UNION FOR REFORM JUDAISM
AND CONSOLIDATED ENTITIES

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

UNION FOR REFORM JUDAISM
AND CONSOLIDATED ENTITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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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, 2018 and 2017, and the related consolidated statements of activities, functional expenses 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.

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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, 2018 and 2017, 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.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
June 26, 2019

UNION FOR REFORM JUDAISM
AND CONSOLIDATED ENTITIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017
(In Thousands)

	2018	2017
ASSETS		
Cash and cash equivalents	$ 25,276	$ 27,182
Contributions receivable, net	5,599	4,504
Reform Movement Affiliation Commitment (RMAC) receivable, net	2,322	2,582
Accounts and loans receivable, net	2,481	2,274
Camp fee receivable, net	30,908	30,049
Investments	94,478	100,555
Property and equipment, net	66,905	66,689
Operating lease - right of use asset	1,086	-
Goodwill	1,202	1,202
Prepaid pension benefit	-	759
Prepaid expenses and other assets	1,277	783
TOTAL ASSETS	$ 231,534	$ 236,579
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	$ 4,455	$ 6,700
Reserves for strategy implementation and restructuring	1,118	348
Operating lease liability	1,528	-
Notes and mortgage payable	15,093	13,973
Annuities payable	135	153
Accrued pension liability	407	-
Deferred revenue	39,204	37,824
Total liabilities	61,940	58,998
Commitments and contingencies (Notes 6, 7, 8, 11, 14 and 15)		
Net assets:		
Without donor restrictions	93,733	103,642
With donor restrictions	75,861	73,939
Total net assets	169,594	177,581
TOTAL LIABILITIES AND NET ASSETS	$ 231,534	$ 236,579

See accompanying notes to consolidated financial statements.

UNION FOR REFORM JUDAISM
AND CONSOLIDATED ENTITIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands)

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:						
Public support and revenues:						
Contributions and grants	$ 5,701	$ 16,839	$ 22,540	$ 4,796	$ 10,468	$ 15,264
Program fees	50,536	-	50,536	55,031	-	55,031
RMAC	13,380	-	13,380	14,015	-	14,015
Rental and other income	431	-	431	697	-	697
Investment return designated for current operations	3,473	-	3,473	3,719	-	3,719
Total public support and revenues before net assets released from restrictions	73,521	16,839	90,360	78,258	10,468	88,726
Net assets released from restrictions	13,696	(13,696)	-	11,765	(11,765)	-
Total public support and revenues	87,217	3,143	90,360	90,023	(1,297)	88,726
Operating expenses:						
Programs	84,963	-	84,963	86,375	-	86,375
Supporting services:						
Management and general	2,173	-	2,173	889	-	889
Fundraising	7,563	-	7,563	5,022	-	5,022
Total supporting services	9,736	-	9,736	5,911	-	5,911
Total operating expenses	94,699	-	94,699	92,286	-	92,286
Change in net assets from operations before depreciation and amortization and other activities	(7,482)	3,143	(4,339)	(2,263)	(1,297)	(3,560)
Depreciation and amortization	3,942	-	3,942	4,968	-	4,968
Change in net assets before other activities	(11,424)	3,143	(8,281)	(7,231)	(1,297)	(8,528)
Other activities:						
Investment return in excess of spending rate not designated for current operations	(7,534)	(1,124)	(8,658)	4,242	7,949	12,191
Reserves for strategy implementation and restructuring	(836)	-	(836)	-	-	-
Pension-related changes other than periodic costs	(1,829)	-	(1,829)	983	-	983
Foreign currency translation gains (losses)	(66)	(97)	(163)	(44)	61	17
Loss on asset impairment, net of insurance proceeds	-	-	-	(3,823)	-	(3,823)
Insurance proceeds received on insurance claim	11,780	-	11,780	-	-	-
Change in net assets	(9,909)	1,922	(7,987)	(5,873)	6,713	840
Net assets, beginning of year	103,642	73,939	177,581	109,515	67,226	176,741
NET ASSETS, END OF YEAR	$ 93,733	$ 75,861	$ 169,594	$ 103,642	$ 73,939	$ 177,581

See accompanying notes to consolidated financial statements.

UNION FOR REFORM JUDAISM
AND CONSOLIDATED ENTITIES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands)

	Program Expenses							Supporting Services			
	Tikkun Olam	Strengthening Congregations	Audacious Hospitality	YOUTH	Biennial Conference and North American Events	Reform Movement	Total Programs	Fundraising	Management and General	Total Supporting Services	Total
Personnel costs	$ 2,941	$ 4,171	$ 1,376	$ 23,687	$ 462	$ 1,251	$ 33,888	$ 4,283	$ 5,598	$ 9,881	$ 43,769
Program materials and services	151	158	26	15,139	2	407	15,883	451	149	600	16,483
Convention and meeting expenses	1,058	324	21	896	3	53	2,355	21	360	381	2,736
Travel and transportation	144	199	48	1,848	16	31	2,286	40	134	174	2,460
Travel and transportation - program	93	17	10	3,944	1	9	4,074	1	6	7	4,081
Professional fees	275	403	104	1,562	-	20	2,364	187	1,755	1,942	4,306
Marketing and communications	179	802	367	1,200	78	552	3,178	65	293	358	3,536
Office and business expense	124	28	29	1,566	(12)	35	1,770	116	1,208	1,324	3,094
Wide Area Network and telecom	20	21	6	186	3	8	244	3	735	738	982
Occupancy costs	96	23	16	4,998	-	6	5,139	-	1,023	1,023	6,162
Expense attributed to uncollectible accounts	-	-	-	-	-	3,251	3,251	1,889	-	1,889	5,140
Insurance expense	-	1	-	1,615	-	1	1,617	-	172	172	1,789
Shared services - interdepartmental	793	1,231	558	4,921	213	822	8,538	507	(9,045)	(8,538)	-
Shared services reimbursed from affiliates	-	-	-	-	-	-	-	-	(307)	(307)	(307)
Interest expense	-	-	-	376	-	-	376	-	92	92	468
Total operating expenses before depreciation and amortization	5,874	7,378	2,561	61,938	766	6,446	84,963	7,563	2,173	9,736	94,699
Depreciation and amortization	-	-	-	3,609	-	-	3,609	-	333	333	3,942
TOTAL EXPENSES	$ 5,874	$ 7,378	$ 2,561	$ 65,547	$ 766	$ 6,446	$ 88,572	$ 7,563	$ 2,506	$ 10,069	$ 98,641

See accompanying notes to consolidated financial statements.

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 Olam	Strengthening Congregations	Audacious Hospitality	YOUTH	ARZA	Biennial Conference and North American Events	Reform Movement	Total Programs	Fundraising	Management and General	Total Supporting 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
Expense attributed to uncollectible accounts	-	-	-	-	-	-	3,487	3,487	674	-	674	4,161
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
Total operating expenses before depreciation and amortization	5,294	6,775	2,483	59,672	1,470	4,841	5,840	86,375	5,022	889	5,911	92,286
Depreciation and amortization	-	-	-	4,475	-	-	-	4,475	-	493	493	4,968
TOTAL EXPENSES	$ 5,294	$ 6,775	$ 2,483	$ 64,147	$ 1,470	$ 4,841	$ 5,840	$ 90,850	$ 5,022	$ 1,382	$ 6,404	$ 97,254

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, 2018 AND 2017
(In Thousands)

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ (7,987)	$ 840
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,942	4,968
Donated securities	(10)	(61)
Net unrealized depreciation (appreciation) in fair value of investments	10,158	(11,405)
Net realized gain on sale of investments	(2,708)	(2,391)
Expense attributed to uncollectible accounts	5,140	4,161
Gain on insurance proceeds	(11,784)	-
Loss on asset impairment, net of insurance proceeds	-	3,823
Changes in:		
Contributions receivable	(1,095)	5,336
RMAC receivable	(4,880)	(4,160)
Accounts and loans receivable	(207)	(942)
Camp fee receivable	(859)	(1,759)
Prepaid pension/accrued liability	1,166	(1,400)
Prepaid expenses and other assets	(494)	525
Accounts payable, accrued expenses and other liabilities	(2,023)	2,054
Reserves for strategy implementation and restructuring	769	(55)
Right of use asset, net of lease liability	441	-
Annuities payable	(17)	(12)
Deferred revenue	1,380	1,423
Net cash provided by (used in) operating activities	(9,068)	945
Cash flows from investing activities:		
Proceeds from sales of investments	958	12,909
Purchases of investments	(2,321)	(8,227)
Purchases of property and equipment	(4,429)	(3,926)
Proceeds from insurance claim	11,784	15,000
Net cash provided by investing activities	5,992	15,756
Cash flows from financing activities:		
Principal payments on notes and mortgage	(1,830)	(1,897)
Proceeds from additional borrowings	3,000	-
Net cash provided by (used in) financing activities	1,170	(1,897)
Net increase (decrease) in cash and cash equivalents	(1,906)	14,804
Cash and cash equivalents - beginning	27,182	12,378
CASH AND CASH EQUIVALENTS - ENDING	$ 25,276	$ 27,182
Supplemental disclosures of cash flow information:		
Interest paid	$ 468	$ 466
Supplemental schedule of non-cash investing activities:		
Property and equipment additions unpaid at end of year	$ -	$ 272

See accompanying notes to consolidated financial statements.

NOTE 1. ORGANIZATION AND 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.

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)
- 6 Points Community and Conference Center (effective in 2018)

The URJ and its consolidated entities 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.

During 2018, a new nonprofit benefit corporation was formed: the 6 Points Community and Conference Center. This corporation is organized under the California Nonprofit Public Benefit Corporation Law for public and charitable purposes, specifically to operate a community center for the benefit of community-based groups in the San Francisco Bay Area of California. This corporation was organized exclusively for charitable purposes and is in the process of obtaining Section 501 (c)(3) of the Internal Revenue Code approval. This new corporation will construct and operate a Community and Conference Center that will be located at Camp Newman, which is owned by the URJ. The new corporation had no payroll, revenues or other operating expenses in 2018.

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

NOTE 1. ORGANIZATION AND 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. The accompanying consolidating statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated by management, using appropriate measurement methodologies, among the program services, management and general, and fundraising.

The expenses that are allocated include the following:

Expense	Method of Allocation
Personnel costs	Time and effort
Program materials and services	Direct costs
Convention and meeting expenses	Direct costs
Travel and transportation	Direct costs
Travel and transportation - program	Direct costs
Professional fees	Direct costs
Marketing and communications	Time and effort and direct costs
Office and business expense	Direct costs
Wide Area Network and telecom	Direct costs
Occupancy costs	Direct costs
Insurance expense	Direct costs, location of insured assets and full time equivalent positions
Shared services - interdepartmental	Full time equivalent positions and square footage
Shared services reimbursed from affiliates	Full time equivalent positions and square footage
Interest expense	Direct costs

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.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

RMAC provides financial support to the URJ and the Hebrew Union College - Jewish Institute of Religion (the "HUC-JIR"), a separate corporation. Congregations contribute 4% of their adjusted operating revenues but may request adjustments 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 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 condition 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.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 3 for a discussion of fair value measurements.

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 3 are those specific fees charged by the URJ's various managers during the years ended December 31, 2018 and 2017; 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 $0 and $3,823 for the years ended December 31, 2018 and 2017, respectively (see Note 6).

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, 2018 and 2017.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The URJ's board has designated, from net assets without donor restrictions, net assets for a board-designated fund.

Net Assets With Donor Restrictions - Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that support specific programs. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as "Net assets released from restrictions."

Certain 2017 net asset balances have been reclassified to conform to the new FASB Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities.*

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 net asset with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 from 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 revenue without donor restrictions 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 contribution with donor restriction (see Note 4).

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 rent payment increases are recognized evenly throughout the year. Rent is billed to affiliates as part of shared services (see Note 13).

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Recently adopted accounting pronouncements

In February 2016, FASB issued ASU No. 2016-02, *Leases*. This update requires all leases with terms greater than 12 months to be recognized on the consolidated statement of financial position 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 elected early adoption of the new standard for the year ended December 31, 2018, which resulted in the recognition of a right-of-use asset of $1,086, and a lease liability of $1,528 (see Note 14). The URJ adopted the standard using the prospective method. Accordingly, the results of the prior comparable year was not adjusted to conform to the current year measurement or recognition of results.

In August 2016, 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 ASU reduces the number of net asset classes from three to two and increases disclosures about financial measures and liquidity risks, among other changes. The URJ has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting pronouncements issued but not yet effective

Revenue Recognition
In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended (commonly referred to as "ASC 606"), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the URJ expects to be entitled in exchange for those goods or services. ASC 606 replaces most existing revenue recognition standards in U.S. GAAP, including industry-specific standards. For annual reporting periods, this standard is effective for the URJ on January 1, 2019. The standard permits the use of either the retrospective or cumulative-effect transition method. The URJ is currently completing its initial assessment and evaluation of the impact that ASC 606 will have on the URJ's consolidated financial statements and related disclosures. The URJ expects, at a minimum, the adoption will be expanded disclosures that will enable users to better understand the nature, amount, timing, and uncertainty, if any, of revenues and cash flows arising from contracts.

Statement of Cash Flows
In August 2016, FASB issued ASU No. 2016-15, *Statement of Cash Flows* (Topic 230) - *Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"), which provides guidance on several cash flow classification issues. This new guidance is effective for years beginning after December 15, 2018, with early adoption permitted. The effect of adopting this guidance on the URJ's consolidated financial statements is not expected to significantly impact the presentation of the consolidated financial statements.

Contributions
In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. The effect of adopting this guidance on the URJ's consolidated financial statements is not expected to significantly impact the presentation of the consolidated financial statements.

Subsequent events

The URJ has evaluated all material subsequent events through June 26, 2019, the date that these consolidated financial statements were available to be issued.

NOTE 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The URJ structures its financial assets to make sufficient liquid assets available to pay its general expenditures, liabilities and other obligations.

(In Thousands)

NOTE 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

There are seasonal variations to the URJ's working capital and cash flows based on the timing of the summer camps and other periodic events. To provide for sufficient liquidity, the URJ maintains a line of credit of $5,000 with Signature Bank (see Note 8) that is drawn upon as needed during the year.

The URJ's board-designated funds, and certain donor-restricted funds, have a spending policy as described in Note 10.

The following reflects the URJ's financial assets as of December 31, 2018, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designation. Amounts available include board-approved spending and appropriations from endowment and restricted funds as well as amounts budgeted to be released into operations the following year from donor-restricted funds.

Financial assets at year-end:	
Cash and cash equivalents	$ 25,276
Contributions receivable, net	5,599
RMAC receivable, net	2,322
Accounts and loans receivable, net	2,481
Camp fee receivable, net	30,908
Investments	94,478
Total financial assets	**161,064**
Less amounts not available for operations within one year:	
Financial assets designated for Camp Newman rebuilding	(26,780)
Funds with contractual or donor-imposed restrictions held in cash and investments:	
Endowment funds	(16,690)
Other donor-restricted funds not available to support next year's operations	(37,217)
Investments held in charitable remainder trusts and charitable gift annuities	(151)
Investments collateralizing certain notes and mortgage payable	(18,330)
Board-designated funds, net of board-approved appropriations for next year's operations	(34,392)
Total financial assets not available for operations within one year	**(133,560)**
Financial assets available to meet cash needs for general expenditures within one year	**$ 27,504**

NOTE 3. 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.

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).

UNION FOR REFORM JUDAISM
AND CONSOLIDATED ENTITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(In Thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2018 and 2017:

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at December 31, 2018	Valuation Technique
Cash (included in investments)	$ 166	$ -	$ -	$ 166	(a)
Certificates of deposit (included in investments)	675	-	-	675	(a)
Mutual funds – bond funds	20,829	-	-	20,829	(a)
Mutual funds – equity funds	61,266	-	-	61,266	(a)
Equities	461	-	-	461	(a)
Bonds and other	10,215	-	-	10,215	(a)
Beneficial interest in trust	-	-	866	866	(c)
Total	$ 93,612	$ -	$ 866	$ 94,478	

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at December 31, 2017	Valuation Technique
Cash (included in investments)	$ 138	$ -	$ -	$ 138	(a)
Certificates of deposit (included 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	(c)
Total	$ 99,597	$ -	$ 958	$ 100,555	

The following reflects the changes in investments measured at fair value using Level 3 inputs during the years ended December 31, 2018 and 2017:

	December 31, 2018	December 31, 2017
Beginning balance, January 1	$ 958	$ 864
Total unrealized (loss) gain, included in change in net assets	(92)	94
Ending balance, December 31	$ 866	$ 958

During the years ended December 31, 2018 and 2017, the URJ did not have any transfers between any of the levels of the fair value hierarchy.

(In Thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2018 and 2017:

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.

Beneficial interest in trust is valued at the unadjusted fair value of trust assets reported by the trustee, which the URJ considers to be a Level 3 measurement within the fair value measurement hierarchy since the URJ will never have the ability to direct the trustee to redeem them.

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.

Investments

For the years ended December 31, 2018 and 2017, investment return (net of fees of $60 and $62, respectively) consisted of the following:

	Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net of fees	$ 929	$ 1,515	$ 2,444
Net realized and unrealized losses	(5,163)	(2,466)	(7,629)
Investment depreciation	(4,234)	(951)	(5,185)
Investment returns applicable to spending rate	3,300	173	3,473
Investment depreciation in excess of spending rate not designated for current operations	$ (7,534)	$ (1,124)	$ (8,658)

(In Thousands)

NOTE 3. FAIR VALUE MEASUREMENTS (CONTINUED)

Investments (continued)

	Year Ended December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividends, net of fees	$ 521	$ 1,622	$ 2,143
Net realized and unrealized gains	5,410	8,357	13,767
Investment return	5,931	9,979	15,910
Investment returns applicable to spending rate	1,689	2,030	3,719
Investment return in excess of spending rate not designated for current operations	$ 4,242	$ 7,949	$ 12,191

NOTE 4. 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 $94,478 and $100,555 recorded as investments in the accompanying consolidated statements of financial position at December 31, 2018 and 2017, respectively, $151 and $217 represents split-interest agreements. The associated estimated liabilities due to annuitants amounted to $135 and $153 at December 31, 2018 and 2017, respectively.

(In Thousands)

NOTE 5. RECEIVABLES

Contributions receivable

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

	December 31, 2018	December 31, 2017
One year	$ 4,104	$ 3,905
Two to five years	2,785	1,428
Thereafter	1	68
	6,890	5,401
Allowance for uncollectible contributions	(1,037)	(738)
Reduction of pledges due in excess of one year to present value, at a rate of 6%	(254)	(159)
	$ 5,599	$ 4,504

Approximately 33% of the contributions receivable balance at December 31, 2018, was derived from two donors. Approximately 11% of the contributions receivable balance at December 31, 2017, was derived from one donor.

Reform Movement Affiliate Commitment (RMAC) receivable

At December 31, 2018 and 2017, 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 $3,251 and $7,613 (recorded net of portion due to HUC-JIR) has been recorded at December 31, 2018 and 2017, respectively.

Accounts and loans receivable

At December 31, 2018 and 2017, 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, $34 has been reserved for doubtful collections of accounts and loans receivable at December 31, 2018 and 2017. The amount due from affiliated organizations at December 31, 2018 and 2017, was $373 and $181, respectively (see Note 13).

(In Thousands)

NOTE 5. RECEIVABLES (CONTINUED)

Camp fees receivable

Camp fees receivable consisted of camp tuition for campers who registered for the summer 2019 and 2018 sessions as of December 31, 2018 and 2017, 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, $103 and $105 has been reserved for doubtful collections of camp fee receivable at December 31, 2018 and 2017, respectively.

NOTE 6. PROPERTY AND EQUIPMENT

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

	December 31, 2018	December 31, 2017
Land	$ 12,336	$ 12,336
Building and improvements	124,255	121,649
Leasehold improvements	750	750
Furniture, fixtures, equipment, and other	12,325	12,317
Camp vehicles and equipment	1,738	1,665
	151,404	148,717
Less: accumulated depreciation and amortization	(86,989)	(83,238)
	64,415	65,479
Construction-in-progress	2,490	1,210
	$ 66,905	$ 66,689

Depreciation and amortization expense for the years ended December 31, 2018 and 2017, was $3,942 and $4,968, respectively.

During 2017, one of URJ's camps, located in California, was substantially impaired due to a wildfire. At December 31, 2017, URJ recognized a net loss of $3,823 resulting from asset impairment of $18,823 which was partially offset by an advance received from 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.

During 2018, the URJ received $11,780, which represents the balance of the insurance claim made in response to the property damaged by the California wildfire. In addition to the insurance proceeds that have already been received, at the time that the URJ begins reconstruction of the buildings at the camp, the URJ will submit claims for an additional $1,000 which represents the insurance policy coverage for building code upgrades.

(In Thousands)

NOTE 7. RESERVES FOR STRATEGY IMPLEMENTATION AND RESTRUCTURING

The Reserves for Strategy Implementation and Restructuring 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 primarily personnel restructuring and other expenses related to the closing of a camp in 2019. In 2018, $861 was added to this reserve. The balances in these reserves at the end of December 31, 2018 and 2017, were $1,118 and $348, respectively.

A summary of the strategy implementation and restructuring reserve costs recognized during the years ended December 31, 2018 and 2017, is as follows:

	Strategic Implementation Reserve	Restructuring Reserve	Leadership Transition Reserve	Total
Balance – December 31, 2017	$ 345	$ -	$ 3	$ 348
Addition to reserve	-	861	-	861
Payments in 2018	(91)	-	-	(91)
Balance – December 31, 2018	$ 254	$ 861	$ 3	$ 1,118

NOTE 8. NOTES AND MORTGAGE PAYABLE

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

	December 31, 2018	December 31, 2017
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%.	$ 936	$ 1,006
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.	141	160

(In Thousands)

NOTE 8. NOTES AND MORTGAGE PAYABLE (CONTINUED)

	2018	2017
Beaunaro, Inc. - Maple Lake Center		
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
Signature Bank		
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. For the year ended December 31, 2018, the URJ was not in compliance to maintain a minimum debt service ratio and as such, received a waiver by the lender for such noncompliance.	2,552	3,177
Avi Chai Foundation Loan - Newman Camp		
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 January 1, 2019. The loan is secured by a letter of credit.	50	150
Avi Chai Foundation Loan - Crane Lake Dining Hall		
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.	50	248

(In Thousands)

NOTE 8. NOTES AND MORTGAGE PAYABLE (CONTINUED)

	2018	2017
Capital Bank of New Jersey - North American Camp Loan		
On August 23, 2016, the URJ modified an earlier note with the Capital Bank of New Jersey. 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. In 2018, OceanFirst Financial Corp. announced its intention to acquire Capital Bank of New Jersey. This acquisition was completed January 30, 2019. No change is expected to the URJ's loan per OceanFirst Financial Corp.	$ 4,781	$ 5,312
Foundation for Jewish Camps Loan - Coleman Pool House		
Term interest-free loan with a foundation dated February 11, 2016, in the original amount of $230. 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.	109	157
Foundation for Jewish Camps Loan - Newman Welcome and Wellness Center		
Term interest-free loan with a foundation dated February 11, 2016, in the original amount of $1,000. 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.	579	684
Foundation for Jewish Camps Loan - GUCI Municipal Sanitary Line Connection Project		
Term interest-free loan with a foundation dated March 29, 2018, in the original amount of $400. Principal payments of equal quarterly installments commencing July 1, 2018, and continuing through March 31, 2023. The loan is secured by a letter of credit	358	-
Foundation for Jewish Camps Loan - Kalsman Arts Center		
Term interest-free loan with a foundation dated March 29, 2018, in the original amount of $600. Principal payments of equal quarterly installments commencing July 1, 2018, and continuing through March 31, 2023. The loan is secured by a letter of credit	537	-

(In Thousands)

NOTE 8. NOTES AND MORTGAGE PAYABLE (CONTINUED)

	2018	2017
Signature Bank		
At December 31, 2018, the URJ had an unsecured line of credit totaling $5,000 that was fully drawn down during 2019. 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, 2018, was 4.3%. The line renews on August 22, 2019.	$ 5,000	$ 3,000
Total notes and mortgage payable	$ 15,093	$ 13,973

Minimum annual future payments under the loan agreements for years subsequent to December 31, 2018, are as follows:

Year ending December 31:	
2019	$ 6,827
2020	1,874
2021	1,680
2022	1,537
2023	835
Thereafter	2,340
	$ 15,093

At December 31, 2018, the URJ had standby letters of credit totaling approximately $2,849, which will expire through 2024. The letters of credit are used as security for loans given by unrelated organizations for the renovation of several camp sites.

NOTE 9. NET ASSETS

Net assets without donor restrictions at each year-end were comprised of the following:

	December 31, 2018	December 31, 2017
Property and equipment	$ 51,812	$ 52,716
Board-restricted funds	35,571	39,072
Operations and strategic initiatives	6,350	11,854
	$ 93,733	$ 103,642

(In Thousands)

NOTE 9. NET ASSETS (CONTINUED)

At each year-end, net assets (including allocations of investment gains and losses) with donor restrictions were as follows:

	December 31, 2018	December 31, 2017
Building and improvements, principally camp-related	$ 13,137	$ 7,637
Camp and youth scholarships and programs	19,083	20,426
Tikkun Olam	18,920	19,456
Audacious Hospitality	1,975	2,425
Strengthening Congregations	1,874	2,399
Other mission-related programs	2,218	2,769
Communications/publications/learning/training	1,964	2,147
	$ 59,171	$ 57,259

During the years ended December 31, 2018 and 2017, net assets were released from restrictions for the following purposes:

	Year Ended December 31, 2018	Year Ended December 31, 2017
Building and improvements, principally camp-related	$ 2,104	$ 3,157
Camp and youth scholarships and programs	8,098	5,101
Tikkun Olam	2,085	1,591
Audacious Hospitality	437	793
Strengthening Congregations	557	590
Other mission-related programs	317	485
Communications/publications/learning/training	98	48
	$ 13,696	$ 11,765

At the end of each year, URJ held net assets required to be held in perpetuity with donor restrictions to support the following:

	December 31, 2018	December 31, 2017
Youth programs and scholarships	$ 8,794	$ 8,784
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	829	829
	$ 16,690	$ 16,680

(In Thousands)

NOTE 10. 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 and related net gains and losses are classified as net assets without donor restrictions. Funds with donor-imposed restrictions are classified as net assets with donor restrictions, with net gains and losses reported as with donor restrictions. Spending from Board-designated funds are subject to approval by the Board of Trustees.

Interpretation of relevant law

The Uniform Prudent Management of Institutional Funds Act ("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, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds	$ 35,571	$ -	$ 35,571
Donor-restricted funds	-	38,830	38,830
Total endowment funds	$ 35,571	$ 38,830	$ 74,401

	December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds	$ 39,072	$ -	$ 39,072
Donor-restricted funds	-	41,774	41,774
Total endowment funds	$ 39,072	$ 41,774	$ 80,846

As of December 31, 2018 and 2017, included in the URJ's endowment are net assets with donor restrictions that are required to be held in perpetuity totaling $16,690 and $16,680, respectively.

(In Thousands)

NOTE 10. ACCOUNTING AND REPORTING FOR ENDOWMENTS, RESTRICTED AND BOARD-DESIGNATED FUNDS (CONTINUED)

Changes in endowment net assets for the years ended December 31, 2018 and 2017:

	December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, December 31, 2017	$ 39,072	$ 41,774	$ 80,846
Contributions	209	3,615	3,824
Investment return:			
Interest and dividends	353	591	944
Realized/unrealized depreciation	(2,310)	(2,593)	(4,903)
Investment return designated for current operations	(1,725)	(1,026)	(2,751)
Total investment return	(3,682)	(3,028)	(6,710)
Appropriated for expenditures/donor releases/foreign exchange loss	(28)	(3,531)	(3,559)
Net assets, December 31, 2018	$ 35,571	$ 38,830	$ 74,401

	December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, December 31, 2016	$ 34,949	$ 37,014	$ 71,963
Contributions	101	2,207	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	$ 39,072	$ 41,774	$ 80,846

NOTE 10. 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 net assets with donor restrictions required to be held in perpetuity may decline below the historical dollar value of the donor's original corpus 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, must be preserved, net of annual distribution to programs. IPS compliance is monitored closely by the URJ's Investment Committee and reflects the following:

- 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, 2018 and 2017, the spending rate was 5% based on the three-year average balance of the available portion of the board-designated and with donor restriction funds, resulting in investment return designated for current operations of $3,473 and $3,719, respectively.

(In Thousands)

NOTE 11. 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, 2018 and 2017:

	2018	2017
Actuarial present value of benefit obligations:		
Accumulated benefit obligation	$ (17,545)	$ (17,990)
Projected benefit obligation	$ (17,545)	$ (17,990)
Fair value of Plan assets	17,138	18,749
Funded status	$ (407)	$ 759
Prepaid pension costs (accrued pension liability) in the consolidated statements of financial position	$ (407)	$ 759

Amounts recognized in changes in net assets without donor restrictions for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Net gains (losses)	$ (1,965)	$ 1,382
Change in assumptions	136	(399)
	$ (1,829)	$ 983

Components of net periodic benefits cost for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Interest cost	$ 721	$ 773
Expected loss on Plan assets	(1,323)	(1,246)
Amortization of net loss	25	55
Net periodic pension cost	$ (577)	$ (418)
Benefits paid	$ 972	$ 1,408

As of December 31, 2018 and 2017, the net loss not yet recognized as a component of net periodic pension cost was $4,246 and $2,503, respectively.

(In Thousands)

NOTE 11. RETIREMENT PLANS (CONTINUED)

Defined-benefit retirement plan (continued)

Weighted-average assumptions:

	2018	2017
Discount rate	4.25%	4.25%
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 and have put in place a strategy to increase the asset allocation to fixed income as the funding status increases. As of December 31, 2018, the target allocations were as follows:

	Target Allocation
Domestic and International equities	25%
Fixed income	75%

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

	December 31, 2018	December 31, 2017
Cash and cash equivalents	$ -	$ 6
Certificates of deposit	200	200
Mutual funds:		
Bond funds	12,829	9,289
Equity funds	3,851	9,010
Group annuity contract	258	244
	$ 17,138	$ 18,749

(In Thousands)

NOTE 11. RETIREMENT PLANS (CONTINUED)

Defined-benefit retirement plan (continued)

Substantially all of the Plan's asset investments were classified within Level 1 of the fair value hierarchy at December 31, 2018 and 2017.

No contributions were required to be made by the URJ to the Plan for the years ended December 31, 2018 and 2017.

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

Year ending December 31,	Expected Benefit Distributions
2019	$ 1,327
2020	949
2021	977
2022	988
2023	896
2024-2028	5,242
	$ 10,379

There was no pension expense for the years ended December 31, 2018 and 2017.

Multi-employer retirement plan

The URJ participates in a multi-employer retirement plan ("Multi-employer Plan") sponsored by the Reform Pension Board. Certain URJ staff member rabbis, cantors, and other senior staff participate in the Multi-employer Plan. Total expense for such plan for the years ended December 31, 2018 and 2017, was $1,465 and $1,443, 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 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, 2018 and 2017, was $245 and $181, respectively. The URJ, at its discretion, may choose to make an additional 2% contribution (of base salary) each year on behalf of its eligible employees. The additional amounts contributed were $300 and $139, for the plan years 2018 and 2017, respectively.

(In Thousands)

NOTE 12. 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 13. 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 $1,495 and $1,246 for the years ended December 31, 2018 and 2017, 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:

	December 31,	
	2018	2017
Women of Reform Judaism, the Federation of Temple Sisterhoods	$ 296	$ 149
Association of Reform Jewish Educators	77	32
	$ 373	$ 181

NOTE 14. OPERATING LEASES

The URJ has entered into operating leases primarily for real estate. These leases have remaining terms of one to six years, and often include one or more options to renew at fair rental value. The operating leases are included on the URJ's consolidated statement of financial position as of December 31, 2018. Based on the present value of the lease payments for the remaining lease terms of the URJ's existing leases, the URJ recognized right-of-use assets and operating lease liabilities of $1,086 and $1,528, respectively, as of December 31, 2018.

Rent expense amounted to $811 and $804 for the years ended December 31, 2018 and 2017, respectively.

Because the rate implicit in each lease is not readily determinable, the URJ uses an incremental borrowing rate to determine the present value of the lease payments.

(In Thousands)

NOTE 14. OPERATING LEASES (CONTINUED)

Information related to the URJ's right-of-use assets and related lease liabilities were as follows:

	Year ended December 31, 2018
Cash paid for operating lease liabilities	$811
Right-of-use assets obtained in exchange for operating lease obligations	$1,086
Weighted-average remaining lease term	6 years
Weighted-average discount rate	6.0%

Maturities of lease liabilities as of December 31, 2018, are as follows:

Year ending December 31,	
2019	$ 586
2020	487
2021	345
2022	293
2023	293
Thereafter	196
	2,200
Less imputed interest	(224)
	$ 1,976

NOTE 15. COMMITMENTS AND CONTINGENCIES

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 $1,922 for the use of the space in 2019.

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.

NOTE 15. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Reserve for environmental remediation

The Reserve for Environmental Remediation was established in 2013 to accrue for costs associated with the mandatory post-remediation five-year review period. In 2018, the URJ received the final monitoring report concluding the remediation and revegetation of the Camp Newman pond site was complete and successful. The remaining reserve of $32 which was accrued at December 31, 2017 was written off.

Construction in progress

During the year ended December 31, 2018, 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 $9,186 as of December 31, 2018.

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.