changes in value of split-interest agreements	-	-	-	-	-	(2,422,309)	(2,422,309)	(2,474,923)	
Investment income, net	5,308,658	907,433	1,816	2,388,276	8,606,183	3,260,863	11,867,046	23,371,616	
Other revenue (expenses)	802,983	-	-	-	802,983	-	802,983	(513,918)	
Net assets released from restrictions	7,797,927	-	-	-	7,797,927	(7,797,927)	-	-	
Total Revenues, Gains and Other Support	79,848,793	907,433	1,816	2,388,276	83,146,318	5,289,684	88,436,002	90,403,492	
Expenses									
Program services:									
Israel projects	44,992,750	2,808,051	-	65,236	47,866,037	-	47,866,037	38,705,284	
Education	8,256,639	-	-	-	8,256,639	-	8,256,639	7,404,863	
Missions and scholarships	11,805,514	-	-	-	11,805,514	-	11,805,514	9,621,135	
Total Program Services	65,054,903	2,808,051	-	65,236	67,928,190	-	67,928,190	55,731,282	
Supporting services:									
Management and general	7,388,726	-	-	-	7,388,726	-	7,388,726	6,888,174	
Donor development and fundraising	7,916,064	-	-	-	7,916,064	-	7,916,064	7,491,014	
Total Supporting Services	15,304,790	-	-	-	15,304,790	-	15,304,790	14,379,188	
Total Expenses	80,359,693	2,808,051	-	65,236	83,232,980	-	83,232,980	70,110,470	
Change in Net Assets	(510,900)	(1,900,618)	1,816	2,323,040	(86,662)	5,289,684	5,203,022	20,293,022	
Net Assets, beginning of year	132,109,632	120,123,543	3,203,168	58,127,365	313,563,708	67,948,272	381,511,980	361,218,958	
Net Assets, end of year	\$ 131,598,732	\$ 118,222,925	\$ 3,204,984	\$ 60,450,405	\$ 313,477,046	\$ 73,237,956	\$ 386,715,002	\$ 381,511,980	

See accompanying notes to financial statements.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

**Statement of Functional Expenses
(with comparative totals for 2018)**

Year ended September 30,

	Program Services				Supporting Services			2019	2018
	Israel	Education	Missions and Scholarships	Total	Management and General	Fundraising	Total		
Salaries	\$ 4,878,636	\$ 3,196,297	\$ 3,722,006	\$ 11,796,939	\$ 3,386,806	\$ 3,793,053	\$ 7,179,859	\$ 18,976,798	\$ 18,033,591
Employee benefits	1,669,232	868,337	1,013,036	3,550,605	921,816	1,050,802	1,972,618	5,523,223	5,029,237
Total Salaries and Benefits	6,547,868	4,064,634	4,735,042	15,347,544	4,308,622	4,843,855	9,152,477	24,500,021	23,062,828
Advertising	386,815	195,868	233,729	816,412	128,991	178,623	307,614	1,124,026	1,323,749
Conferences and education	8,937	62,211	3,112,496	3,183,644	344,694	12,516	357,210	3,540,854	1,739,337
Delivery and messenger	520,737	395,703	218,478	1,134,918	224,427	392,879	617,306	1,752,224	1,614,229
Depreciation and amortization	430,376	63,759	55,790	549,925	79,699	167,368	247,067	796,992	819,351
Dues and subscriptions	49,105	12,593	11,487	73,185	24,720	18,624	43,344	116,529	83,306
Equipment and leases	79,178	36,145	40,068	155,391	43,481	45,190	88,671	244,062	284,276
Insurance	163,547	73,331	22,633	259,511	33,516	18,617	52,133	311,644	300,085
Stipends and sponsorships	221,542	112,086	45,143	378,771	7,894	8,529	16,423	395,194	408,094
Meetings	93,989	87,737	97,004	278,730	58,479	80,624	139,103	417,833	445,386
Missions	85,473	807,094	1,420,132	2,312,699	113,104	12,611	125,715	2,438,414	2,122,945
Printing	482,043	673,602	314,596	1,470,241	201,949	586,341	788,290	2,258,531	2,097,412
Professional fees	1,524,356	465,674	238,646	2,228,676	368,108	367,639	735,747	2,964,423	3,124,185
Rent, security and maintenance	914,625	417,494	458,763	1,790,882	317,809	453,590	771,399	2,562,281	2,438,502
Speaker/honorarium fees and promotions	290,993	165,006	279,459	735,458	153,227	207,700	360,927	1,096,385	1,104,258
Supplies	127,028	107,975	76,326	311,329	60,503	85,417	145,920	457,249	406,142
Taxes, licenses, and miscellaneous	554,785	73,939	71,876	700,600	95,195	107,695	202,890	903,490	678,047
Telephone	175,903	82,622	111,038	369,563	72,159	81,399	153,558	523,121	528,026
Transfers for Israel projects	34,839,558	-	-	34,839,558	-	-	-	34,839,558	25,543,992
Travel	284,157	320,626	247,074	851,857	174,285	235,858	410,143	1,262,000	1,239,587
Utilities	85,022	38,540	15,734	139,296	17,592	10,989	28,581	167,877	157,733
Bad-debt expense	-	-	-	-	560,272	-	560,272	560,272	589,000
Total Expenses	\$ 47,866,037	\$ 8,256,639	\$ 11,805,514	\$ 67,928,190	\$ 7,388,726	\$ 7,916,064	\$ 15,304,790	\$ 83,232,980	\$ 70,110,470

See accompanying notes to financial statements.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Statement of Cash Flows (with comparative totals for 2018)

<i>Year ended September 30,</i>	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 5,203,022	\$ 20,293,022
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	796,992	819,351
Realized and unrealized (gains) losses on investments	(859,297)	(11,671,496)
Realized and unrealized (gains) losses on investments under split-interest agreement	(1,786,034)	(2,779,739)
Realized gains on sale of fixed assets	(461,060)	-
Contributions from split-interest agreements	(2,184,038)	(3,977,279)
Change in value of split-interest agreements	2,422,309	2,474,923
Change in discount allowance on contributions receivable	389,888	(181,084)
Bad-debt expense	711,800	728,921
Increase in assets:		
Contributions receivable	(11,152,154)	(3,577,825)
Beneficial interest in trusts	230,929	1,449
Prepaid expenses and other assets	(639,879)	(251,917)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	114,350	353,254
Accrued payroll and related liabilities	391,923	115,788
Grants payable	(1,222,694)	(2,359,773)
Net Cash (Used in) Provided by Operating Activities	(8,043,943)	(12,405)
Cash Flows from Investing Activities		
Purchases of fixed assets	(357,222)	(922,635)
Proceeds from sale of investments	197,360,169	131,664,998
Purchase of investments	(190,357,375)	(141,125,868)
Proceeds from sale of fixed assets	1,981,060	-
Proceeds from sale of property held for sale	-	3,298,892
Net Cash Provided by (Used in) Investing Activities	8,626,632	(7,084,613)
Cash Flows from Financing Activities		
Proceeds from note payable	188,676	4,192,807
Proceeds from contributions restricted for split-interest agreements	5,723,293	9,168,059
Payments to annuitants of split-interest agreements	(7,266,687)	(5,793,922)
Net Cash (Used in) Provided by Financing Activities	(1,354,718)	7,566,944
Net (Decrease) Increase in Cash and Cash Equivalents	(772,029)	469,926
Cash and Cash Equivalents, beginning of year	5,972,434	5,502,508
Cash and Cash Equivalents, end of year	\$ 5,200,405	\$ 5,972,434

See accompanying notes to financial statements.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

1. Nature of Organization

Jewish National Fund (Keren Kayemeth Lelsrael), 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 JNF 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. During fiscal year 2019, JNF's Board signed documents that shift control of Beyachad Fund (R.A) and Alexander Muss Institute for Israel Education, Inc. to JNF-USA.

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 was related to the Beyachad Fund (R.A.) through Board control until control was transitioned to JNF-USA on October 1, 2018.

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 was related to AMIIE through Board control until control was transitioned to JNF-USA.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of JNF are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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 statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the statement of activities.

Net asset classifications are defined as follows:

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

Without Donor Restrictions - This classification consists of 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, 2019 was \$118,222,925.

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 JNF, as well as special projects and new initiatives that may not have originally been budgeted by JNF. 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, 2019 was \$60,450,405.

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, 2019, was \$3,204,984.

With Donor Restrictions - This classification consists of 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 11 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Cash and Cash Equivalents

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

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

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 JNF would use in pricing JNF’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 JNF are traded. JNF 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.

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. JNF 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.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

Contributed Services

For the year ended September 30, 2019, the value of contributed services meeting the requirements for recognition in the 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 JNF. JNF receives on average more than 120 volunteer hours per board member, per year.

Split-Interest Agreements

JNF holds assets under split-interest agreements consisting of pooled life income funds, charitable remainder trusts and charitable gift annuities for which JNF 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 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 JNF's charitable remainder trusts and charitable gift annuities programs where JNF 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 JNF, unless otherwise stipulated by the donor. Under JNF'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 statement of financial position. Upon termination of a life interest, the share of the corpus attributable to the life tenant becomes available to JNF. 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 statement of activities.

Beneficial Interest in Trusts Held by Others

Donors have established and funded trusts, which are administered by organizations other than JNF. Under the terms of these trusts, JNF 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. JNF 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

JNF considers purchases to be fixed assets if the cost is greater than \$2,500. 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 financial statements.

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Notes to 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

JNF follows the provisions of ASC 360-10-35, "Accounting for the Impairment or Disposal of Long-Lived Assets," which requires JNF 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, 2019, 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 \$1,128,204 for the year ended September 30, 2019.

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

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the 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 financial statements are not comparative but include certain prior-year summarized comparative information. With respect to the statement of activities, the prior-year information is presented in total, not by net asset class. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. 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 JNF's financial statements for the year ended September 30, 2018, 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.

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 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. JNF is subject to routine audits by taxing authorities.

Accounting Pronouncements Issued but Not Yet Adopted

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, "Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made." The update clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred, which, depending on the outcome, determines whether JNF follows contribution guidance or exchange transactions guidance in the revenue recognition and other applicable standards. The update also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The guidance is

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Notes to Financial Statements

effective for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of the ASU on its financial statements.

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 JNF 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 financial statements.

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. The statement of financial position 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 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, 2021. Management is currently evaluating the impact of the pending adoption of ASU 2016-02.

Reclassification

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

3. Investments, at Fair Value

JNF'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 JNF's policies regarding this hierarchy. A description of the valuation techniques applied to JNF's major categories of assets measured at fair value are as follows. There have been no changes in valuation methodology as of September 30, 2019.

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.

Municipal Bonds - These are valued based on recently executed transactions, bid/asked prices and pricing models that factor in, where applicable, interest rates, bond spreads and volatility.

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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 - JNF 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.

Precious Coins and Medals - 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 - Alternative investments are those made in limited partnerships and limited liability corporations, all of which are valued based on the NAV or its equivalent of the interest owned by JNF at year-end. Given the absence of market quotations, their fair value is estimated using information provided to JNF by the investment advisor. 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 JNF 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, JNF's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment plus JNF'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. JNF 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. JNF 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.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

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JNF's investments, by level within the fair value hierarchy, consist of the following:

September 30, 2019

	Fair Value Measurement at Reporting Date			Balance
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Cash and cash equivalents and money market funds	\$ 9,905,055	\$ -	\$ -	\$ 9,905,055
Exchange traded funds	24,393,544	-	-	24,393,544
Mutual funds	116,141,549	-	-	116,141,549
U.S. government securities	10,664,080	-	-	10,664,080
Municipal bonds	-	5,210,065	-	5,210,065
Corporate bonds	-	15,036,687	-	15,036,687
Equities	72,448,543	-	-	72,448,543
State of Israel bonds	-	3,960,178	-	3,960,178
Fixed income	12,311,025	-	-	12,311,025
Preferred stock	287,196	-	-	287,196
Real estate	-	-	1,677,165	1,677,165
Precious coins and medals	-	-	193,510	193,510
Total Investment Assets in the Fair Value Hierarchy	246,150,992	24,206,930	1,870,675	272,228,597
Limited partnerships at NAV*	-	-	-	4,057,990
Total Investments	\$ 246,150,992	\$ 24,206,930	\$ 1,870,675	\$ 276,286,587

* 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 statement of financial position.

There were no transfers between levels for the year ended September 30, 2019.

JNF 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, 2019, 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	Achieve capital appreciation through direct and indirect investments in domestic and international equity and fixed-income securities	6	\$ 4,057,990	As determined by the respective fund manager	\$ -	Two funds are quarterly with 60-days' notice; one fund is monthly with 15-days' notice; and one fund is quarterly with 90- days' notice	None

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Notes to Financial Statements

The table below sets forth a summary of changes in fair value of the Level 3 assets for the year:

Year ended September 30, 2019

	Precious Coins and Medals	Real Estate	Total
Balance , beginning of year	\$ 193,510	\$ 1,677,165	\$ 1,870,675
Purchases/contributions	-	-	-
Sales/withdrawals	-	-	-
Balance , end of year	\$ 193,510	\$ 1,677,165	\$ 1,870,675

4. Split-Interest Agreements

JNF is the beneficiary or agent for a third-party beneficiary of a number of split-interest agreements with donors. Certain agreements provide that JNF 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 JNF (e.g., charitable gift annuities). Under both forms of agreement, JNF 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, JNF 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, 2019 ranged from 1.2% to 11.2%. State-mandated insurance reserves related to charitable gift annuity agreements are maintained at the required level.

Assets held for split-interest agreements are as follows:

September 30, 2019

Charitable gift annuities	\$	71,759,048
Charitable remainder trusts		20,451,549
Pooled-life income funds		887,214
	\$	93,097,811

Obligations due under split-interest agreements are as follows:

September 30, 2019

Charitable gift annuities	\$	31,459,332
Charitable remainder trusts		8,639,110
Pooled-life income funds		487,730
	\$	40,586,172

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

Notes to Financial Statements

JNF's investments held under split-interest agreements, by level within the fair value hierarchy, consist of the following:

September 30, 2019

	Fair Value Measurement at Reporting Date			Balance
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Cash and cash equivalents and money market funds	\$ 4,006,492	\$ -	\$ -	\$ 4,006,492
Exchange traded funds	1,002,651	-	-	1,002,651
Mutual funds	1,629,237	-	-	1,629,237
U.S. government securities	3,171,355	-	-	3,171,355
Equities	42,378,630	-	-	42,378,630
Fixed income	37,940,471	-	-	37,940,471
Real estate	-	-	1,677,165	1,677,165
Preferred stocks	185,910	-	-	185,910
Mortgage	-	184,005	-	184,005
Total Investment Assets in the Fair Value Hierarchy	90,314,746	184,005	1,677,165	92,175,916
Limited partnerships at NAV*	-	-	-	921,895
	\$ 90,314,746	\$ 184,005	\$ 1,677,165	\$ 93,097,811

* 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 statement of financial position.

There were no transfers between levels for the year ended September 30, 2019.

The table below sets forth a summary of changes in fair value of the Level 3 assets for the year:

Year ended September 30, 2019

	Real Estate		Total
Balance , beginning of year	\$ 1,677,165	\$ -	\$ 1,677,165
Purchases/contributions	-	-	-
Sales/withdrawals	-	-	-
Balance , end of year	\$ 1,677,165	\$ -	\$ 1,677,165

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Notes to Financial Statements

JNF 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, 2019, 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	\$ 921,895	As determined by the respective fund manager	\$ -	One fund is weekly with 10-days' notice and one fund is annually with 90-days' notice	None

5. Contributions Receivable, Net

Contributions receivable, net, are expected to be collected as follows:

September 30, 2019

Due in less than one year	\$ 31,164,180
One to five years	14,405,848
Five years and greater	7,366,749
	<u>52,936,777</u>
Less: discount to present value (at rates ranging from 0.57%-5.30%)	(1,266,258)
Allowance for doubtful accounts	(7,000,000)
	<u>\$ 44,670,519</u>

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

6. Fixed Assets, Net

Fixed assets, net, consist of the following:

September 30, 2019

Land	\$ 2,907,500
Buildings and building improvements	20,718,344
Leasehold improvements	111,211
Furniture, fixtures, vehicles and equipment	9,060,204
	<u>32,797,259</u>
Less: accumulated depreciation	(12,171,774)
Total Fixed Assets, Net	\$ 20,625,485

Depreciation and amortization expenses for the year ended September 30, 2019 were \$796,992.

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Notes to Financial Statements

7. Grants Payable, Net

Grants payable, net, are expected to be paid as follows:

September 30, 2019

Less than one year	\$	4,185,425
One to five years		4,934,070
More than five years		594,500
	\$	9,713,995

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 \$4,381,483 at September 30, 2019.

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 formula-based JNF contribution based on each eligible participant's compensation for the plan year. The contribution expense for the year ended September 30, 2019 was approximately \$1,502,000.

10. Related-Party Transactions with AMIIE

In September 2013, an agreement was entered into between JNF and AMIIE (the Agreement). The provisions of the Agreement established the creation of a \$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 financial statements.

JNF records an asset and contribution revenue when it receives assets from a donor on behalf of AMIIE.

Jewish National Fund (Keren Kayemeth Lelsrael), Inc.

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11. Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes or periods:

September 30, 2019

Restricted for specific purposes/periods:	
Israel programs	\$ 12,432,679
Time-restricted under split-interest agreements	30,028,962
Time-restricted—for periods after September 30	15,091,247
Scholarships	3,083,694
Other	1,574,709
Restricted in perpetuity:	
General operations	3,772,154
Scholarships	1,733,445
Special events	5,000,000
Trees	200,000
Beneficial interest in perpetual trust	321,066
	<hr/>
	\$ 73,237,956

Net assets released from donor restrictions consisted of the following:

Year ended September 30, 2019

Israel programs	\$ (351,500)
Split-interest agreements expired	(1,861,752)
Time restriction lapsed	(5,298,023)
Scholarships	(72,976)
Other	(213,676)
	<hr/>
	\$ (7,797,927)

12. Endowment Funds

General

JNF's endowments consist of individual donor-restricted endowment funds established to support activities of JNF. As required by U.S. 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.

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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.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires JNF to retain as a fund of perpetual duration. There were no deficiencies as of September 30, 2019.

Investment income on the endowments is recorded as with donor restriction - purpose restricted and is appropriated in accordance with the spending policy.

Endowment net asset composition by type of fund is as follows:

September 30, 2019

Donor-restricted funds	\$ 7,776,207
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Changes in endowment net assets are as follows:

September 30, 2019

Endowment Net Assets with Donor Restrictions, beginning of year	\$ 6,995,899
Investment return:	
Interest and dividends, net	171,659
Net realized and unrealized gain	115,149
Total Investment Return	286,808
Contributions	700,000
Appropriation of endowment net assets for expenditure—spending policy	(206,500)
Endowment Net Assets with Donor Restrictions, end of year	\$ 7,776,207

13. Liquidity and Availability of Resources

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

September 30, 2019

Cash and cash equivalents	\$ 5,200,405
Contributions receivable, net	31,164,180
Investments, at fair value	276,286,587
Total Financial Assets Available Within One Year	312,651,172
Less: amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	47,120,044
Restricted by donors with time restrictions	15,091,247
Restricted by donors in perpetuity	11,026,665
Total Amounts Unavailable for General Expenditures Within One Year	73,237,956
Amounts unavailable to management without Board's approval:	
Board-Designated for Boruchin Israel Advocacy Center	118,222,925
Board-Designated for JNF Initiatives Fund	60,450,405
Board-Designated for Buildings Fund	3,204,984
Total Amounts Unavailable to Management Without Board's Approval	181,878,314
Total Financial Assets Available to Management for General Expenditure Within One Year	\$ 57,534,902

Liquidity Management

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

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

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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 JNF. 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

JNF occupies certain of its zone and community offices under sublease agreements that expire through September 2024. Under the terms of the subleases, JNF pays annual base rents and building operating expenses based on its pro rata share of the space occupied.

Future minimum (base) lease payments are as follows:

September 30, 2019

2020	\$	942,704
2021		366,892
2022		327,110
2023		214,575
2024		63,913
	\$	1,915,194

Total rent expense for the year ended September 30, 2019 was \$909,361.

Litigation

Various lawsuits against JNF 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 JNF.

16. Subsequent Events

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. JNF's operations are heavily dependent on contributions and investment returns. As of the date of this report, the investments have experienced a temporary decline in value. The outbreak may have a material adverse impact on economic and market conditions, triggering a period of global economic slowdown. Management is actively assessing the global situation and will continue to assess and address the potential impact on its financial condition,

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liquidity and operations as more information becomes available. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, JNF may not be able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020; however it is taking steps to minimize any negative impact.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

It also appropriated funds for the SBA Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. JNF management continues to examine the impact that the CARES Act may have on its financial statements.

JNF has applied for and has received funds under the Paycheck Protection Program after the period end in the amount of \$3.3 million. The application for these funds requires JNF to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of JNF. This certification further requires JNF to take into account their current business activity and ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on JNF having initially qualified for the loan and qualifying for the forgiveness of such loan based on their future adherence to the forgiveness criteria.

JNF has evaluated its September 30, 2019 financial statements for subsequent events through May 18, 2020, the date the financial statements were available to be issued. Other than the matters described above related to the COVID-19 outbreak and the CARES Act, JNF is not aware of any other subsequent events which would require recognition or disclosure in the financial statements.