# UNION FOR REFORM JUDAISM
# AND CONSOLIDATED ENTITIES

## CONSOLIDATED FINANCIAL STATEMENTS

## YEARS ENDED DECEMBER 31, 2019 AND 2018

**UNION FOR REFORM JUDAISM**
**AND CONSOLIDATED ENTITIES**
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

## Table of Contents

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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, 2019 and 2018, 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, 2019 and 2018, 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.

**Emphasis of Matter**

As discussed in Note 16 to the consolidated financial statements, subsequent to year end, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
August 27, 2020

**UNION FOR REFORM JUDAISM**
**AND CONSOLIDATED ENTITIES**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
**DECEMBER 31, 2019 AND 2018**
**(In Thousands)**

| | 2019 | 2018 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 12,569 | $ 25,276 |
| Contributions receivable, net | 8,571 | 5,599 |
| Reform Movement Affiliation Commitment (RMAC) receivable, net | 2,192 | 2,322 |
| Accounts and loans receivable, net | 2,926 | 2,481 |
| Camp fees receivable, net | 16,436 | 30,908 |
| Investments | 103,254 | 94,478 |
| Property and equipment, net | 75,727 | 66,905 |
| Operating lease - right of use asset | 892 | 1,086 |
| Goodwill | 1,202 | 1,202 |
| Prepaid pension benefit | 909 | - |
| Prepaid expenses and other assets | 1,186 | 1,277 |
| **TOTAL ASSETS** | $ 225,864 | $ 231,534 |
| **LIABILITIES AND NET ASSETS** | | |
| Liabilities: | | |
| Accounts payable, accrued expenses and other liabilities | $ 6,140 | $ 4,455 |
| Reserves for strategy implementation and restructuring | 134 | 1,118 |
| Operating lease liability | 1,345 | 1,528 |
| Notes and mortgage payable | 14,085 | 15,093 |
| Annuities payable | 129 | 135 |
| Accrued pension liability | - | 407 |
| Deferred revenue | 24,824 | 39,204 |
| Total liabilities | 46,657 | 61,940 |
| Commitments and contingencies (Notes 6, 7, 8, 11, 14, 15 and 16) | | |
| Net assets: | | |
| Without donor restrictions | 109,971 | 93,733 |
| With donor restrictions | 69,236 | 75,861 |
| Total net assets | 179,207 | 169,594 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 225,864 | $ 231,534 |

See accompanying notes to consolidated financial statements.

# UNION FOR REFORM JUDAISM
# AND CONSOLIDATED ENTITIES
## CONSOLIDATED STATEMENTS OF ACTIVITIES
## FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
## (In Thousands)

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Operating activities: | | | | | | |
| Public support and revenues: | | | | | | |
| Contributions and grants | $ 4,603 | $ 15,655 | $ 20,258 | $ 5,701 | $ 16,839 | $ 22,540 |
| Program fees | 53,387 | - | 53,387 | 50,536 | - | 50,536 |
| RMAC | 11,885 | 30 | 11,915 | 13,380 | - | 13,380 |
| Rental and other income | 685 | 25 | 710 | 738 | - | 738 |
| Investment return designated for current operations | 4,177 | - | 4,177 | 3,473 | - | 3,473 |
| Total public support and revenues before net assets released from restrictions | 74,737 | 15,710 | 90,447 | 73,828 | 16,839 | 90,667 |
| Net assets released from restrictions | 23,974 | (23,974) | - | 13,696 | (13,696) | - |
| Total public support and revenues | 98,711 | (8,264) | 90,447 | 87,524 | 3,143 | 90,667 |
| Operating expenses: | | | | | | |
| Programs | 86,493 | - | 86,493 | 84,963 | - | 84,963 |
| Supporting services: | | | | | | |
| Management and general | 1,601 | - | 1,601 | 2,480 | - | 2,480 |
| Fundraising | 5,715 | - | 5,715 | 7,563 | - | 7,563 |
| Total supporting services | 7,316 | - | 7,316 | 10,043 | - | 10,043 |
| Total operating expenses | 93,809 | - | 93,809 | 95,006 | - | 95,006 |
| Changes in net assets from operations before depreciation and amortization and other activities | 4,902 | (8,264) | (3,362) | (7,482) | 3,143 | (4,339) |
| Depreciation and amortization | 3,943 | - | 3,943 | 3,942 | - | 3,942 |
| Changes in net assets before other activities | 959 | (8,264) | (7,305) | (11,424) | 3,143 | (8,281) |
| Other activities: | | | | | | |
| Investment return | 14,760 | 3,912 | 18,672 | (5,742) | 557 | (5,185) |
| Appropriation of investment return for current operations | (1,850) | (2,327) | (4,177) | (1,792) | (1,681) | (3,473) |
| Reserves for strategy implementation and restructuring | (130) | - | (130) | (836) | - | (836) |
| Pension-related changes other than periodic costs | 910 | - | 910 | (1,829) | - | (1,829) |
| Foreign currency translation gains (losses) | (131) | 54 | (77) | (66) | (97) | (163) |
| Loss on disposal of property and equipment | (59) | - | (59) | - | - | - |
| Insurance proceeds received on insurance claim | 1,779 | - | 1,779 | 11,780 | - | 11,780 |
| Changes in net assets | 16,238 | (6,625) | 9,613 | (9,909) | 1,922 | (7,987) |
| Net assets - beginning of year | 93,733 | 75,861 | 169,594 | 103,642 | 73,939 | 177,581 |
| **NET ASSETS - END OF YEAR** | $ 109,971 | $ 69,236 | $ 179,207 | $ 93,733 | $ 75,861 | $ 169,594 |

See accompanying notes to consolidated financial statements.

# UNION FOR REFORM JUDAISM
# AND CONSOLIDATED ENTITIES
# CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
# FOR THE YEAR ENDED DECEMBER 31, 2019
# (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 | $ 3,223 | $ 4,046 | $ 935 | $ 23,375 | $ 470 | $ 1,014 | $ 33,063 | $ 3,935 | $ 6,471 | $ 10,406 | $ 43,469 |
| Program materials and services | 320 | 131 | 42 | 13,935 | 197 | 237 | 14,862 | 517 | 409 | 926 | 15,788 |
| Conventions and meetings | 969 | 426 | 22 | 1,618 | 2,131 | 25 | 5,191 | 34 | 151 | 185 | 5,376 |
| Travel and transportation | 223 | 199 | 33 | 5,613 | 236 | 71 | 6,375 | 47 | 143 | 190 | 6,565 |
| Professional fees | 216 | 330 | 93 | 1,529 | 257 | 106 | 2,531 | 167 | 1,540 | 1,707 | 4,238 |
| Marketing and communications | 10 | 785 | 270 | 534 | 467 | 405 | 2,471 | 241 | 198 | 439 | 2,910 |
| Office and business expense | 91 | 19 | 9 | 2,145 | 105 | 32 | 2,401 | 143 | 1,265 | 1,408 | 3,809 |
| Wide Area Network and telecom | 24 | 23 | 5 | 175 | 5 | 6 | 238 | 1 | 618 | 619 | 857 |
| Occupancy costs | 57 | - | 6 | 2,716 | 140 | 9 | 2,928 | - | 1,053 | 1,053 | 3,981 |
| Expense attributed to uncollectible accounts | - | - | - | 1,059 | - | 2,112 | 3,171 | - | (856) | (856) | 2,315 |
| Insurance | - | 1 | 5 | 1,578 | 13 | 2 | 1,599 | - | 160 | 160 | 1,759 |
| Shared services - interdepartmental | 966 | 1,255 | 574 | 5,011 | 236 | 883 | 8,925 | 630 | (9,555) | (8,925) | - |
| Camp facility repairs and maintenance | 91 | - | - | 2,138 | - | - | 2,229 | - | 4 | 4 | 2,233 |
| Interest | - | - | - | 509 | - | - | 509 | - | - | - | 509 |
| Total operating expenses before depreciation and amortization | 6,190 | 7,215 | 1,994 | 61,935 | 4,257 | 4,902 | 86,493 | 5,715 | 1,601 | 7,316 | 93,809 |
| Depreciation and amortization | - | - | - | 3,610 | - | - | 3,610 | - | 333 | 333 | 3,943 |
| **TOTAL EXPENSES** | $ 6,190 | $ 7,215 | $ 1,994 | $ 65,545 | $ 4,257 | $ 4,902 | $ 90,103 | $ 5,715 | $ 1,934 | $ 7,649 | $ 97,752 |

See accompanying notes to consolidated financial statements.

# UNION FOR REFORM JUDAISM
# AND CONSOLIDATED ENTITIES
# CONSOLIDATED 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 |
| Conventions and meetings | 1,058 | 324 | 21 | 896 | 3 | 53 | 2,355 | 21 | 360 | 381 | 2,736 |
| Travel and transportation | 237 | 216 | 58 | 5,792 | 17 | 40 | 6,360 | 41 | 140 | 181 | 6,541 |
| 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 | - | 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) | - |
| Interest | - | - | - | 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 | 2,480 | 10,043 | 95,006 |
| 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 | $ 2,813 | $ 10,376 | $ 98,948 |

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, 2019 AND 2018
**(In Thousands)**

| | 2019 | 2018 |
|---|---|---|
| Cash flows from operating activities: | | |
| Changes in net assets | $ 9,613 | $ (7,987) |
| Adjustments to reconcile changes in net assets to net cash used in operating activities: | | |
| Depreciation and amortization | 3,943 | 3,942 |
| Donated securities | (1,777) | (10) |
| Net unrealized depreciation (appreciation) in fair value of investments | (11,035) | 10,158 |
| Net realized gain on sale of investments | (5,185) | (2,708) |
| Expense attributed to uncollectible accounts | 2,316 | 5,140 |
| Gain on insurance proceeds | (1,779) | (11,784) |
| Loss on disposal of property and equipment | 59 | - |
| Changes in: | | |
| Contributions receivable | (2,972) | (1,095) |
| RMAC receivable | (2,186) | (4,880) |
| Accounts and loans receivable | (148) | (207) |
| Camp fees receivable | 14,376 | (859) |
| Prepaid pension/accrued liability | (1,316) | 1,166 |
| Prepaid expenses and other assets | 29 | (494) |
| Accounts payable, accrued expenses and other liabilities | 1,190 | (2,023) |
| Reserves for strategy implementation and restructuring | (984) | 769 |
| Right of use asset, net of lease liability | 12 | 441 |
| Annuities payable | (6) | (17) |
| Deferred revenue | (14,381) | 1,380 |
| Net cash used in operating activities | (10,231) | (9,068) |
| Cash flows from investing activities: | | |
| Proceeds from sales of investments | 23,296 | 958 |
| Purchases of investments | (14,063) | (2,321) |
| Purchases of property and equipment | (12,429) | (4,429) |
| Proceeds from insurance claim | 1,779 | 11,784 |
| Net cash provided by (used in) investing activities | (1,417) | 5,992 |
| Cash flows from financing activities: | | |
| Principal payments on notes and mortgage | (2,059) | (1,830) |
| Proceeds from additional borrowings | 1,000 | 3,000 |
| Net cash provided by (used in) financing activities | (1,059) | 1,170 |
| Net decrease in cash and cash equivalents | (12,707) | (1,906) |
| Cash and cash equivalents - beginning | 25,276 | 27,182 |
| **CASH AND CASH EQUIVALENTS - ENDING** | $ 12,569 | $ 25,276 |
| Supplemental disclosures of cash flow information: | | |
| Interest paid | $ 509 | $ 468 |
| Supplemental schedule of non-cash investing activities: | | |
| Property and equipment additions unpaid at end of year | $ 546 | $ - |

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") - starting on January 1, 2019, ARZA is included in the accounts of the Union for Reform Judaism.

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.

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 consolidated 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.

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

Functional allocation of expenses (continued)
The expenses that are allocated include the following:

| Expense | Method of Allocation |
|---|---|
| Personnel costs | Time and effort |
| Program materials and services | Direct costs |
| Conventions and meetings | Direct costs |
| Travel and transportation | 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 | 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 | 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.

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 changes 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.

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

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 collectibility 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 uncollectible 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 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, 2019 and 2018; 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.

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

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. There were no impairment charges recognized for the years ended December 31, 2019 and 2018.

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, 2019 and 2018.

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 of Trustees has designated, from net assets without donor restrictions, net assets for a board-designated fund. The board-designated fund was established to provide an internal source for strategic initiatives of the URJ.

*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."

Contributions and pledges

Contributions are recorded as revenue upon the receipt of cash or unconditional pledges. Contributions are considered to be revenue without donor restrictions and available for use, unless specifically restricted by the donor. Conditional contributions are recorded when the specified conditions have been met. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without donor restriction.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as

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

Contributions and pledges (continued)
additional contribution revenue in accordance with donor-imposed restrictions, if any.

The URJ reports contributions received with donor stipulations or time considerations as to their use, as revenue with donor restrictions. 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).

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 return 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.

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

Leases

In February 2016, FASB issued Accounting Standards Update ("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. The URJ adopted the standard for the year ended December 31, 2018 (see Note 14). The URJ adopted the standard using the prospective method.

Recently adopted accounting pronouncements

*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 guidance is effective for years beginning after December 15, 2018. The ASU has been applied retrospectively to all periods presented.

*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. This ASU is effective for years beginning after December 15, 2018. The URJ adopted ASU 2018-08 effective January 1, 2019 using the modified prospective method. Under the modified prospective method, the amendments are applied to agreements that are either not completed as of the effective date or entered into after the effective date. The URJ has determined that the application of the amendments of ASU 2018-08 did not have a material impact on the URJ's consolidated financial statements and related disclosures.

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. In June 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers* ("ASU 2020-05"), which defers, for one year, the required effective date of ASC 606 for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of ASC 606. Those entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2020. The URJ has determined to defer ASC 606 and is evaluating the effect that ASU 2020-05 will have on its consolidated financial statements and related disclosures. The URJ expects, at a minimum, there 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.

(IN THOUSANDS)

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

Subsequent events

The URJ has evaluated all material subsequent events through August 27, 2020, the date that these consolidated financial statements were available to be issued. There were no other material subsequent events that required recognition or additional disclosure in these consolidated financial statements, except as disclosed in Notes 8 and 16.

## 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.

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 was fully drawn down as of December 31, 2019.

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, 2019, 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 | $ 12,569 |
| Contributions receivable, net | 8,571 |
| RMAC receivable, net | 2,192 |
| Accounts and loans receivable, net | 2,926 |
| Camp fees receivable, net | 16,436 |
| Investments | 103,254 |
| **Total financial assets** | 145,948 |
| **Less amounts not available for operations within one year:** | |
| Financial assets designated for Camp Newman rebuilding | (20,943) |
| Employee loan receivable | (450) |
| Funds with contractual or donor-imposed restrictions held in cash and investments: | |
| Endowment funds | (16,700) |
| Other donor-restricted funds not available to support next year's operations | (40,292) |
| Investments held in charitable remainder trusts and charitable gift annuities | (157) |
| Investments collateralizing certain notes and mortgage payable | (11,025) |
| Board-designated funds, net of board-approved appropriations for next year's operations and net of collateral amounts held | (11,722) |
| Total financial assets not available for operations within one year | (101,289) |
| **Financial assets available to meet cash needs for general expenditures within one year** | $ 44,659 |

## 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 and 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).

(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, 2019 and 2018:

| 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, 2019 | Valuation Technique |
|---|---|---|---|---|---|
| Cash (included in investments) | $ 605 | $ - | $ - | $ 605 | (a) |
| Certificates of deposit (included in investments) | 527 | - | - | 527 | (a) |
| Mutual funds – bond funds | 18,626 | - | - | 18,626 | (a) |
| Mutual funds – equity funds | 64,145 | - | - | 64,145 | (a) |
| Equities | 556 | - | - | 556 | (a) |
| Bonds and other | - | 18,795 | - | 18,795 | (a) |
| Total | $ 84,459 | $ 18,795 | $ - | $ 103,254 | |

| 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 | $ 83,397 | $ 10,215 | $ 866 | $ 94,478 | |

The following reflects the changes in investments measured at fair value using Level 3 inputs during the years ended December 31, 2019 and 2018:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Beginning balance - January 1 | $ 866 | $ 958 |
| Total unrealized gain (loss), included in changes in net assets | 86 | (92) |
| Trust distribution to beneficiary | (952) | - |
| Ending balance - December 31 | $ - | $ 866 |

During the years ended December 31, 2019 and 2018, 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, 2019 and 2018:

- 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, 2019 and 2018, investment return (net of fees of $68 and $60, respectively) consisted of the following:

| | Year Ended December 31, 2019 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Interest and dividends, net of fees | $ 933 | $ 1,519 | $ 2,452 |
| Net realized and unrealized losses | 13,827 | 2,393 | 16,220 |
| Investment return | 14,760 | 3,912 | 18,672 |
| Investment return appropriated for operations | 1,850 | 2,327 | 4,177 |
| Investment return in excess of spending rate not designated for current operations | $ 12,910 | $ 1,585 | $ 14,495 |

(IN THOUSANDS)

## NOTE 3. FAIR VALUE MEASUREMENTS (CONTINUED)

| | 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 return appropriated for operations | 3,300 | 173 | 3,473 |
| Investment depreciation in excess of spending rate not designated for current operations | $ (7,534) | $ (1,124) | $ (8,658) |

## 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").

- CGAs 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.
- CRATs and CRUTs 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 $103,254 and $94,478 recorded as "Investments" in the accompanying consolidated statements of financial position at December 31, 2019 and 2018, respectively, $157 and $151 represents split-interest agreements. The associated estimated liabilities due to annuitants amounted to $129 and $135 at December 31, 2019 and 2018, respectively.

(IN THOUSANDS)

## NOTE 5. RECEIVABLES

Contributions receivable, net

At each fiscal year-end, contributions receivable were estimated to be due as follows:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| One year | $ 6,656 | $ 4,104 |
| Two to five years | 2,649 | 2,785 |
| Thereafter | - | 1 |
| | 9,305 | 6,890 |
| Allowance for uncollectible contributions | (480) | (1,037) |
| Reduction of pledges due in excess of one year to present value, at a rate of 6% | (254) | (254) |
| | $ 8,571 | $ 5,599 |

Approximately 51% of the contributions receivable balance at December 31, 2019, was derived from one donor. Approximately 33% of the contributions receivable balance at December 31, 2018, was derived from two donors.

Reform Movement Affiliate Commitment (RMAC) receivable, net

At December 31, 2019 and 2018, 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 $5,363 and $3,251 (recorded net of portion due to HUC-JIR) has been recorded at December 31, 2019 and 2018, respectively.

Accounts and loans receivable, net

At December 31, 2019 and 2018, 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 in one year, except for $450 that is due in two to five years. Based on management's past experience, $32 and $34 has been reserved for doubtful collections of accounts and loans receivable at December 31, 2019 and 2018, respectively. The amount due from affiliated organizations at December 31, 2019 and 2018, was $1,016 and $373, respectively (see Note 13).

Camp fees receivable, net

Camp fees receivable consisted of camp tuition for campers who registered for the summer 2020 and 2019 sessions as of December 31, 2019 and 2018, respectively. All camp tuition is initially recorded through camp fees 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. Due to the subsequent event of COVID-19 (see Note 16) and the impact on the URJ's camping program, management expects and has reserved for doubtful collections of $15,366 of camp fees receivable at December 31, 2019. Based on management's past experience, $103 had been reserved for doubtful collections of camp fees receivable at December 31, 2018.

(IN THOUSANDS)

## NOTE 6. PROPERTY AND EQUIPMENT

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

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Land | $ 12,336 | $ 12,336 |
| Building and improvements | 135,837 | 124,255 |
| Leasehold improvements | 750 | 750 |
| Furniture, fixtures, equipment, and other | 14,423 | 14,063 |
| | 163,346 | 151,404 |
| Less: accumulated depreciation and amortization | (91,051) | (86,989) |
| | 72,295 | 64,415 |
| Construction-in-progress | 3,432 | 2,490 |
| | $ 75,727 | $ 66,905 |

Depreciation and amortization expense for the years ended December 31, 2019 and 2018, was $3,943 and $3,942, respectively.

During 2017, one of URJ's camps, located in California, was substantially impaired due to a wildfire. 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. During 2019, the URJ received $1,779, which represents the balance of the business interruption 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.

## 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 2019, $134 was added to this reserve. The balances in these reserves at the end of December 31, 2019 and 2018, were $134 and $1,118, respectively.

A summary of the strategy implementation and restructuring reserve costs recognized during the years ended December 31, 2019 and 2018, is as follows:

| | Strategic Implementation Reserve | Restructuring Reserve | Leadership Transition Reserve | Total |
|---|---|---|---|---|
| Balance – December 31, 2018 | $ 254 | $ 861 | $ 3 | $ 1,118 |
| Addition to reserve | - | 134 | - | 134 |
| Payments in 2019 | (254) | (861) | (3) | (1,118) |
| Balance – December 31, 2019 | $ - | $ 134 | $ - | $ 134 |

(IN THOUSANDS)

## NOTE 8. NOTES AND MORTGAGE PAYABLE

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

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **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%. | $ 863 | $ 936 |
| **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. The loan was paid in full during 2019. | - | 141 |
| **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. | 1,927 | 2,552 |
| **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. The loan was paid in full during 2019. | - | 50 |

(IN THOUSANDS)

## NOTE 8. NOTES AND MORTGAGE PAYABLE (CONTINUED)

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **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. The loan was paid in full during 2019. | $ - | $ 50 |
| **OceanFirst Financial Corp - 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 2019, OceanFirst Financial Corp. acquired Capital Bank of New Jersey. There was no change to the URJ's loan. | 4,231 | 4,781 |
| **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. | 61 | 109 |
| **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. | 368 | 579 |

(IN THOUSANDS)

## NOTE 8. NOTES AND MORTGAGE PAYABLE (CONTINUED)

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| **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. | $ 274 | $ 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. | 411 | 537 |
| **Foundation for Jewish Camps Loan - OSRUI Kaye Center** | | |
| **Term interest-free loan with a foundation dated April 17, 2019, in the original amount of $1,000.** Principal payments of equal quarterly installments commencing October 1, 2019, and continuing through June 30, 2024. The loan is secured by a letter of credit. | 950 | - |
| **Signature Bank** | | |
| At December 31, 2018, the URJ had an unsecured line of credit totaling $5,000 that was fully drawn down. 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, 2019, was 4%. The line renewed on August 22, 2020 for one year and the line of credit increased to $6,000. | 5,000 | 5,000 |
| Total notes and mortgage payable | $ 14,085 | $ 15,093 |

(IN THOUSANDS)

## NOTE 8. NOTES AND MORTGAGE PAYABLE (CONTINUED)

Minimum annual future payments under the loan agreements, for years subsequent to December 31, 2019, are as follows:

| Year ending December 31 | | |
|---|---|---|
| 2020 | $ | 6,284 |
| 2021 | | 1,957 |
| 2022 | | 1,855 |
| 2023 | | 1,349 |
| 2024 | | 960 |
| Thereafter | | 1,680 |
| | $ | 14,085 |

At December 31, 2019, the URJ had standby letters of credit totaling $2,749, 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, 2019 | December 31, 2018 |
|---|---|---|
| Property and equipment | $ 66,642 | $ 56,812 |
| Board-restricted funds | 24,787 | 35,571 |
| Operations | 18,542 | 1,350 |
| | $ 109,971 | $ 93,733 |

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

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Building and improvements, principally camp-related | $ 10,239 | $ 13,137 |
| Camp and youth scholarships and programs | 18,500 | 19,083 |
| Tikkun Olam | 16,167 | 18,920 |
| Audacious Hospitality | 2,746 | 1,975 |
| Strengthening Congregations | 1,714 | 1,874 |
| Other mission-related programs | 1,291 | 2,218 |
| Communications/publications/learning/training | 1,879 | 1,964 |
| | $ 52,536 | $ 59,171 |

(IN THOUSANDS)

**NOTE 9. NET ASSETS (CONTINUED)**

During the years ended December 31, 2019 and 2018, net assets were released from restrictions for the following purposes:

| | Year Ended December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Building and improvements, principally camp-related | $ 10,887 | $ 2,104 |
| Camp and youth scholarships and programs | 6,047 | 8,098 |
| Tikkun Olam | 3,400 | 2,085 |
| Audacious Hospitality | 650 | 437 |
| Strengthening Congregations | 1,305 | 557 |
| Other mission-related programs | 1,493 | 317 |
| Communications/publications/learning/ training | 192 | 98 |
| | $ 23,974 | $ 13,696 |

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, | |
|---|---|---|
| | 2019 | 2018 |
| Youth programs and scholarships | $ 8,804 | $ 8,794 |
| 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 |
| | $ 16,700 | $ 16,690 |

**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.

(IN THOUSANDS)

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

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:

| | Year Ended December 31, 2019 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board-designated funds | $ 24,787 | $ - | $ 24,787 |
| Donor-restricted funds | - | 21,608 | 21,608 |
| Total endowment funds | $ 24,787 | $ 21,608 | $ 46,395 |

| | Year Ended December 31, 2018 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Board-designated funds | $ 35,571 | $ - | $ 35,571 |
| Donor-restricted funds | - | 20,280 | 20,280 |
| Total endowment funds | $ 35,571 | $ 20,280 | $ 55,851 |

As of December 31, 2019 and 2018, included in the URJ's endowment are net assets with donor restrictions that are required to be held in perpetuity totaling $16,700 and $16,690, respectively.

Changes in endowment net assets for the years ended December 31, 2019 and 2018:

| | Year Ended December 31, 2019 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Net assets, December 31, 2018 | $ 35,571 | $ 20,280 | $ 55,851 |
| Contributions | 1,140 | 10 | 1,150 |
| Investment return: | | | |
| Interest and dividends | 355 | 195 | 550 |
| Realized/unrealized appreciation | 6,263 | 3,358 | 9,621 |
| Investment return designated for current operations | (1,850) | (635) | (2,485) |
| Total investment return | 4,768 | 2,918 | 7,686 |
| Appropriated for expenditures/donor releases/foreign exchange loss | (16,692) | (1,600) | (18,292) |
| Net assets, December 31, 2019 | $ 24,787 | $ 21,608 | $ 46,395 |

(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, 2019 and 2018 (continued):

| | Year Ended December 31, 2018 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Net assets, December 31, 2017 | $ 39,072 | $ 22,173 | $ 61,245 |
| Contributions | 209 | - | 209 |
| Investment return: | | | |
| Interest and dividends | 353 | 201 | 554 |
| Realized/unrealized depreciation | (2,310) | (1,186) | (3,496) |
| Investment return designated for current operations | (1,725) | (182) | (1,907) |
| Total investment return | (3,682) | (1,167) | (4,849) |
| Appropriated for expenditures/donor releases/foreign exchange loss | (28) | (726) | (754) |
| Net assets, December 31, 2018 | $ 35,571 | $ 20,280 | $ 55,851 |

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.

(IN THOUSANDS)

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

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, 2019 and 2018, 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 $4,177 and $3,473, respectively.

## 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, 2019 and 2018:

| | 2019 | 2018 |
|---|---|---|
| Actuarial present value of benefit obligations: | | |
| Accumulated benefit obligation | $ (18,597) | $ (17,545) |
| Projected benefit obligation | $ (18,597) | $ (17,545) |
| Fair value of Plan assets | 19,506 | 17,138 |
| Funded status | $ 909 | $ (407) |
| Prepaid pension costs (accrued pension liability) in the consolidated statements of financial position | $ 909 | $ (407) |

(IN THOUSANDS)

**NOTE 11. RETIREMENT PLANS (CONTINUED)**

Defined-benefit retirement plan (continued)

Amounts recognized in changes in net assets without donor restrictions for the years ended December 31, 2019 and 2018, are as follows:

| | 2019 | 2018 |
|---|---|---|
| Net gains (losses) | $ 1,973 | $ (1,965) |
| Change in assumptions | (1,063) | 136 |
| | $ 910 | $ (1,829) |

Components of net periodic benefits cost for the years ended December 31, 2019 and 2018, are as follows:

| | 2019 | 2018 |
|---|---|---|
| Interest cost | $ 698 | $ 721 |
| Expected loss on plan assets | (1,198) | (1,323) |
| Amortization of net loss | 94 | 25 |
| Net periodic pension cost | $ (406) | $ (577) |
| Benefits paid | $ 804 | $ 972 |

As of December 31, 2019 and 2018, the net loss not yet recognized as a component of net periodic pension cost was $3,337 and $4,246, respectively.

Weighted-average assumptions:

| | 2019 | 2018 |
|---|---|---|
| Discount rate | 3.75% | 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, 2019, the target allocations were as follows:

(IN THOUSANDS)

**NOTE 11. RETIREMENT PLANS (CONTINUED)**

Defined-benefit retirement plan (continued)

| | 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, 2019 | December 31, 2018 |
|---|---|---|
| Cash and cash equivalents | $ - | $ - |
| Certificates of deposit | 200 | 200 |
| Mutual funds: | | |
| Bond funds | 15,603 | 12,829 |
| Equity funds | 2,875 | 3,851 |
| Group annuity contract | 828 | 258 |
| | $ 19,506 | $ 17,138 |

All of the Plan's asset investments were classified within Level 1 of the fair value hierarchy at December 31, 2019 and 2018, except for the group annuity contract, which is classified within Level 3 of the fair value hierarchy.

No contributions were required to be made by the URJ to the Plan for the years ended December 31, 2019 and 2018.

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

| Year ending December 31, | Expected Benefit Distributions |
|---|---|
| 2020 | $ 972 |
| 2021 | 1,004 |
| 2022 | 1,016 |
| 2023 | 915 |
| 2024 | 900 |
| 2025-2029 | 5,602 |
| | $ 10,409 |

There was no pension expense for the years ended December 31, 2019 and 2018.

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, 2019 and 2018, was $1,428 and $1,465, respectively.

(IN THOUSANDS)

## NOTE 11. RETIREMENT PLANS (CONTINUED)

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, 2019 and 2018, was $325 and $245, 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 $305 and $300, for the plan years 2019 and 2018, respectively.

## 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 $1,516 and $1,495 for the years ended December 31, 2019 and 2018, respectively.

During 2018, a nonprofit corporation, the 6 Points Community and Conference Center (the "Corporation") was formed. The 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. The Corporation was organized exclusively for charitable purposes and is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code. The corporation will construct and operate a Community and Conference Center that will be located at Camp Newman, which is owned by the URJ. The funding of the construction is secured by a grant from the State of California (through Sonoma County). The URJ has an operating agreement with the Corporation to manage the construction of the Community and Conference Center as well as to provide the resources needed to manage the reimbursements from the grant and provide accounting and finance services as needed. These services are provided by URJ to the Corporation at no cost.

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, 2019 | December 31, 2018 |
|---|---|---|
| Women of Reform Judaism, the Federation of Temple Sisterhoods | $ 74 | $ 296 |
| Association of Reform Jewish Educators | 84 | 77 |
| 6 Points Community and Conference Center | 858 | - |
| | $ 1,016 | $ 373 |

(IN THOUSANDS)

## NOTE 13. RELATED-PARTY TRANSACTIONS (CONTINUED)

The receivable from the 6 Points Community and Conference Center at December 31, 2019, represent reimbursements due from the Corporation for construction progress payments paid directly to the vendors by the URJ.

## 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 statements of financial position as of December 31, 2019 and 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 $892 and $1,345, respectively, as of December 31, 2019 and 2018, and $1,086 and $1,528, respectively, as of December 31, 2018.

Rent expense amounted to $820 and $811 for the years ended December 31, 2019 and 2018, 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.

Information related to the URJ's right-of-use assets and related lease liabilities were as follows for the years ended December 31, 2019 and 2018:

| | |
|---|---|
| Cash paid for operating lease liabilities | $820 |
| Right-of-use assets obtained in exchange for operating lease obligations | $892 |
| Weighted-average remaining lease term | 5 years |
| Weighted-average discount rate | 6.0% |

Maturities of lease liabilities as of December 31, 2019, are as follows:

| Year ending December 31, | | |
|---|---|---|
| 2020 | $ | 635 |
| 2021 | | 499 |
| 2022 | | 455 |
| 2023 | | 406 |
| 2024 | | 284 |
| Thereafter | | 7 |
| | | 2,286 |
| Less: imputed interest | | (178) |
| | $ | 2,108 |

## NOTE 15. COMMITMENTS AND CONTINGENCIES

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.

Construction in progress
During the year ended December 31, 2019, 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 $11,473 as of December 31, 2019.

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.

## NOTE 16. SUBSEQUENT EVENTS

*COVID-19*

During 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Disruptions to the URJ's operations could occur as a result of quarantines of employees, contributors and grantors in areas affected by the outbreak, and cancellation of certain programs during the duration of the outbreak. Given the uncertainties surrounding the duration of the outbreak and its impact, we cannot reasonably estimate the related financial impact to our full-year 2020 financial results; however, we expect the impact will be material.

On April 30, 2020, after carefully following and evaluating the evolving COVID-19 situation, the URJ made the difficult, and values-based, decision to cancel all in-person activities, which included 15 summer camps, as well as all Israel/travel programs and in-person youth activities. To mollify the financial ramifications of the program cancellations, including potential tuition and fee refunds, the URJ secured a $26,500 loan from Atlantic Union Bank on July 17, 2020. The loan has a 10-year term with a rate of 2.87%. As part of the loan agreement, the URJ has entered into a negative pledge agreement/covenant not to further encumber or convey real property against two of its properties.

*Paycheck Protection Program*

On April 21, 2020, the URJ received loan proceeds of $7,450 under the Paycheck Protection Program ("PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the loan proceeds must be spent on payroll costs, as defined by the PPP for the loan to be eligible for forgiveness.

## NOTE 16. SUBSEQUENT EVENTS (CONTINUED)

*Paycheck Protection Program (continued)*

The PPP loan matures two years from the date of first disbursement of proceeds to the URJ (the "PPP Loan Date") and accrues interest at a fixed rate of 1%. Payments are deferred for the first six months and payable in 18 equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP Loan Date.

The URJ currently intends to use the proceeds for purposes consistent with the PPP; however, there can be no assurances that the URJ will ultimately meet the conditions for forgiveness of the loan or that we will not take actions that could cause the URJ to be ineligible for forgiveness of the loan, in whole or in part.

*Other*

On January 17, 2020 the URJ entered into an agreement to sell property located in Warwick, New York, for $6,400. The sale was finalized on June 2, 2020.