

**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND CONSOLIDATING SUPPLEMENTARY  
INFORMATION**

**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Union for Reform Judaism

We have audited the accompanying consolidated financial statements of Union for Reform Judaism and Consolidated Entities, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the 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 audits. We conducted our audits 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 entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Union for Reform Judaism and Consolidated Entities as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
June 15, 2018

**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016  
(In Thousands)**

|  | <u>2017</u>              | <u>2016</u>              |
|--|--------------------------|--------------------------|
| <b><u>ASSETS</u></b>   |                          |                          |
| Cash and cash equivalents  | \$ 27,182                | \$ 12,378                |
| Contributions receivable, net  | 4,504                    | 9,840                    |
| Reform Movement Affiliation Commitment<br>(RMAC) receivable, net     | 2,582                    | 2,583                    |
| Accounts and loans receivable, net                                   | 2,274                    | 1,332                    |
| Camp fee receivable, net   | 30,049                   | 28,290                   |
| Investments  | 100,555                  | 91,380                   |
| Property and equipment, net of accumulated depreciation              | 66,689                   | 86,282                   |
| Goodwill   | 1,202                    | 1,202                    |
| Prepaid pension benefit  | 759                      | -                        |
| Prepaid expenses and other assets                                    | <u>783</u>               | <u>1,308</u>             |
| <b>TOTAL ASSETS</b>  | <b><u>\$ 236,579</u></b> | <b><u>\$ 234,595</u></b> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>                             |                          |                          |
| Liabilities:   |                          |                          |
| Accounts payable, accrued expenses and other liabilities             | \$ 6,700                 | \$ 4,374                 |
| Reserves for strategy implementation and leadership transition costs | 348                      | 403                      |
| Notes and mortgage payable   | 13,973                   | 15,870                   |
| Annuities payable  | 153                      | 165                      |
| Accrued pension liability  | -                        | 641                      |
| Deferred revenue   | <u>37,824</u>            | <u>36,401</u>            |
| Total liabilities  | <u>58,998</u>            | <u>57,854</u>            |
| Commitments and contingencies (Notes 5, 6, 7, 11 and 13)             |                          |                          |
| Net assets:  |                          |                          |
| Unrestricted   | 103,642                  | 109,515                  |
| Temporarily restricted   | 57,259                   | 50,556                   |
| Permanently restricted   | <u>16,680</u>            | <u>16,670</u>            |
| Total net assets   | <u>177,581</u>           | <u>176,741</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                              | <b><u>\$ 236,579</u></b> | <b><u>\$ 234,595</u></b> |

See accompanying notes to consolidated financial statements.

**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016  
(In Thousands)**

|  | 2017              |                        |                        |                   | 2016              |                        |                        |                   |
|--|-------------------|------------------------|------------------------|-------------------|-------------------|------------------------|------------------------|-------------------|
|  | Unrestricted      | Temporarily Restricted | Permanently Restricted | Total             | Unrestricted      | Temporarily Restricted | Permanently Restricted | Total             |
| Operating activities:  |                   |                        |                        |                   |                   |                        |                        |                   |
| Public support and revenues:   |                   |                        |                        |                   |                   |                        |                        |                   |
| Contributions and grants   | \$ 4,796          | \$ 10,458              | \$ 10                  | \$ 15,264         | \$ 4,558          | \$ 10,618              | \$ 5,006               | \$ 20,182         |
| Program fees   | 55,031            | -                      | -                      | 55,031            | 54,277            | 2                      | -                      | 54,279            |
| RMAC   | 14,015            | -                      | -                      | 14,015            | 13,509            | -                      | -                      | 13,509            |
| Rental and other income  | 697               | -                      | -                      | 697               | 396               | 7                      | -                      | 403               |
| Investment return designated for current operations  | <u>3,719</u>      | <u>-</u>               | <u>-</u>               | <u>3,719</u>      | <u>2,577</u>      | <u>-</u>               | <u>-</u>               | <u>2,577</u>      |
| Total public support and revenues before net assets released from restrictions                 | 78,258            | 10,458                 | 10                     | 88,726            | 75,317            | 10,627                 | 5,006                  | 90,950            |
| Net assets released from restrictions  | <u>11,765</u>     | <u>(11,765)</u>        | <u>-</u>               | <u>-</u>          | <u>15,788</u>     | <u>(15,788)</u>        | <u>-</u>               | <u>-</u>          |
| Total public support and revenues  | <u>90,023</u>     | <u>(1,307)</u>         | <u>10</u>              | <u>88,726</u>     | <u>91,105</u>     | <u>(5,161)</u>         | <u>5,006</u>           | <u>90,950</u>     |
| Expenses:  |                   |                        |                        |                   |                   |                        |                        |                   |
| Programs   | <u>82,888</u>     | <u>-</u>               | <u>-</u>               | <u>82,888</u>     | <u>75,621</u>     | <u>-</u>               | <u>-</u>               | <u>75,621</u>     |
| Supporting services:   |                   |                        |                        |                   |                   |                        |                        |                   |
| Management and general   | 889               | -                      | -                      | 889               | 1,800             | -                      | -                      | 1,800             |
| Fundraising  | <u>4,348</u>      | <u>-</u>               | <u>-</u>               | <u>4,348</u>      | <u>3,794</u>      | <u>-</u>               | <u>-</u>               | <u>3,794</u>      |
| Total supporting services  | <u>5,237</u>      | <u>-</u>               | <u>-</u>               | <u>5,237</u>      | <u>5,594</u>      | <u>-</u>               | <u>-</u>               | <u>5,594</u>      |
| Total expenses   | <u>88,125</u>     | <u>-</u>               | <u>-</u>               | <u>88,125</u>     | <u>81,215</u>     | <u>-</u>               | <u>-</u>               | <u>81,215</u>     |
| Change in net assets from operations before depreciation and amortization and other activities | 1,898             | (1,307)                | 10                     | 601               | 9,890             | (5,161)                | 5,006                  | 9,735             |
| Depreciation and amortization  | <u>4,968</u>      | <u>-</u>               | <u>-</u>               | <u>4,968</u>      | <u>4,950</u>      | <u>-</u>               | <u>-</u>               | <u>4,950</u>      |
| Change in net assets before other activities   | (3,070)           | (1,307)                | 10                     | (4,367)           | 4,940             | (5,161)                | 5,006                  | 4,785             |
| Other activities:  |                   |                        |                        |                   |                   |                        |                        |                   |
| Investment return in excess of spending rate not designated for current operations             | 4,242             | 7,949                  | -                      | 12,191            | 482               | 2,788                  | -                      | 3,270             |
| Pension-related changes other than periodic costs  | 983               | -                      | -                      | 983               | (729)             | -                      | -                      | (729)             |
| Foreign currency translation gains (losses)  | (44)              | 61                     | -                      | 17                | (18)              | 23                     | -                      | 5                 |
| Expense attributed to uncollectible accounts   | (4,161)           | -                      | -                      | (4,161)           | (2,620)           | -                      | -                      | (2,620)           |
| Net assets acquired in acquisition (Note 1)  | -                 | -                      | -                      | -                 | 58                | 361                    | 461                    | 880               |
| Loss on asset impairment, net of insurance proceeds  | <u>(3,823)</u>    | <u>-</u>               | <u>-</u>               | <u>(3,823)</u>    | <u>-</u>          | <u>-</u>               | <u>-</u>               | <u>-</u>          |
| Change in net assets   | (5,873)           | 6,703                  | 10                     | 840               | 2,113             | (1,989)                | 5,467                  | 5,591             |
| Net assets, beginning of year  | <u>109,515</u>    | <u>50,556</u>          | <u>16,670</u>          | <u>176,741</u>    | <u>107,402</u>    | <u>52,545</u>          | <u>11,203</u>          | <u>171,150</u>    |
| <b>NET ASSETS, END OF YEAR</b>   | <u>\$ 103,642</u> | <u>\$ 57,259</u>       | <u>\$ 16,680</u>       | <u>\$ 177,581</u> | <u>\$ 109,515</u> | <u>\$ 50,556</u>       | <u>\$ 16,670</u>       | <u>\$ 176,741</u> |

See accompanying notes to consolidated financial statements.

**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016  
(In Thousands)**

|  | <u>2017</u>             | <u>2016</u>             |
|--|-------------------------|-------------------------|
| Cash flows from operating activities:  |                         |                         |
| Change in net assets   | \$ 840                  | \$ 5,591                |
| Adjustments to reconcile change in net assets to net cash provided<br>by operating activities: |                         |                         |
| Depreciation and amortization  | 4,968                   | 4,950                   |
| Donated securities   | (61)                    | (22)                    |
| Net unrealized appreciation in fair value of investments                                       | (11,405)                | (3,529)                 |
| Net realized gain on sale of investments   | (2,391)                 | (478)                   |
| Expense attributed to uncollectible accounts   | 4,161                   | 2,620                   |
| Net assets acquired in acquisition   | -                       | (880)                   |
| Loss on asset impairment, net of insurance proceeds  | 3,823                   | -                       |
| Changes in:  |                         |                         |
| Contributions receivable   | 5,336                   | (2,881)                 |
| RMAC receivable  | (4,160)                 | (2,595)                 |
| Accounts and loans receivable  | (942)                   | 16                      |
| Camp fee receivable  | (1,759)                 | (268)                   |
| Prepaid pension/accrued liability  | (1,400)                 | 306                     |
| Prepaid expenses and other assets  | 525                     | (377)                   |
| Accounts payable, accrued expenses and other liabilities                                       | 2,054                   | (1,484)                 |
| Reserves for strategy implementation and leadership<br>transition costs                        | (55)                    | (178)                   |
| Annuities payable  | (12)                    | (71)                    |
| Deferred revenue   | <u>1,423</u>            | <u>2,319</u>            |
| Net cash provided by operating activities  | <u>945</u>              | <u>3,039</u>            |
| Cash flows from investing activities:  |                         |                         |
| Proceeds from sales of investments   | 12,909                  | 2,765                   |
| Purchases of investments   | (8,227)                 | (439)                   |
| Purchases of property and equipment  | (3,926)                 | (9,991)                 |
| Proceeds from insurance claim  | <u>15,000</u>           | <u>-</u>                |
| Net cash provided by (used in) investing activities  | <u>15,756</u>           | <u>(7,665)</u>          |
| Cash flows from financing activities:  |                         |                         |
| Principal payments on notes and mortgage   | (1,897)                 | (2,265)                 |
| Proceeds from additional borrowings  | <u>-</u>                | <u>8,296</u>            |
| Net cash provided by (used in) financing activities  | <u>(1,897)</u>          | <u>6,031</u>            |
| Net increase in cash and cash equivalents  | 14,804                  | 1,405                   |
| Cash and cash equivalents - beginning  | <u>12,378</u>           | <u>10,973</u>           |
| <b>CASH AND CASH EQUIVALENTS - ENDING</b>  | <b><u>\$ 27,182</u></b> | <b><u>\$ 12,378</u></b> |
| Supplemental disclosures of cash flow information:   |                         |                         |
| Interest paid  | <u>\$ 465</u>           | <u>\$ 399</u>           |
| Supplemental disclosures of non-cash investing activities:                                     |                         |                         |
| Property and equipment additions unpaid at end of year   | <u>\$ 272</u>           | <u>\$ 217</u>           |

See accompanying notes to consolidated financial statements.

**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016  
(In Thousands)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and basis of presentation

The Union for Reform Judaism ("URJ") builds community at every level—from the way we collaborate with congregations, organizations, and individuals to how we make connections across North America to advance contemporary and inclusive Jewish life. Providing vision and voice to transform the way people connect to Judaism, we help congregations stay relevant and innovative, motivate more young Jews to embrace Jewish living, agitate for a more progressive society, and foster meaningful connections to Israel.

The URJ has grown into the largest and most powerful force in North American Jewish life, with nearly 900 member congregations and work that inspires, connects and educates millions of people. Our legacy, reach, leadership, and vision mean that we can unite thousands of years of tradition with a modern, evolving Judaism to strengthen Jewish communities today and for future generations.

The URJ is an Ohio corporation that was founded in Cincinnati, Ohio, in 1873 as the Union of American Hebrew Congregations ("UAHC"). In November 2003, the UAHC's name was changed to the Union for Reform Judaism.

During 2016, the URJ completed a merger with Jewish Chautauqua Society ("JCS"), a nonprofit Pennsylvania corporation which fosters interfaith education initiatives. JCS was formerly an affiliate of the Men of Reform Judaism. The URJ acquired all of the assets and assumed all of the liabilities, rights, privileges, powers and duties of JCS and the URJ became the surviving organization. The terms and conditions of the merger were approved as required by Orphans Court in the Commonwealth of Pennsylvania. No approval was required under the laws of Ohio. The URJ acquired investments from JCS of \$880 (see Note 8).

The consolidated financial statements consist of the following entities:

- Union for Reform Judaism
- Canadian Council for Reform Judaism
- URJ Canada/Union Juive Liberale au Canada
- Union for Reform Judaism Camp George
- Maple Lake Centre
- Association of Reform Zionists of America (ARZA)

The URJ and its consolidated affiliates are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local taxes under comparable laws when applicable. Activities of the URJ in Canada are carried out through related corporations that are either Canadian registered charities or otherwise exempt from income tax in Canada.

The URJ's consolidated financial statements are presented in thousands of U.S. dollars.



**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016  
(In Thousands)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of accounting and principles of consolidation

The consolidated financial statements of the URJ have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to not-for-profit organizations. All significant intercompany accounts and transactions are eliminated in consolidation.

Functional allocation of expenses

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated by management, using appropriate measurement methodologies, among the program services, management and general, fundraising and membership development areas.

The cost of providing URJ's various programs and supporting services have been summarized on a functional basis in the accompanying consolidated statements of activities and in the consolidating supplementary schedule of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services.

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, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Reclassifications

Certain amounts in the prior year consolidated financial statements have been reclassified to conform to the current year presentation. These reclassification adjustments had no effect on the URJ's previously reported change in net assets.

Cash and cash equivalents

For financial reporting purposes, the URJ considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash equivalents and certificates of deposit considered to be part of the investment portfolio are reflected as investments in the accompanying consolidated financial statements.

**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016  
(In Thousands)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Reform Movement Affiliation Commitment (RMAC) (formerly Membership Dues)

In November 2015, the membership of the URJ voted to adopt a new dues system, called the Reform Movement Affiliation Commitment ("RMAC"), which would respond to the current fiscal concerns of congregations and be designed to be simple, fair, predictable, and transparent. Under the approved plan, which became effective starting January 1, 2016, congregations were asked to contribute 4% of their adjusted operating revenues. As in the past, congregations may request adjustments to their RMAC based on financial hardship. Staff meet with congregation representatives to agree on such adjustments in accordance with policies set by the Membership Committee of the board.

The congregational members of the URJ have agreed to assess themselves in order to provide financial support to the URJ and the Hebrew Union College - Jewish Institute of Religion (the "HUC-JIR"), a separate corporation. The URJ and the HUC-JIR have agreed to allocate cash collections of RMAC by the URJ according to the following formula: 56% to the URJ and 44% to HUC-JIR.

Receivables

Contributions receivable are reported at the outstanding unpaid principal balances, reduced by an allowance for uncollectible contributions and net present value calculation. The URJ estimates its doubtful accounts based on historical bad debt, factors related to specific donors' ability to pay and current economic trends. The URJ writes off contributions receivable against the allowance when a balance is determined to be uncollectible.

RMAC receivables, accounts and loans receivable, and camp fees receivable are recorded at net realizable value, which consists of the carrying amount less the allowance for doubtful accounts. The URJ maintains an allowance for doubtful accounts for estimated losses resulting from the inability of individuals or organizations to make required payments. The URJ considers the following factors when determining the collectability of specific accounts: past transaction history, current economic trends and changes in payment terms. If the financial conditions of the individual or organization were to deteriorate, adversely affecting their ability to make payments, additional allowances may be required. Based on management's assessment, the URJ provides for estimated uncollectable amounts through a charge to earnings and credit to valuation allowance. Balances that remain outstanding after the URJ has made reasonable collection efforts are written off through a charge to the valuation allowance and credit to the receivable.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for a discussion of fair value measurements.

**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016  
(In Thousands)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments (continued)

Donated securities are reported at their fair values as determined on the dates of donation.

Investment transactions are recorded on a trade-date basis. Realized gains or losses on investments are determined by comparison of the average cost of acquisition to proceeds at the time of disposition. The earnings from dividends and interest are recognized when earned.

Investment expenses include the services of bank trustees, investment managers and custodians. The balances of investment management fees disclosed in Note 2 are those specific fees charged by the URJ's various managers during the years ended December 31, 2017 and 2016; however, they do not include those fees that are embedded in various other investment accounts and transactions.

The URJ records bequest income and the beneficial interest in perpetual trusts at the time it has an established right to such resources and can estimate the eventual proceeds.

Property and equipment

Property and equipment are reported at their original costs or at their fair values on the dates of donation. Depreciation is provided over the estimated useful lives of these assets, which range from three to 40 years. Likewise, leasehold improvements are amortized over the shorter of the term of the underlying leases or useful life of the improvement. Depreciation and amortization are calculated using the straight-line method.

Impairment of long-lived assets

The URJ evaluates its long-lived assets for impairment in accordance with the guidelines of Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 360, *Property, Plant and Equipment*. If this evaluation indicates that an impairment loss should be recognized, the URJ will charge operations for the estimated impairment loss in the period determined. Impairment charges recognized were \$3,823 and \$0 for the years ended December 31, 2017 and 2016, respectively (see Note 5).

Goodwill

Costs of net assets in purchased organizations in excess of the underlying fair value of net assets at dates of acquisition are recorded as goodwill and assessed annually for impairment. Losses due to impairment are to be recognized in earnings in the period impaired. Management has determined that there was no impairment of goodwill during the years ended December 31, 2017 and 2016.

**UNION FOR REFORM JUDAISM  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016  
(In Thousands)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Net assets

Net assets are classified as unrestricted, temporarily restricted or permanently restricted, in accordance with donor-imposed restrictions or lack thereof. Each of these three classes of net assets is displayed in the accompanying consolidated financial statements, and the amounts of changes in each of these classes of net assets are displayed in the accompanying consolidated statements of activities.

Unrestricted net assets represent those resources that are not subject to donor restriction. The board of trustees has designated a portion of net assets to serve as an endowment of the URJ to provide reserves for programs and operations.

Temporarily restricted net assets represent those resources that are subject to the requirements of the Ohio Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the use of which has been restricted by donors or state law to specific purposes and/or the passage of time. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted and reported in the accompanying consolidated statements of activities as "Net assets released from restrictions."

Permanently restricted net assets represent those resources subject to donor-imposed stipulations that they be maintained permanently by the URJ. The purposes for which the income and net capital appreciation arising from the underlying assets may be used depends on the wishes of those donors. Under the terms of UPMIFA, those earnings are classified as temporarily restricted in the accompanying consolidated statements of activities, pending appropriation by the board of trustees.

Contributions and pledges

Contributions are recorded as revenue upon the receipt of cash or unconditional pledges. Contributions are considered available for unrestricted use, unless specifically restricted by the donor. Conditional contributions are recorded when the specified conditions have been met.

The URJ reports contributions in the temporarily or permanently restricted net asset category if they are received with donor stipulations or time considerations as to their use. When a donor's restriction is met, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statements of activities as "Net assets released from restrictions."

The URJ is either the beneficiary or trustee of several irrevocable split-interest agreements. Contribution revenue for split-interest agreements is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the respective donors and/or beneficiaries. The contribution is recognized as unrestricted revenue if the donor does not restrict the use of the assets contributed to the URJ, and neither the agreement nor state law requires the assets received by the URJ to be invested until the income beneficiary's death. If either of these situations exists, the contribution portion of the split-interest agreements is recognized as a temporarily restricted contribution (see Note 3).

**UNION FOR REFORM JUDAISM  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016  
(In Thousands)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Rental income

The URJ rents office space to affiliates. Rental income is recognized on the straight-line method of accounting required by U.S. GAAP, under which contractual rent payment increases are recognized evenly over the lease term.

Foreign currency translation

Substantially all assets and liabilities of foreign operations are translated at year-end exchange rates; public support and revenues and expenses are translated at the average exchange rates during the year. Translation adjustments for such assets and liabilities are accumulated separately as part of net assets. Gains and losses from foreign currency translations are included in the accompanying consolidated statements of activities.

Deferred revenue

Revenues from camp activities are recognized in the period in which the program is conducted. The portion applicable to subsequent periods is reported as deferred revenue until earned.

Measure of operations

The URJ includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities, including an authorized investment allocation.

Income tax uncertainties

The URJ is subject to the provisions of FASB ASC 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. Due to its general tax-exempt status, FASB ASC 740 has not had, and is not anticipated to have, a material impact on the URJ's consolidated financial statements.

Accounting pronouncements issued but not yet effective

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases*. This update requires all leases with a term greater than 12 months to be recognized on the balance sheet through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. This new guidance is effective for years beginning after December 15, 2019, with early adoption permitted. The URJ is evaluating the effect that this new guidance will have on its consolidated financial statements and related disclosures, but has not yet determined the timing of adoption.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016  
(In Thousands)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounting pronouncements issued but not yet effective (continued)

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements for Not-for-profit Entities*, which changes the presentation of not-for-profit financial statements. The new guidance reduces the number of net asset classes from three to two and increases disclosures about financial measures and liquidity risks, among other changes. This new guidance is effective for years beginning after December 15, 2017, with early adoption permitted. The URJ is evaluating the effect that this new guidance will have on its consolidated financial statements and related disclosures, but has not yet determined the timing of adoption.

Subsequent events

The URJ has evaluated all material subsequent events through June 15, 2018, the date that these consolidated financial statements were available to be issued.

**NOTE 2. FAIR VALUE MEASUREMENTS**

FASB ASC 820, *Fair Value Measurement*, establishes a three-level valuation hierarchy of fair value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical assets and liabilities at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar assets or liabilities in active markets, or (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Valuations are determined based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the asset or liability or (ii) the underlying investments cannot be independently valued or cannot be immediately redeemed at or near the fiscal year end.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

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**NOTE 2. FAIR VALUE MEASUREMENTS (CONTINUED)**

Assets and liabilities measured at fair value are based on one or more of three valuation techniques identified in the tables below. The valuation techniques are as follows:

- (a) *Market approach.* Prices or other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach.* Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach.* Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

The following tables summarize the URJ's investments measured at fair value on a recurring basis, categorized by U.S. GAAP's valuation hierarchy as of December 31, 2017 and 2016:

| Description  | Level 1:<br>Quoted Prices in<br>Active Markets for<br>Identical Assets | Level 2:<br>Significant Other<br>Observable Inputs | Level 3: Significant<br>Unobservable Inputs | Total at December<br>31, 2017 | Valuation<br>Technique |
|--|--|--|---|-------------------------------|------------------------|
| Cash (included in investments)                       | \$ 138   | \$ -   | \$ -  | \$ 138                        | (a)                    |
| Certificates of deposit (included<br>in investments) | 673  | -  | -   | 673                           | (a)                    |
| Mutual funds – bond funds                            | 23,520   | -  | -   | 23,520                        | (a)                    |
| Mutual funds – equity funds                          | 74,550   | -  | -   | 74,550                        | (a)                    |
| Equities   | 572  | -  | -   | 572                           | (a)                    |
| Bonds and other                                      | 144  | -  | -   | 144                           | (a)                    |
| Beneficial interest in trust                         | -  | -  | 958   | 958                           | (a)                    |
| <b>Total</b>   | <b><u>\$ 99,597</u></b>  | <b><u>\$ -</u></b>                                 | <b><u>\$ 958</u></b>                        | <b><u>\$ 100,555</u></b>      |                        |

| Description  | Level 1:<br>Quoted Prices in<br>Active Markets for<br>Identical Assets | Level 2:<br>Significant Other<br>Observable Inputs | Level 3: Significant<br>Unobservable Inputs | Total at December<br>31, 2016 | Valuation<br>Technique |
|--|--|--|---|-------------------------------|------------------------|
| Cash (included in investments)                       | \$ 154   | \$ -   | \$ -  | \$ 154                        | (a)                    |
| Certificates of deposit (included<br>in investments) | 808  | -  | -   | 808                           | (a)                    |
| Mutual funds – bond funds                            | 25,825   | -  | -   | 25,825                        | (a)                    |
| Mutual funds – equity funds                          | 62,348   | -  | -   | 62,348                        | (a)                    |
| Equities   | 966  | -  | -   | 966                           | (a)                    |
| Bonds and other                                      | 415  | -  | -   | 415                           | (a)                    |
| Beneficial interest in trust                         | -  | -  | 864   | 864                           | (a)                    |
| <b>Total</b>   | <b><u>\$ 90,516</u></b>  | <b><u>\$ -</u></b>                                 | <b><u>\$ 864</u></b>                        | <b><u>\$ 91,380</u></b>       |                        |

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**NOTE 2. FAIR VALUE MEASUREMENTS (CONTINUED)**

The following reflects the changes in investments measured at fair value using Level 3 inputs during the years ended December 31, 2017 and 2016:

|   | <u>December 31,</u> |               |
|---|---------------------|---------------|
|   | <u>2017</u>         | <u>2016</u>   |
| Beginning balance, January 1                            | \$ 864              | \$ 844        |
| Total unrealized gain, included in change in net assets | <u>94</u>           | <u>20</u>     |
| Ending balance, December 31                             | <u>\$ 958</u>       | <u>\$ 864</u> |

During the years ended December 31, 2017 and 2016, the URJ did not have any transfers between any of the levels of the fair value hierarchy.

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016:

Certificates of deposit are valued at fair value as determined by the custodian.

Mutual funds are valued at quoted market prices, which represent the net asset value of the securities held in such funds.

Equities and bonds are valued at the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers or fund managers.

Other fair value disclosures

The amounts included in the consolidated statements of financial position for cash and cash equivalents, contributions, camp fees, and other receivables, accounts payable, accrued expenses and other liabilities, and annuities payable approximate fair value due to the short-term nature of these instruments. The fair values of notes payable are approximately equal to their carrying values, which have been estimated based upon the current rates offered to the URJ for debt of the same or similar types and remaining maturities of the outstanding debt instruments.



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**NOTE 2. FAIR VALUE MEASUREMENTS (CONTINUED)**

Investments

For the years ended December 31, 2017 and 2016, investment return (net of fees of \$60 and \$62, respectively) consisted of the following:

|   | <b>Year Ended December 31, 2017</b> |                                   |                  |
|---|-------------------------------------|-----------------------------------|------------------|
|   | <b>Unrestricted</b>                 | <b>Temporarily<br/>Restricted</b> | <b>Total</b>     |
| Interest and dividends  | \$ 521                              | \$ 1,622                          | \$ 2,143         |
| Net realized and unrealized gains   | <u>5,410</u>                        | <u>8,357</u>                      | <u>13,767</u>    |
| Investment return   | 5,931                               | 9,979                             | 15,910           |
| Investment returns applicable to spending rate  | <u>1,689</u>                        | <u>2,030</u>                      | <u>3,719</u>     |
| Investment return in excess of authorized<br>spending rate not designated for current<br>operations | <u>\$ 4,242</u>                     | <u>\$ 7,949</u>                   | <u>\$ 12,191</u> |

|   | <b>Year Ended December 31, 2016</b> |                                   |                 |
|---|-------------------------------------|-----------------------------------|-----------------|
|   | <b>Unrestricted</b>                 | <b>Temporarily<br/>Restricted</b> | <b>Total</b>    |
| Interest and dividends  | \$ 1,526                            | \$ 314                            | \$ 1,840        |
| Net realized and unrealized gains   | <u>1,533</u>                        | <u>2,474</u>                      | <u>4,007</u>    |
| Investment return   | 3,059                               | 2,788                             | 5,847           |
| Investment returns applicable to spending rate  | <u>2,577</u>                        | <u>-</u>                          | <u>2,577</u>    |
| Investment return in excess of authorized<br>spending rate not designated for current<br>operations | <u>\$ 482</u>                       | <u>\$ 2,788</u>                   | <u>\$ 3,270</u> |

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**NOTE 3. SPLIT-INTEREST AGREEMENTS**

The URJ's investments include deferred-giving vehicles subject to split-interest agreements. The different types of agreements currently maintained by the URJ are the charitable gift annuity ("CGA"), the charitable remainder annuity trust ("CRAT"), the charitable remainder unitrust ("CRUT"), and a pooled life income fund ("PLF").

- CGA's are unrestricted irrevocable gifts under which the URJ agrees in turn to pay a life annuity to the donor or designated beneficiary. The contributed funds and the attendant liabilities immediately become part of the URJ's general assets and liabilities, subject to the URJ's maintaining an actuarial reserve.
- CRAT's and CRUT's are time-restricted contributions not available to the URJ until after the death of the donor, who, while living, receives an annual payout from such trusts, based on a fixed percentage of the market value of the invested funds for the CRAT, or a fixed dollar amount for the CRUT.
- The PLF is composed of donations which are consolidated in a money market account. Contributors receive a pro rata share of the actual ordinary income of the fund until their deaths, at which point the donors' share of the assets becomes available to the URJ.

The URJ initially values deferred gifts of cash at face value and those of equity securities at fair value; these values are then actuarially discounted. Of the \$100,555 and \$91,380 recorded as investments in the accompanying consolidated statements of financial position at December 31, 2017 and 2016, respectively, \$217 and \$210 represents split-interest agreements. The associated estimated liabilities due to annuitants amounted to \$153 and \$165 at December 31, 2017 and 2016, respectively.

**NOTE 4. RECEIVABLES**

Contributions receivable

At each year end, contributions receivable are due as follows:

|   | <u>December 31,</u> |                 |
|---|---------------------|-----------------|
|   | <u>2017</u>         | <u>2016</u>     |
| One year  | \$ 3,905            | \$ 8,713        |
| Two to five years   | 1,428               | 1,770           |
| Thereafter  | <u>68</u>           | <u>80</u>       |
|   | 5,401               | 10,563          |
| Allowance for uncollectible contributions   | (738)               | (527)           |
| Reduction of pledges due in excess of one year<br>to present value, at a rate of 6% | <u>(159)</u>        | <u>(196)</u>    |
|   | <u>\$ 4,504</u>     | <u>\$ 9,840</u> |

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**NOTE 4. RECEIVABLES (CONTINUED)**

Contributions receivable (continued)

Approximately 11% of the contributions receivable balance at December 31, 2017, was derived from one donor. Approximately 36% of the contributions receivable balance at December 31, 2016, was derived from two donors.

Reform Movement Affiliate Commitment (RMAC) receivable (formerly Dues receivable)

At December 31, 2017 and 2016, RMAC receivable consisted of amounts due to the URJ from congregations. All amounts are due within one year unless otherwise agreed. A reserve for doubtful collections of \$7,613 and \$10,631 has been recorded at December 31, 2017 and 2016, respectively. Additionally, a reserve for future payments to HUC-JIR of \$2,028 and \$2,058, representing 44% of the net receivable balance, has also been recorded at December 31, 2017 and 2016, respectively.

In 2016, the URJ introduced a web-based portal through which congregations input the amount of RMAC that they expect to pay. This portal and the associated billing mechanism provide the URJ with more current and estimable information on RMAC receivable than available under the previous system. The launch of this new portal allowed the URJ to recognize RMAC revenue and to adjust dues receivable on a monthly basis.

Accounts and loans receivable

At December 31, 2017 and 2016, accounts and loans receivable consisted of amounts due to the URJ from employees, affiliates and unrelated parties for exchange-type transactions, such as support services (including administrative and facility expenses), and employee loans and advances. All amounts are due between one to five years. Based on management's past experience, \$33 has been reserved for doubtful collections of accounts and loans receivable at December 31, 2017 and 2016. The amount due from affiliated organizations at December 31, 2017 and 2016, was \$181 and \$207 respectively (see Note 12).

Camp fees receivable

Camp fees receivable consisted of camp tuition for campers who registered for the summer 2018 and 2017 sessions as of December 31, 2017 and 2016, respectively. All camp tuition is initially recorded through camp fee receivable as deferred revenue upon registration and is realized as revenue over the camping season (June through August). All amounts are due within one year. Based on management's past experience, \$105 and \$97 has been reserved for doubtful collections of camp fee receivable at December 31, 2017 and 2016, respectively.

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**NOTE 5. PROPERTY AND EQUIPMENT**

At each year end, property and equipment consisted of the following:

|   | <b><u>December 31,</u></b> |                    |
|---|----------------------------|--------------------|
|   | <b><u>2017</u></b>         | <b><u>2016</u></b> |
| Land  | \$ 12,336                  | \$ 12,336          |
| Building and improvements                       | 121,649                    | 146,126            |
| Leasehold improvements                          | 750                        | 750                |
| Furniture, fixtures, equipment, and other       | 12,317                     | 12,805             |
| Camp vehicles and equipment                     | <u>1,665</u>               | <u>1,354</u>       |
|   | 148,717                    | 173,371            |
| Less: accumulated depreciation and amortization | <u>(83,238)</u>            | <u>(88,179)</u>    |
|   | 65,479                     | 85,192             |
| Construction-in-progress                        | <u>1,210</u>               | <u>1,090</u>       |
|   | <u>\$ 66,689</u>           | <u>\$ 86,282</u>   |

Depreciation and amortization expense for the years ended December 31, 2017 and 2016, was \$4,968 and \$4,950, respectively.

During 2017, one of URJ's camps, located in California, was substantially impaired due to a wildfire. At December 31, 2017, URJ has recognized a net loss of \$3,823 resulting from asset impairment of \$18,823 which has been partially offset by an advance received by an insurance company of \$15,000. The impairment amount represents the net book value of substantially all the camp's assets, including building and improvements and furniture, fixtures and equipment that were destroyed. As of the financial statement date, the cost of recovery is undeterminable.

**NOTE 6. RESERVES FOR STRATEGY IMPLEMENTATION AND LEADERSHIP TRANSITION COSTS**

The Reserves for Strategy Implementation and Leadership Transition were created by the board of trustees of the URJ to fund investments based on the new strategic plan, developed as part of the 2020 Vision. These investments included personnel restructuring and an exit from the URJ's books and music division with the sale of its inventory on June 15, 2016. The URJ's board approved use of board-designated funds to underwrite the reserve, as well as a transfer of the remaining balance of the previously created restructuring reserve, to establish the Strategic Implementation Reserve. The balances in these reserves at the end of December 31, 2017 and 2016, were \$348 and \$403, respectively.

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**NOTE 6. RESERVES FOR STRATEGY IMPLEMENTATION AND LEADERSHIP TRANSITION COSTS (CONTINUED)**

A summary of the strategy implementation and leadership transition costs recognized during the years ended December 31, 2017 and 2016, is as follows:

|                                | <b>Strategic<br/>Implementation<br/>Reserve</b> | <b>Restructuring<br/>Reserve</b> | <b>Leadership<br/>Transition<br/>Reserve</b> | <b>Total</b>  |
|--------------------------------|---|----------------------------------|--|---------------|
| Balance – January 1, 2017      | \$ 400  | \$ -                             | \$ 3   | \$ 403        |
| Payments in 2017               | (55)  | -                                | -  | (55)          |
| Balance – December 31,<br>2017 | <u>\$ 345</u>                                   | <u>\$ -</u>                      | <u>\$ 3</u>                                  | <u>\$ 348</u> |

**NOTE 7. NOTES AND MORTGAGE PAYABLE**

At each year end, the URJ had the following notes and mortgage payable:

**Crane Lake Camp, Inc.**

**Mortgage note dated May 19, 1999, for the purchase of the assets of the camp.** Annuity payments in variable amounts are due to the then-president of the camp in semi-annual installments through July 2028, as long as either the former president of the camp or his spouse is living. Upon the death of the survivor, a final payment is payable and the obligation to make future payments under the agreement ceases. This liability is valued at the present value of the future payments due utilizing a discount rate of 6%.

**December 31,**  
**2017                      2016**

\$1,006                      \$1,074

**Derek Newby - Maple Lake Center**

**Unsecured term loan with a principal dated February 2011, in the original amount of \$250 Canadian dollars ("CAD").** The loan has a fixed interest rate of 5%, with 64 payments of principal and interest of \$4 CAD which are due in quarterly installments through November 2019.

160                                      155

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**NOTE 7. NOTES AND MORTGAGE PAYABLE (CONTINUED)**

|  | <u>2017</u> | <u>2016</u> |
|--|-------------|-------------|
| <b><u>Beaunaro, Inc. - Maple Lake Center</u></b>   |             |             |
| Term interest-free loan with a principal dated November 2009 (amended and restated August 2013), in the original amount of \$350 CAD. Principal payment of \$50 CAD is due on or before December 31 of each year from 2014 through 2018.   | \$79        | \$118       |
| <b><u>Signature Bank</u></b>   |             |             |
| Term note with a bank dated August 8, 2011, in the original amount of \$7,000, as modified to \$6,250 on January 4, 2013. The note has a fixed interest rate of 3.875% with monthly principal and interest payments starting February 1, 2013, at \$52. The note matures on January 2, 2023. The note is secured by a pledge agreement on a portion of the URJ's investments and it requires the URJ to meet certain covenants, the most restrictive of which requires the URJ to maintain a minimum debt service ratio. | 3,177       | 3,802       |
| <b><u>Avi Chai Foundation Loan - Newman Camp</u></b>   |             |             |
| Term interest-free loan with a foundation dated February 28, 2013, in the original amount of \$1,000. Principal payments of \$50 are due in quarterly installments commencing October 1, 2013, and continuing through 2018. The loan is secured by a letter of credit.   | 150         | 350         |
| <b><u>Avi Chai Foundation Loan – Crane Lake Dining Hall</u></b>  |             |             |
| Term interest-free loan with a foundation dated November 1, 2013, in the original amount of \$994. Principal payments of \$50 are due quarterly commencing April 1, 2015, and continuing through January 1, 2019. The loan is secured by a letter of credit.   | 248         | 447         |

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**NOTE 7. NOTES AND MORTGAGE PAYABLE (CONTINUED)**

|  | <u>2017</u>     | <u>2016</u>     |
|--|-----------------|-----------------|
| <b><u>Capital Bank of New Jersey - North American Camp Loan</u></b>  |                 |                 |
| <b>On August 23, 2016, the URJ modified an earlier note with the Capital Bank of New Jersey.</b> The current note has a principal amount of \$6,000, a fixed rate of 3.625% and matures in August 2026. There are monthly payments of principal and interest of \$59.74. The note is secured by a pledge agreement on a portion of the URJ's investment. |                 |                 |
| The prior note outstanding principal balance at December 31, 2015 bore interest of 2.75%.  | \$5,312         | \$5,823         |
| <b>Foundation for Jewish Camps Loan - Coleman Pool House</b>   |                 |                 |
| <b>Term interest-free loan with a foundation dated February 11, 2016, in the original amount of \$230.</b> Principal payments in equal quarterly installments commencing July 1, 2016 and continuing through January 1, 2021. The loan is secured by a letter of credit.   | 157             | 206             |
| <b>Foundation for Jewish Camps Loan – Newman Welcome and Wellness Center</b>   |                 |                 |
| <b>Term interest-free loan with a foundation dated February 11, 2016, in the original amount of \$1,000.</b> Principal payments of equal quarterly installments commencing July 1, 2016, and continuing through January 1, 2021. The loan is secured by a letter of credit.  | 684             | 895             |
| At December 31, 2017, the URJ had an unsecured line of credit totaling \$3,000 that was fully drawn down during 2017. The line bears interest at 1.5% plus LIBOR for an interest period of 1, 2, or 3 months with a floor of 2.75%. The interest rate at December 31, 2017, was 3%. The line renews on August 22, 2018.                                  | 3,000           | 3,000           |
| Total notes and mortgage payable   | <u>\$13,973</u> | <u>\$15,870</u> |

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**NOTE 7. NOTES AND MORTGAGE PAYABLE (CONTINUED)**

Minimum annual future payments under the loan agreements for years subsequent to December 31, 2017, are as follows:

| <u>Year ending December 31:</u> |                  |
|---------------------------------|------------------|
| 2018                            | \$ 4,921         |
| 2019                            | 1,567            |
| 2020                            | 1,673            |
| 2021                            | 1,364            |
| 2022                            | 1,327            |
| Thereafter                      | <u>3,121</u>     |
|                                 | <u>\$ 13,973</u> |

At December 31, 2017, the URJ had standby letters of credit totaling approximately \$2,444 which expire through 2023. The letters of credit are used as security for loans given by unrelated organizations for the renovation of several camp sites.

**NOTE 8. NET ASSETS**

Unrestricted net assets at each year end were composed of the following:

|                        | <u>December 31,</u> |                   |
|------------------------|---------------------|-------------------|
|                        | <u>2017</u>         | <u>2016</u>       |
| Property and equipment | \$ 52,716           | \$ 70,412         |
| Board-restricted funds | 39,072              | 34,949            |
| Operations and other   | <u>11,854</u>       | <u>4,154</u>      |
|                        | <u>\$ 103,642</u>   | <u>\$ 109,515</u> |

At each year end, net assets (including allocations of investment gains and losses) were temporarily restricted as follows:

|   | <u>December 31,</u> |                  |
|---|---------------------|------------------|
|   | <u>2017</u>         | <u>2016</u>      |
| Building and improvements, principally camp-related | \$ 7,637            | \$ 7,617         |
| Camp and youth scholarships                         | 11,151              | 8,873            |
| Camp and youth programs                             | 9,275               | 8,438            |
| Tikkun Olam   | 19,456              | 16,997           |
| Audacious Hospitality                               | 2,425               | 2,265            |
| Strengthening Congregations                         | 2,399               | 2,341            |
| Other mission-related programs                      | 2,769               | 2,187            |
| Communications/publications/Learning/Training       | <u>2,147</u>        | <u>1,838</u>     |
|   | <u>\$ 57,259</u>    | <u>\$ 50,556</u> |

As mentioned in Note 1, the URJ acquired all the net asset of JCS in 2016. Included in the net assets acquired were temporarily-restricted funds of \$361.



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**NOTE 8. NET ASSETS (CONTINUED)**

During the years ended December 31, 2017 and 2016, net assets were released from temporary restrictions for the following purposes:

|   | <b><u>Year Ended December 31,</u></b> |                         |
|---|---------------------------------------|-------------------------|
|   | <b><u>2017</u></b>                    | <b><u>2016</u></b>      |
| Building and improvements, principally camp-related | \$ 3,157                              | \$ 8,924                |
| Camp and youth scholarships                         | 1,985                                 | 1,985                   |
| Camp and youth programs                             | 3,116                                 | 2,272                   |
| Tikkun Olam   | 1,591                                 | 1,810                   |
| Audacious Hospitality                               | 793                                   | 86                      |
| Strengthening Congregations                         | 590                                   | 432                     |
| Other mission-related programs                      | 485                                   | 92                      |
| Communications/publications/Learning/Training       | <u>48</u>                             | <u>187</u>              |
|   | <b><u>\$ 11,765</u></b>               | <b><u>\$ 15,788</u></b> |

At the end of each year, permanently restricted net assets were restricted to support the following:

|  | <b><u>December 31,</u></b> |                         |
|--|----------------------------|-------------------------|
|  | <b><u>2017</u></b>         | <b><u>2016</u></b>      |
| Youth programs and scholarships        | \$ 8,784                   | \$ 8,774                |
| Direct membership and support programs | 314                        | 314                     |
| Tikkun Olam                            | 830                        | 830                     |
| Audacious Hospitality                  | 3,314                      | 3,314                   |
| Strengthening Congregations            | 586                        | 586                     |
| Operating support                      | 2,023                      | 2,023                   |
| Other mission-related programs         | <u>829</u>                 | <u>829</u>              |
|  | <b><u>\$ 16,680</u></b>    | <b><u>\$ 16,670</u></b> |

As mentioned in Note 1, the URJ acquired all the net asset of JCS in 2016. Included in the net assets acquired were permanently restricted funds of \$461.

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**NOTE 9. ACCOUNTING AND REPORTING FOR ENDOWMENTS, RESTRICTED AND BOARD-DESIGNATED FUNDS**

The endowments

The URJ's endowment was established based on its mission and consists of both donor-restricted endowment funds and funds designated by the board of trustees to function as an endowment. Net assets associated with endowment funds are classified and reported based on U.S. GAAP. Board-designated funds are classified as unrestricted net assets, and funds with donor-imposed restrictions are classified as temporarily or permanently restricted net assets, with net gains reported as temporarily restricted pending appropriation by the board of trustees.

Interpretation of relevant law

UPMIFA is applicable to all of the URJ's institutional funds, including its donor-restricted and board-designated endowment funds. The board of trustees will continue to adhere to UPMIFA's requirements.

Endowment net asset composition by type of fund at each year end:

|                        | December 31, 2017 |                        |                        |                  |
|------------------------|-------------------|------------------------|------------------------|------------------|
|                        | Unrestricted      | Temporarily Restricted | Permanently Restricted | Total            |
| Board-designated funds | \$ 39,072         | \$ -                   | \$ -                   | \$ 39,072        |
| Donor-restricted funds | -                 | 25,094                 | 16,680                 | 41,774           |
| Total endowment funds  | <u>\$ 39,072</u>  | <u>\$ 25,094</u>       | <u>\$ 16,680</u>       | <u>\$ 80,846</u> |

  

|                        | December 31, 2016 |                        |                        |                  |
|------------------------|-------------------|------------------------|------------------------|------------------|
|                        | Unrestricted      | Temporarily Restricted | Permanently Restricted | Total            |
| Board-designated funds | \$ 34,949         | \$ -                   | \$ -                   | \$ 34,949        |
| Donor-restricted funds | -                 | 20,344                 | 16,670                 | 37,014           |
| Total endowment funds  | <u>\$ 34,949</u>  | <u>\$ 20,344</u>       | <u>\$ 16,670</u>       | <u>\$ 71,963</u> |

**UNION FOR REFORM JUDAISM  
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DECEMBER 31, 2017 AND 2016  
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**NOTE 9. ACCOUNTING AND REPORTING FOR ENDOWMENTS, RESTRICTED AND BOARD-DESIGNATED FUNDS (CONTINUED)**

Changes in endowment net assets for the years ended December 31, 2017 and 2016:

|  | December 31, 2017 |                        |                        | Total            |
|--|-------------------|------------------------|------------------------|------------------|
|  | Unrestricted      | Temporarily Restricted | Permanently Restricted |                  |
| Net assets, December 31, 2016                                      | \$ 34,949         | \$ 20,344              | \$ 16,670              | \$ 71,963        |
| Contributions  | 101               | 2,197                  | 10                     | 2,308            |
| Investment return:   |                   |                        |                        |                  |
| Interest and dividends   | 205               | 711                    | -                      | 916              |
| Realized/unrealized appreciation                                   | 5,620             | 4,492                  | -                      | 10,112           |
| Investment return designated for current operations                | (1,689)           | (1,305)                | -                      | (2,994)          |
| Total investment return  | 4,136             | 3,898                  | -                      | 8,034            |
| Appropriated for expenditures/donor releases/foreign exchange loss | (114)             | (1,345)                | -                      | (1,459)          |
| Net assets, December 31, 2017                                      | <u>\$ 39,072</u>  | <u>\$ 25,094</u>       | <u>\$ 16,680</u>       | <u>\$ 80,846</u> |

|  | December 31, 2016 |                        |                        | Total            |
|--|-------------------|------------------------|------------------------|------------------|
|  | Unrestricted      | Temporarily Restricted | Permanently Restricted |                  |
| Net assets, December 31, 2015                                      | \$ 35,071         | \$ 18,835              | \$ 11,203              | \$ 65,109        |
| Contributions  | 20                | 1,156                  | 5,006                  | 6,182            |
| Assets acquired (see Notes 1 and 8)                                | -                 | -                      | 461                    | 461              |
| Investment return:   |                   |                        |                        |                  |
| Interest and dividends   | 584               | 132                    | -                      | 716              |
| Realized/unrealized appreciation                                   | 1,628             | 1,730                  | -                      | 3,358            |
| Investment return designated for current operations                | (1,789)           | (526)                  | -                      | (2,315)          |
| Total investment return  | 423               | 1,336                  | -                      | 1,759            |
| Appropriated for expenditures/donor releases/foreign exchange loss | (565)             | (983)                  | -                      | (1,548)          |
| Net assets, December 31, 2016                                      | <u>\$ 34,949</u>  | <u>\$ 20,344</u>       | <u>\$ 16,670</u>       | <u>\$ 71,963</u> |

**UNION FOR REFORM JUDAISM  
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**NOTE 9. ACCOUNTING AND REPORTING FOR ENDOWMENTS, RESTRICTED AND BOARD-DESIGNATED FUNDS (CONTINUED)**

Funds with deficiencies

From time to time, the fair value of assets associated with permanently restricted funds may decline below the historical dollar value of the donor's original permanently restricted contribution. Under the terms of UPMIFA, the URJ has no responsibility to restore such decreases in value, should any exist.

Return objectives and risk parameters

The URJ has an Investment Policy Statement ("IPS") for all funds in the investment pool, including endowment funds. The overall objective for endowment assets is to provide the operations of the URJ with a relatively stable stream of spendable revenue that grows over time and at a minimum keeps pace with inflation. If this is to be achieved over the long term, the inflation-adjusted value of the assets in the appropriate restricted funds, including board-designated, certain temporarily-restricted funds and permanently restricted funds must be preserved, net of annual distribution to programs. IPS compliance is monitored closely by the URJ's Investment Committee and reflects:

- Asset diversification to provide reasonable assurance that no single security or class of security will have disproportionate impact on the total endowment assets.
- Assessment at least annually by the Investment Committee of the appropriateness of the IPS, with recommended changes, if any, to be approved by the board of trustees.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the URJ relies on a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The portfolio will be invested with care, skill, prudence and diligence in accordance with fiduciary laws and regulations. Donations of securities are liquidated as quickly as practical, and the proceeds are invested in accordance with the IPS.

The long-term investment objective for the assets is to attain a total return (net of investment management fees) that exceeds the average annual spending rate, as determined each period by the board of trustees as part of the URJ's budget process.

Spending policy and how the investment objectives relate to the spending policy

The Endowments and Trusts Committee, in consultation with the Investment Committee, recommends to the board of trustees for its consideration each year a spending rate that balances the need for support of the programmatic and capital initiatives of the URJ with the long-term expected investment return on the endowment. For the years ended December 31, 2017 and 2016, the spending rate was 5%, resulting in investment return designated for current operations of \$3,719 and \$2,577, respectively.

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**NOTE 10. RETIREMENT PLANS**

Defined-benefit retirement plan

The URJ has a contributory, defined-benefit retirement plan (the "Plan") covering certain of its employees and employees of several affiliates. Plan assets are held in investment accounts operated in trust by various financial institutions. Effective June 30, 2009, the Plan's sponsor has frozen participation and benefit accruals.

The following table sets forth the Plan's funded status and the amounts recognized in the URJ's consolidated financial statements at December 31, 2017 and 2016:

|  | <u>2017</u>   | <u>2016</u>     |
|--|---------------|-----------------|
| Actuarial present value of benefit obligations:  |               |                 |
| Accumulated benefit obligation   | \$ (17,990)   | \$ (18,171)     |
| Projected benefit obligation   | \$ (17,990)   | \$ (18,171)     |
| Fair value of Plan assets  | <u>18,749</u> | <u>17,530</u>   |
| Funded status  | <u>\$ 759</u> | <u>\$ (641)</u> |
| Prepaid pension costs (accrued pension liability) in the consolidated statements of financial position | <u>\$ 759</u> | <u>\$ (641)</u> |

Amounts recognized in changes in unrestricted net assets for the years ended December 31, 2017 and 2016:

|                     | <u>2017</u>   | <u>2016</u>     |
|---------------------|---------------|-----------------|
| Net gains           | \$ (1,382)    | \$ (157)        |
| Prior service costs | <u>2,365</u>  | <u>(572)</u>    |
|                     | <u>\$ 983</u> | <u>\$ (729)</u> |

Components of net periodic benefits cost (income) for the years ended December 31, 2017 and 2016:

|                                | <u>2017</u>     | <u>2016</u>     |
|--------------------------------|-----------------|-----------------|
| Interest cost                  | \$ 773          | \$ 786          |
| Expected return on Plan assets | (1,246)         | (1,216)         |
| Amortization of net loss       | <u>55</u>       | <u>8</u>        |
| Net periodic benefit income    | <u>\$ (418)</u> | <u>\$ (422)</u> |
| Benefits paid                  | <u>\$ 1,408</u> | <u>\$ 1,015</u> |

**UNION FOR REFORM JUDAISM  
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(In Thousands)**

**NOTE 10. RETIREMENT PLANS (CONTINUED)**

Defined-benefit retirement plan (continued)

As of December 31, 2017 and 2016, the net loss not yet recognized as a component of net periodic pension cost was \$2,503 and \$2,534, respectively.

Weighted average assumptions:

|                                | <u>2017</u> | <u>2016</u> |
|--------------------------------|-------------|-------------|
| Discount rate                  | 4.25%       | 4.50%       |
| Expected return on Plan assets | 7.50%       | 7.50%       |
| Rate of compensation increase  | N/A         | N/A         |

Investments of Plan assets will be made for the purpose of providing retirement reserves for the present and future benefit of participants of the Plan. The assets are invested with the care, skill and diligence a prudent person acting in this capacity would exercise to comply with all objectives outlined herein, the Investment Advisers Act of 1940, and all other governing statutes.

The URJ's investment objective is to provide a balance among capital appreciation, preservation of capital, and current income, and to achieve an average annual return on all pension assets sufficient enough to meet its long-term pension obligations. High levels of risk are to be avoided; however, the trustees of the Plan recognize that some risk is warranted to allow the investment manager the opportunity to achieve the satisfactory long-term results consistent with the objectives of the Plan.

The trustees of the Plan have discretion as to the asset allocation decisions of the total Plan assets. The URJ requests adherence to the following asset-allocation range:

|                             | <u>Minimum<br/>Percentage</u> | <u>Maximum<br/>Percentage</u> |
|-----------------------------|-------------------------------|-------------------------------|
| Domestic large-cap equities | 24%                           | 28%                           |
| Domestic mid-cap equities   | 9%                            | 13%                           |
| Domestic small-cap equities | 2%                            | 5%                            |
| International equity        | 22%                           | 28%                           |
| Fixed income                | 32%                           | 38%                           |

At the end of each year, the fair value of total Plan assets held was as follows:

|                           | <u>December 31,</u> |                  |
|---------------------------|---------------------|------------------|
|                           | <u>2017</u>         | <u>2016</u>      |
| Cash and cash equivalents | \$ 6                | \$ 1             |
| Certificates of deposit   | 200                 | 200              |
| Mutual funds:             |                     |                  |
| Bond funds                | 9,289               | 8,641            |
| Equity funds              | 9,010               | 8,561            |
| Group annuity contract    | 244                 | 127              |
|                           | <u>\$ 18,749</u>    | <u>\$ 17,530</u> |

**UNION FOR REFORM JUDAISM  
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DECEMBER 31, 2017 AND 2016  
(In Thousands)**

**NOTE 10. RETIREMENT PLANS (CONTINUED)**

Defined-benefit retirement plan (continued)

Substantially all of the Plan asset investments were classified within Level 1 of the fair value hierarchy at December 31, 2017 and 2016.

No contributions were required to be made by the URJ to the Plan for the years ended December 31, 2017 and 2016.

The following table illustrates the estimated future benefit payments expected to be paid to Plan participants:

| <u>Year Ending<br/>December 31,</u> | <u>Expected<br/>Benefit<br/>Distributions</u> |
|-------------------------------------|---|
| 2018                                | \$ 1,299                                      |
| 2019                                | 1,348   |
| 2020                                | 1,186   |
| 2021                                | 1,007   |
| 2022                                | 1,021   |
| 2023-2027                           | 5,389   |
|                                     | <u>\$ 11,250</u>                              |

There was no pension expense for the years ended December 31, 2017 and 2016.

Multi-employer retirement plan

The URJ sponsors and participates in a multi-employer retirement plan ("Multi-employer Plan") sponsored by the Reform Pension Board. Those member rabbis, cantors, and senior staff (consisting of department heads, program directors and several executives) who are not covered under the defined-benefit retirement plan are covered instead under the Multi-employer Plan. Total expense for such plan for the years ended December 31, 2017 and 2016, was \$1,443 and \$1,257 respectively.

Defined-contribution plan

The URJ has a defined-contribution retirement plan ("403(b) Plan") under Section 403(b) of the Internal Revenue Code which permits employees to make voluntary contributions to the 403(b) Plan each pay period, for which the URJ may make a matching contribution of up to 3% of base salary for each eligible participant. Total plan expense for the years ended December 31, 2017 and 2016, was approximately \$181 and \$178, respectively. The URJ makes an additional 2% contribution (of base salary) each year on behalf of its eligible employees. The additional amounts contributed were \$139 and \$121, for the plan years 2017 and 2016, respectively.

**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016  
(In Thousands)**

**NOTE 11. CREDIT RISK**

Financial instruments that potentially subject the URJ to concentrations of credit risk consist principally of cash and cash equivalents and investment accounts that are deposited in financial institutions in amounts which, from time to time, may exceed federal insurance limits. However, management believes that the URJ does not face a significant risk of loss on these accounts.

**NOTE 12. RELATED-PARTY TRANSACTIONS**

The URJ provides various support services, including, but not limited to, providing payroll and fringe benefits, for several unconsolidated, affiliated organizations. These services are billed to the respective affiliated organization and amounted to \$1,246 and \$1,164 for the years ended December 31, 2017 and 2016, respectively.

At the end of each year, affiliate receivables consisted of the following and are included in "Accounts and loans receivable, net" in the accompanying consolidated statements of financial position:

|  | <u>December 31,</u> |               |
|--|---------------------|---------------|
|  | <u>2017</u>         | <u>2016</u>   |
| Women of Reform Judaism, the Federation of<br>Temple Sisterhoods | \$ 149              | \$ 163        |
| Association of Reform Jewish Educators                           | <u>32</u>           | <u>44</u>     |
|  | <u>\$ 181</u>       | <u>\$ 207</u> |

**NOTE 13. COMMITMENTS AND CONTINGENCIES**

Lease agreements

The URJ has entered into operating leases for the use of office facilities and certain office equipment that expire through 2024. Certain of the leases are subject to escalations for increases in real estate taxes and other operating expenses. Minimum annual future rental commitments under the lease agreements, excluding escalation costs, are as follows:

| <u>Year Ending<br/>December 31,</u> |                 |
|-------------------------------------|-----------------|
| 2018                                | \$ 570          |
| 2019                                | 540             |
| 2020                                | 401             |
| 2021                                | 263             |
| 2022                                | 211             |
| Thereafter                          | <u>353</u>      |
|                                     | <u>\$ 2,338</u> |



**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016  
(In Thousands)**

**NOTE 13. COMMITMENTS AND CONTINGENCIES**

Lease agreements (continued)

Certain operating leases provide for renewal options for additional years at their fair rental value at the time of the renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases.

Rent expense amounted to \$804 and \$783 for the years ended December 31, 2017 and 2016, respectively.

Facility use commitment

The URJ has entered into an agreement for the use of college space for summer camps in California. The URJ is committed to pay a minimum of approximately \$595 for the use of the space in 2018.

Convention agreements

The URJ has entered into multiple agreements for the use of hotel and conference space for the North American Biennial and the NFTY Convention. The agreements stipulate that in the event of a cancellation the URJ would be subject to certain cancellation fees, which would be substantially covered by insurance.

Reserve for environmental remediation

As of December 31, 2017 and 2016, the URJ accrued \$32 and \$38 respectively, which are included in "Accounts payable, accrued expenses and other liabilities" on the accompanying consolidated statements of financial position. The accrued amounts represent the estimate of the remaining cleanup liabilities for the Camp Newman pond contamination.

Construction in progress

During the year ended December 31, 2017, the URJ entered into contracts with architects, general contractors and related consultants for renovations and improvements to various camp facilities. Remaining commitments under the various contracts were \$2,411 as of December 31, 2017.

Legal matters

The URJ is subject to legal action in the routine course of conducting business. In management's opinion, however, there is no current legal action the outcome of which would have a material adverse impact on the URJ's financial position.

**SUPPLEMENTARY INFORMATION**

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Trustees  
Union for Reform Judaism

We have audited the consolidated financial statements of Union for Reform Judaism and Consolidated Entities as of and for the years ended December 31, 2017 and 2016, and our report thereon dated June 15, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 - 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information contained in the supplementary schedule on page 33 is presented for purposes of additional analysis and is not a required part 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 2017 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the 2017 consolidated financial statements and 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 other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2017 consolidated financial statements as a whole.



CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
June 15, 2018

**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(In Thousands)**

|  | Program Expenses |                                |                          |                  |                 |   |                    | Supporting Services |                 |                           |                                 |                  |
|--|------------------|--------------------------------|--------------------------|------------------|-----------------|---|--------------------|---------------------|-----------------|---------------------------|---------------------------------|------------------|
|  | Tikkun<br>Olam   | Strengthening<br>Congregations | Audacious<br>Hospitality | YOUTH            | ARZA            | Biennial<br>Conference<br>and North<br>American<br>Events | Reform<br>Movement | Total<br>Programs   | Fundraising     | Management<br>and General | Total<br>Supporting<br>Services | Total            |
| Personnel costs                            | \$ 2,497         | \$ 3,849                       | \$ 1,352                 | \$ 24,555        | \$ 463          | \$ 386  | \$ 618             | \$ 33,720           | \$ 2,514        | \$ 5,390                  | \$ 7,904                        | \$ 41,624        |
| Program materials and services             | 190              | 208                            | 77                       | 12,520           | 681             | 248   | 510                | 14,434              | 450             | -                         | 450                             | 14,884           |
| Convention and meeting expenses            | 898              | 412                            | 9                        | 1,845            | 84              | 2,737   | 28                 | 6,013               | 11              | 188                       | 199                             | 6,212            |
| Travel and transportation                  | 95               | 199                            | 25                       | 1,590            | 28              | 367   | 9                  | 2,313               | 16              | 119                       | 135                             | 2,448            |
| Travel and transportation - program        | 98               | 24                             | 3                        | 3,948            | -               | 4   | 8                  | 4,085               | -               | 1                         | 1                               | 4,086            |
| Professional fees                          | 347              | 327                            | 102                      | 1,539            | 18              | 305   | 15                 | 2,653               | 727             | 1,036                     | 1,763                           | 4,416            |
| Marketing and communications               | 283              | 643                            | 345                      | 1,089            | 81              | 464   | 379                | 3,284               | 70              | 155                       | 225                             | 3,509            |
| Office and business expense                | 76               | 31                             | 14                       | 1,421            | 24              | 119   | 20                 | 1,705               | 145             | 915                       | 1,060                           | 2,765            |
| Wide Area Network and telecom              | 14               | 17                             | 6                        | 200              | 8               | 3   | 4                  | 252                 | 1               | 563                       | 564                             | 816              |
| Occupancy costs                            | 69               | 30                             | 27                       | 4,527            | -               | -   | 7                  | 4,660               | -               | 932                       | 932                             | 5,592            |
| Insurance expense                          | -                | 1                              | -                        | 1,405            | -               | 11  | 1                  | 1,418               | -               | 189                       | 189                             | 1,607            |
| Shared services - interdepartmental        | 727              | 1,034                          | 523                      | 4,620            | 83              | 197   | 754                | 7,938               | 414             | (8,352)                   | (7,938)                         | -                |
| Shared services reimbursed from affiliates | -                | -                              | -                        | -                | -               | -   | -                  | -                   | -               | (300)                     | (300)                           | (300)            |
| Interest expense                           | -                | -                              | -                        | 413              | -               | -   | -                  | 413                 | -               | 53                        | 53                              | 466              |
| <b>TOTAL EXPENSES</b>                      | <u>\$ 5,294</u>  | <u>\$ 6,775</u>                | <u>\$ 2,483</u>          | <u>\$ 59,672</u> | <u>\$ 1,470</u> | <u>\$ 4,841</u>   | <u>\$ 2,353</u>    | <u>\$ 82,888</u>    | <u>\$ 4,348</u> | <u>\$ 889</u>             | <u>\$ 5,237</u>                 | <u>\$ 88,125</u> |

See independent auditor's report on supplementary information.