

**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014**

UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

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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 the Union for Reform Judaism and consolidated entities, which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities and cash flows for the year ended December 31, 2014, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**


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

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

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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Union for Reform Judaism and consolidated entities as of December 31, 2014 and 2013, and the changes in their net assets and their cash flows for the year ended December 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

  
David Cooperman & Company, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
July 27, 2015

**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2014 AND 2013  
(In Thousands)**

	<u>2014</u>	<u>2013</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 11,599	\$ 13,419
Contributions receivable, net	7,221	5,538
Dues receivable, net	2,616	3,345
Accounts and loans receivable, net	775	2,214
Camp fee receivable, net	27,804	27,326
Investments	89,176	84,194
Property and equipment, net of accumulated depreciation	79,657	74,990
Goodwill	1,202	1,202
Inventory	528	698
Prepaid pension costs	928	1,427
Prepaid expenses and other assets	<u>1,243</u>	<u>980</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>222,749</u></b>	<b>\$ <u>215,333</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 4,363	\$ 5,923
Reserves for strategy implementation and leadership transition costs	2,401	593
Notes payable	11,752	14,137
Annuities payable	253	308
Deferred revenue	<u>34,184</u>	<u>31,928</u>
Total liabilities	<u>52,953</u>	<u>52,889</u>
Commitments and contingencies (Notes 6, 7, 11 and 14)		
Net assets:		
Unrestricted	109,158	108,308
Temporarily restricted	49,445	42,504
Permanently restricted	<u>11,193</u>	<u>11,632</u>
Total net assets	<u>169,796</u>	<u>162,444</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>222,749</u></b>	<b>\$ <u>215,333</u></b>

See accompanying notes to consolidated financial statements.

**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(In Thousands)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Operating activities:</b>				
Public support and revenues:				
Contributions and grants	\$ 4,006	\$ 15,413	\$ 4	\$ 19,423
Program fees	56,202	-	-	56,202
Membership dues available to the Union	12,161	-	-	12,161
Rental income, net	136	-	-	136
Investment return designated for current operations	1,385	-	-	1,385
Miscellaneous income	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
Total public support and revenues before net assets released from restrictions	73,896	15,413	4	89,313
Net assets released from restrictions	<u>12,047</u>	<u>(11,604)</u>	<u>(443)</u>	<u>-</u>
Total public support and revenues	<u>85,943</u>	<u>3,809</u>	<u>(439)</u>	<u>89,313</u>
<b>Expenses:</b>				
Programs	<u>72,478</u>	<u>-</u>	<u>-</u>	<u>72,478</u>
Supporting services:				
Management and general	5,168	-	-	5,168
Fundraising	743	-	-	743
Membership development	<u>487</u>	<u>-</u>	<u>-</u>	<u>487</u>
Total supporting services	<u>6,398</u>	<u>-</u>	<u>-</u>	<u>6,398</u>
Total expenses	<u>78,876</u>	<u>-</u>	<u>-</u>	<u>78,876</u>
Change in net assets from operations before depreciation and amortization and other activities	7,067	3,809	(439)	10,437
Depreciation and amortization	<u>4,414</u>	<u>-</u>	<u>-</u>	<u>4,414</u>
Change in net assets before other activities	2,653	3,809	(439)	6,023
<b>Other activities:</b>				
Investment return in excess of spending rate not designated for current operations	1,373	3,287	-	4,660
Reserve for environmental remediation	(853)	-	-	(853)
Insurance proceeds from environmental remediation	1,536	-	-	1,536
Reserve for strategy implementation	(1,917)	-	-	(1,917)
Pension-related changes other than periodic costs	(914)	-	-	(914)
Foreign currency translation losses	(64)	(60)	-	(124)
Expense attributed to uncollectible accounts	<u>(964)</u>	<u>(95)</u>	<u>-</u>	<u>(1,059)</u>
<b>Change in net assets</b>	850	6,941	(439)	7,352
Net assets, beginning of year	<u>108,308</u>	<u>42,504</u>	<u>11,632</u>	<u>162,444</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 109,158</u>	<u>\$ 49,445</u>	<u>\$ 11,193</u>	<u>\$ 169,796</u>

See accompanying notes to consolidated financial statements.

**UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(In Thousands)**

Cash flows from operating activities:	
Change in net assets	\$ 7,352
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	4,414
Net unrealized appreciation in fair value of investments	(2,496)
Net realized gain on sale of investments	(45)
Expense attributed to uncollectible accounts	1,059
Foreign exchange translation adjustment	142
Changes in:	
Contributions receivable	(1,778)
Accounts and loans receivable	1,204
Camp fee receivable	(478)
Inventory	170
Prepaid pension costs	499
Prepaid expenses and other assets	(263)
Accounts payable, accrued expenses and other liabilities	(1,560)
Reserves for strategy implementation and leadership transition costs	1,808
Annuities payable	(55)
Deferred revenue	<u>2,256</u>
Net cash provided by operating activities	<u>12,229</u>
Cash flows from investing activities:	
Proceeds from sales of investments	4,612
Purchases of investments	(7,053)
Purchases of property and equipment	<u>(9,223)</u>
Net cash used in investing activities	<u>(11,664)</u>
Cash used in financing activities:	
Principal payments on mortgages and notes	<u>(2,385)</u>
Net decrease in cash and cash equivalents	(1,820)
Cash and cash equivalents - beginning	<u>13,419</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ <u>11,599</u></b>
Supplemental disclosure of cash flow information:	
Interest paid	<u>\$ 434</u>

See accompanying notes to consolidated financial statements.

**UNION FOR REFORM JUDAISM  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**  
**(In Thousands)**

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

Organization and basis of presentation

The Union for Reform Judaism (the "Union"), an Ohio corporation and the central body of the Reform Movement in North America, was founded in Cincinnati, Ohio, in 1873 as the Union of American Hebrew Congregations. In November 2003, the Union's name was changed to the Union for Reform Judaism.

The Union serves the approximately 900 congregations in the United States, Canada, Puerto Rico, and the Virgin Islands. As the congregational arm of the Reform Jewish Movement, the Union's primary mission is to create, sustain and grow a vibrant Reform Judaism. The Union provides leadership and vision from a Reform Jewish perspective on spiritual, ethical, and social issues, as well as convenings and programs for Reform congregations. The Union also provides opportunities for individual growth and identity that congregations and individuals cannot provide by themselves, including camps, Israel programs, youth initiatives, and biennials.

The Union owns or supports a group of summer camps located throughout the United States and Canada. The financial statements of the camps and other wholly-owned subsidiaries have been included in the accompanying consolidated financial statements, with all inter-organizational transactions eliminated in the consolidation process.

The Union 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 Union in Canada are carried out through related corporations that are either Canadian registered charities or otherwise exempt from income tax in Canada.

In March 2009, the board of trustees of the Union approved a restructuring plan designed to enhance mission delivery and increase efficiencies of that delivery, and established a reserve for restructuring with approved funding from the board-designated quasi-endowment. In 2011, the Union developed a plan to enhance mission delivery, as it transitioned from its retiring chief executive officer to the leadership of its new one, establishing a leadership transition reserve, also with funding approved from the board-designated endowment. In 2014, the Union further refined its strategic plan around mission delivery and established a Strategy Implementation Reserve ("SIR") to support the related costs associated with the plan implementation. The Union's board approved use of funds from the board-designated quasi-endowment to underwrite the reserve, as well as a transfer of the balance of the restructuring reserve, to establish the SIR. The reserves are anticipated to be spent over the course of the next few years, relating to employee related separation, unemployment and outplacement costs, as well as underlying investment in the new strategy, which includes the closing down of the book, music and magazine publication divisions. As part of the new strategy, the Union has decided to exit its books and music division and sell the related inventory. The sale of the inventory occurred on June 15, 2015.

The Union's consolidated financial statements are presented in thousands of dollars.



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DECEMBER 31, 2014  
(In Thousands)

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

Basis of accounting

The consolidated financial statements of the Union 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.

Functional allocation of expenses

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

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

Cash and cash equivalents

For financial reporting purposes, the Union 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.

Investments

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

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

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

Investments (continued)

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

Investment expenses include the services of bank trustees, investment managers and custodians. The balances of investment management fees disclosed in Note 2 are those specific fees charged by the Union's various managers during the year ended December 31, 2014; however, they do not include those fees that are embedded in various other investment accounts and transactions.

The Union 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 Union 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 Union will charge operations for the estimated impairment loss in the period determined. No impairment charges were required during the year ended December 31, 2014.

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 year ended December 31, 2014.

Inventory

Inventory consists of publications, music, and camp supplies that are valued at the lower of cost or market value, using the first-in, first-out method. The Union estimates the lower of cost or market value of inventory by adjusting the unit cost instead of maintaining an overall reserve for obsolescence.

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

Net assets

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

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

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

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

Contributions and pledges

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

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

UNION FOR REFORM JUDAISM  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(In Thousands)

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

Contributions and pledges (continued)

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

Membership dues

The Union is charged with the responsibility of administering the proportional dues program referred to as the Maintenance of Union Membership ("MUM"). This program is the method by which the congregational members of the Union have agreed to assess themselves in order to provide financial support to the Union and the Hebrew Union College-Jewish Institute of Religion (the "HUC-JIR"), an unrelated entity.

The Union and the HUC-JIR have agreed on an allocation of gross MUM dues to the Union and HUC-JIR of 56% and 44%, respectively.

Program fees

Program fees consist of amounts charged to individuals or groups who participate in the numerous programs offered by the Union, such as summer camp.

Rental income

The Union rents meeting space to affiliates, congregations, and other groups on a per-occurrence basis. Rental income was recognized on the straight-line method of accounting required by U.S. GAAP, under which contractual rent payment increases are recognized evenly over the lease term.

Foreign currency translation

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

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

Deferred revenue

Revenues from camp activities are reported 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 Union 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 Union 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 Union's consolidated financial statements.

Subsequent events

The Union has evaluated all material subsequent events through July 27, 2015, the date that these consolidated financial statements were available to be issued.

**NOTE 2. FAIR VALUE MEASUREMENTS**

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

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

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

**UNION FOR REFORM JUDAISM  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2. FAIR VALUE MEASUREMENTS (CONTINUED)**

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).

The following table summarizes the Union's investments measured at fair value on a recurring basis, categorized by U.S. GAAP's valuation hierarchy as of December 31, 2014 and 2013:

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, 2014	Valuation Technique
Cash (included in investments)	\$ 610	\$ -	\$ -	\$ 610	(a)
Certificates of deposit (included in investments)	1,753	-	-	1,753	(a)
Mutual funds – bond funds	17,427	-	-	17,427	(a)
Mutual funds – equity funds	67,963	-	-	67,963	(a)
Equities	368	-	-	368	(a)
Bonds and other	165	-	-	165	(a)
Beneficial interest in trust	-	-	890	890	(a)
<b>Total</b>	<b>\$ 88,286</b>	<b>\$ -</b>	<b>\$ 890</b>	<b>\$ 89,176</b>	

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, 2013	Valuation Technique
Cash (included in investments)	\$ 613	\$ -	\$ -	\$ 613	(a)
Certificates of deposit (included in investments)	2,956	-	-	2,956	(a)
Mutual funds – bond funds	27,334	-	-	27,334	(a)
Mutual funds – equity funds	51,807	-	-	51,807	(a)
Equities	406	-	-	406	(a)
Bonds and other	193	-	-	193	(a)
Beneficial interest in trust	-	-	885	885	(a)
<b>Total</b>	<b>\$ 83,309</b>	<b>\$ -</b>	<b>\$ 885</b>	<b>\$ 84,194</b>	

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**NOTE 2. 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, 2014:

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

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

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

Other fair value disclosures

The amounts included in the consolidated statements of financial position for cash and cash equivalents, contributions, camp fee, 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 Union for debt of the same or similar types and remaining maturities of the outstanding debt instruments.

Investments

For the year ended December 31, 2014, investment return (net of fees of \$55) consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 1,686	\$ 1,818	\$ 3,504
Net realized and unrealized gains	<u>1,072</u>	<u>1,469</u>	<u>2,541</u>
Investment return	2,758	3,287	6,045
Investment returns applicable to spending rate	<u>1,385</u>	<u>-</u>	<u>1,385</u>
Investment return in excess of authorized spending rate	<u>\$ 1,373</u>	<u>\$ 3,287</u>	<u>\$ 4,660</u>

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**NOTE 3. SPLIT-INTEREST AGREEMENTS**

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

- Charitable gift annuities are unrestricted irrevocable gifts under which the Union 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 Union's general assets and liabilities, subject to the Union's maintaining an actuarial reserve.
- CRATS and CRUTS are time-restricted contributions not available to the Union 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 become available to the Union.

The Union 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 \$89,176 and \$84,194 recorded as investments in the accompanying consolidated statements of financial position at December 31, 2014 and 2013, respectively, \$170 and \$351 represents split-interest agreements. The associated estimated liabilities due to annuitants amounted to \$253 and \$308 at December 31, 2014 and 2013, respectively.

**NOTE 4. RECEIVABLES**

Contributions receivable

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

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
One year	\$ 3,470	\$ 2,031
Two to five years	4,142	3,835
Thereafter	<u>664</u>	<u>632</u>
	8,276	6,498
Allowance for uncollectible contributions	(412)	(258)
Reduction of pledges due in excess of one year to present value, at a rate of 6%	<u>(643)</u>	<u>(702)</u>
	<u>\$ 7,221</u>	<u>\$ 5,538</u>



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**NOTE 4. RECEIVABLES (CONTINUED)**

Approximately 28% of the contributions receivable balance at December 31, 2014, was derived from two donors. Approximately 22% of the contributions receivable balance at December 31, 2013, was derived from one donor.

Dues receivable

At December 31, 2014 and 2013, dues receivable consisted of amounts due to the Union from congregations. All amounts are due within one year. Based on management's past experience, \$5,184 and \$4,455 has been reserved for doubtful dues collections at December 31, 2014 and 2013, respectively.

Accounts and loans receivable

At December 31, 2014 and 2013, accounts and loans receivable consisted of amounts due to the Union 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 within one year. Based on management's past experience, \$46 has been reserved for doubtful collections of accounts and loans receivable at December 31, 2014 and 2013. The amount due from affiliated organizations at December 31, 2014 and 2013, was \$129 and \$469, respectively (see Note 13).

Camp fee receivable

Camp fee receivable consisted of camp tuition for campers that registered for the summer 2015 and 2014 sessions as of December 31, 2014 and 2013, respectively. All camp tuition is initially recorded through camp fee receivable as deferred revenue upon registration and is realized as revenue when the applicable camp session commences. All amounts are due within one year. Based on management's past experience, \$54 has been reserved for doubtful collections of camp fee receivable at December 31, 2014 and 2013.

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**NOTE 5. PROPERTY AND EQUIPMENT**

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

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Land	\$ 12,107	\$ 12,107
Building and improvements	131,457	120,426
Leasehold improvements	750	-
Furniture, fixtures, equipment, and other	12,220	12,075
Camp vehicles and equipment	<u>1,060</u>	<u>939</u>
	157,594	145,547
Less: accumulated depreciation and amortization	<u>(78,517)</u>	<u>(73,961)</u>
	79,077	71,586
Construction-in-progress	<u>580</u>	<u>3,404</u>
	<u>\$ 79,657</u>	<u>\$ 74,990</u>

Depreciation and amortization expense for the year ended December 31, 2014, was \$4,414.

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

A summary of the strategy implementation and leadership transition costs recognized during the year ended December 31, 2014, are as follows:

	<u>Strategic Implementation Reserve</u>	<u>Restructuring Reserve</u>	<u>Leadership Transition Reserve</u>	<u>Total</u>
Balance – January 1, 2014	\$ -	\$ 563	\$ 30	\$ 593
Charges incurred in 2014	1,917	-	-	1,917
Payments in 2014	-	(109)	-	(109)
Transfers in 2014	<u>454</u>	<u>(454)</u>	<u>-</u>	<u>-</u>
Balance – December 31, 2014	<u>\$ 2,371</u>	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 2,401</u>

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**NOTE 7. NOTES PAYABLE**

At each year end, the Union had the following notes payable:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
<b><u>Camp Eisner</u></b>		
<b>Outstanding 6% debenture notes payable, held by various synagogues and individuals.</b> These notes were callable five years after issue and were due June 1, 1999. Bondholders have been given the option either to cash in the bonds for face value or to donate them to the camp.	\$ 35	\$ 35
<b><u>Crane Lake Camp, Inc.</u></b>		
<b>Mortgage note dated May 19, 1999, for the purchase of the assets of the camp.</b> Annuity payments in variable amounts are due to the then-president of the camp in semi-annual installments through July 2028, as long as the 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%.	1,195	1,252
<b><u>Avi Chai Foundation Loan - Goldman Camp</u></b>		
<b>Term interest-free loan with a foundation dated February 2009, in the original amount of \$500.</b> Principal payments of \$25 were due in quarterly installments commencing in October 2009 and continuing through 2014. The note was paid in full in July 2014.	-	75
<b><u>Avi Chai Foundation Loan - Olin Sang Ruby Camp Institute</u></b>		
<b>Term interest-free loan with a foundation dated April 2009, in the original amount of \$500.</b> Principal payments of \$25 were due in quarterly installments commencing in January 2010 and continuing through 2014. The note was paid in full in October 2014.	-	100

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

	<u>2014</u>	<u>2013</u>
<b><u>Avi Chai Foundation Loan - Greene Family Camp</u></b>		
Term interest-free loan with a foundation dated May 2010, in the original amount of \$800. Principal payments of \$40 are due in quarterly installments commencing in January 2011 and continuing through 2015. The loan is secured by a letter of credit.	\$ 160	\$ 320
<b><u>Derek Newby - Maple Lake Center</u></b>		
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 2025.	190	214
<b><u>Beunaro, Inc. - Maple Lake Center</u></b>		
Term interest-free loan with a principal dated November 2009 (amended and restated August 2013), in the original amount of \$350 CAD. Principal payment of \$50 CAD is due on or before December 31 of each year commencing 2014 through 2018.	194	238
<b><u>Avi Chai Foundation Loan - Crane Lake/Eisner Camp</u></b>		
Term interest-free loan with a foundation dated February 2011, in the original amount of \$725. Principal payments of \$36 are due in quarterly installments commencing in October 2011 and continuing through 2016. The loan is secured by a letter of credit.	254	399
<b><u>Signature Bank</u></b>		
Loan with a bank dated September 2010, in the original amount of \$5,000. The loan had a fixed interest rate of 3.9% with monthly principal and interest payments starting on October 1, 2010, at \$68 and a balloon payment due in 2015. The note was paid in full in January, 2015. The note was secured by a pledge agreement on a portion of the Union's investments.	2,125	2,843

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

	<u>2014</u>	<u>2013</u>
<b><u>Signature Bank</u></b>		
Term note with a bank dated August 8, 2011 in the original amount of \$7,000, as modified to \$6,250 on January 4, 2013. The note has a fixed interest rate of 3.875% with monthly principal and interest payments starting February 1, 2013, at \$52. The note matures on January 2, 2023. The note is secured by a pledge agreement on a portion of the Union's investments and it requires the Union to meet certain covenants, the most restrictive of which requires the Union to maintain a minimum debt service ratio.	\$ 5,052	\$ 5,677
<b><u>AYM Hillandale LLC – Greene Family Camp</u></b>		
Promissory note dated December 9, 2011, in the original amount of \$595. The note has a fixed interest rate of 5.00% with quarterly principal and interest payments starting on April 1, 2012, at \$10. The note matures on January 1, 2037.	560	573
<b><u>Avi Chai Foundation Loan - Newman Camp</u></b>		
Term interest-free loan with a foundation dated February 28, 2013, in the original amount of \$1,000. Principal payments of \$50 are due in quarterly installments commencing October 1, 2013, and continuing through 2018. The loan is secured by a letter of credit.	750	950
<b><u>Avi Chai Foundation Loan – Crane Lake Dining Hall</u></b>		
Term interest-free loan with a foundation dated November 1, 2013, in the original amount of \$994. Principal payments of \$50 are due quarterly commencing April 1, 2014, and continuing through January 1, 2019. The loan is secured by a letter of credit.	845	994

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NOTE 7. NOTES PAYABLE (CONTINUED)

	<u>2014</u>	<u>2013</u>
<u>Capital Bank of New Jersey - North American Camp Loan</u>		
Interest-bearing term note with bank dated February 11, 2013, in the total amount of \$6,000, with an initial drawdown of \$500 at closing. Further drawdowns are at the option of the Union. No drawdowns have been taken as of December 31, 2014. The outstanding principal balance bears interest at prime minus fifty basis points (0.5%), subject to a floor of 2.75% and a ceiling of 4.95% for the first 60 months, 5.95% from the 61 <sup>st</sup> month until the 84th month, and no ceiling applies after the 84th month through the maturity date of March 1, 2023 (interest rate at December 31, 2014 and 2013, was 2.75%). Outstanding principal balance is payable in monthly installments in accordance with the agreement. The note is secured by a pledge agreement on a portion of the Union's investments. A drawdown of \$2,000 was taken in January 2015 to repay the balloon payment on the \$5,000 Signature Bank loan.	<u>392</u>	<u>467</u>
Total notes payable	<u>\$11,752</u>	<u>\$14,137</u>

Minimum annual future payments under the loan agreements for years subsequent to December 31, 2014, are as follows:

<u>Year ending December 31:</u>	
2015	\$ 3,949
2016	1,363
2017	1,155
2018	1,128
2019	772
Thereafter	<u>3,435</u>
	<u>\$ 11,802</u>

At December 31, 2014, the Union had an unused unsecured line of credit totaling \$3,000 that could be drawn as needed, with interest incurred at the lower of the prime rate (no less than 3.75%) or 1.75% plus 1, 2 or 3 month LIBOR (no less than 4.75%). The agreement, as extended, expires on August 24, 2015. The line is available for the Union as authorized by the board of trustees.

At December 31, 2014, the Union had standby letters of credit totaling approximately \$2,000 which expire through 2019. The letters of credit are used as security for loans given by unrelated organizations for the renovation of several camp sites.

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**NOTE 8. NET ASSETS**

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

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Property and equipment	\$ 68,560	\$ 60,803
Board-restricted funds	37,245	36,804
Operations and other	<u>3,353</u>	<u>10,701</u>
	<u>\$ 109,158</u>	<u>\$ 108,308</u>

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

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Building and improvements, principally camp-related	\$ 12,434	\$ 10,080
Direct membership support and programs	2,881	2,312
Camp and youth scholarships and programs	7,725	6,160
Camp and youth programs	4,628	3,992
Religious Action Center/social action/Israel support/disaster relief	17,215	15,587
Books and music/other mission-related programs	<u>4,562</u>	<u>4,373</u>
	<u>\$ 49,445</u>	<u>\$ 42,504</u>

During the year ended December 31, 2014, net assets were released from temporary restrictions for the following purposes:

Building and improvements, principally camp-related	\$ 5,410
Direct membership support and programs	700
Camp and youth scholarships and programs	577
Camp and youth programs	2,278
Religious Action Center/social action/Israel support/disaster relief	2,373
Books and music/other mission-related programs	<u>266</u>
	<u>\$ 11,604</u>

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

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Camp scholarships and programs	\$ 3,695	\$ 4,138
Direct membership and support programs	3,514	3,514
Operating support	2,023	2,023
Books and music/other mission-related programs	<u>1,961</u>	<u>1,957</u>
	<u>\$ 11,193</u>	<u>\$ 11,632</u>

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

During the year ended December 31, 2014, and pursuant to the donor's request, \$443 was released from permanently restricted net assets and placed in a temporarily restricted fund for camp and youth scholarships.

**NOTE 9. ACCOUNTING AND REPORTING FOR ENDOWMENTS**

The endowments

The Union'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 endowment, known as quasi-endowment funds. Net assets associated with endowment funds are classified and reported based on U.S. GAAP. Board-designated funds are classified as unrestricted net assets, and funds with donor-imposed restrictions are classified as temporarily or permanently restricted net assets, with net gains reported as temporarily restricted pending appropriation by the board of trustees.

Interpretation of relevant law

UPMIFA is applicable to all of the Union'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, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated quasi-endowment funds	\$ 37,245	\$ -	\$ -	\$ 37,245
Donor-restricted endowment funds	-	19,333	11,193	30,526
Total endowment funds	<u>\$ 37,245</u>	<u>\$ 19,333</u>	<u>\$ 11,193</u>	<u>\$ 67,771</u>
	December 31, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated quasi-endowment funds	\$ 36,804	\$ -	\$ -	\$ 36,804
Donor-restricted endowment funds	-	18,088	11,632	29,720
Total endowment funds	<u>\$ 36,804</u>	<u>\$ 18,088</u>	<u>\$ 11,632</u>	<u>\$ 66,524</u>



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**NOTE 9. ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)**

Changes in endowment net assets for the year ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, December 31, 2013	\$ 36,804	\$ 18,088	\$ 11,632	\$ 66,524
Contributions	382	1,283	4	1,669
Investment return:				
Interest and dividends	833	711	-	1,544
Realized/unrealized appreciation	531	1,059	-	1,590
Total investment return	1,364	1,770	-	3,134
Appropriated for expenditures/donor releases/foreign exchange loss	(1,305)	(1,808)	(443)	(3,556)
Net assets, December 31, 2014	<u>\$ 37,245</u>	<u>\$ 19,333</u>	<u>\$ 11,193</u>	<u>\$ 67,771</u>

Funds with deficiencies

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

Return objectives and risk parameters

The Union 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 Union 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 endowment assets must be preserved, net of annual distribution to programs. IPS compliance is monitored closely by the Union's investment committee and reflects:

- Asset diversification to provide reasonable assurance that no single security or class of security will have disproportionate impact on the total endowment assets.
- Investments in liquid, equity, and fixed-income instruments:
  - i. Fixed-income instruments should average approximately 40% of the total fixed-income plus equity portfolio value. Their performance is measured against an appropriate benchmark related to its composition. Currently, this benchmark is the Barclays Capital U. S. Aggregate Bond Index.
  - ii. Equities should average approximately 60% of the total fixed-income plus equity portfolio value: approximately 30% domestic and 30% international (benchmark: MSCI EAFE Index). Target ranges for domestic equities are 22% large-cap (benchmark: S&P 500); 4% mid-cap (benchmark: Russell Mid-Cap Growth); 4% small-cap (benchmark: Russell 2000 Value).

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**NOTE 9. ACCOUNTING AND REPORTING FOR ENDOWMENTS (CONTINUED)**

Return objectives and risk parameters (continued)

- iii. Community development investment instruments, consisting mainly of certificates of deposit in community-run banks may represent up to 1.8% of the total investment pool, which includes endowment funds.
- 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 Union 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 endowment 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 Union's budget process.

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

The budget 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 endowment support, as specified by the board or donors, and the long-term expected investment return on the endowment. For the year ended December 31, 2014, the spending rate was 4%, resulting in investment return designated for current operations of \$1,385.

**NOTE 10. PROGRAM INCOME AND PROGRAM EXPENSES**

Program income earned during the year ended December 31, 2014, was as follows:

Camps and Israel programs	\$ 49,884
North American Biennial	28
Congregational Networks	123
Expanding Our Reach	198
Youth	3,135
Religious Action Center/Social Action/Disaster Relief/World Judaism	974
Press/RJ Magazine	918
ARZA	794
Other general programs of the Union	148
	<u>\$ 56,202</u>

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**NOTE 10. PROGRAM INCOME AND PROGRAM EXPENSES (CONTINUED)**

Program expenses for the year ended December 31, 2014, were as follows:

Camps and Israel programs	\$ 50,091
Congregational Networks	4,265
Expanding Our Reach	2,591
Youth	6,792
Religious Action Center/Social Action/Disaster Relief/World Judaism	3,787
Press/RJ Magazine	1,652
ARZA	1,707
Other general programs of the Union	1,593
	<u>\$ 72,478</u>

**NOTE 11. RETIREMENT PLANS**

Defined-benefit retirement plan

The Union 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 in compliance with a resolution of the board of trustees.

The following table sets forth the Plan's funded status and the amounts recognized in the Union's consolidated financial statements at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Actuarial present value of benefit obligations:		
Accumulated benefit obligation	<u>\$ (17,778)</u>	<u>\$ (17,167)</u>
Projected benefit obligation	\$ (17,778)	\$ (17,167)
Fair value of Plan assets	<u>18,706</u>	<u>18,594</u>
Funded status	<u>\$ 928</u>	<u>\$ 1,427</u>
Prepaid pension costs in the consolidated statements of financial position	<u>\$ 928</u>	<u>\$ 1,427</u>

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

Defined-benefit retirement plan (continued)

Amounts recognized in changes in unrestricted net assets for the year ended December 31, 2014:

Net gains	\$ 71
Prior service costs	<u>(985)</u>
	<u>\$ (914)</u>

Components of net periodic benefits cost (income):

Interest cost	\$ 941
Expected return on Plan assets	<u>(1,356)</u>
Net periodic benefit income	<u>\$ (415)</u>
Benefits paid	<u>\$ 1,314</u>

Weighted average assumptions:

Discount rate	5.00%
Expected return on Plan assets	7.50%
Rate of compensation increase	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 must be 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 Union's investment objective is to achieve an average annual return of 7.5% or better on all the pension assets to meet its long-term pension obligations.

The primary objective for the Plan trustees is to provide a balance among capital appreciation, preservation of capital and current income. The objectives of the Plan should be pursued as a long-term goal designed to meet the benchmark objectives for the Plan without taking undue risk.

The trustees of the Plan recognize that risk, volatility, and loss of purchasing power due to inflation are present to some degree in all types of investment vehicles. Although high levels of risk are to be avoided, the assumption of some risk is warranted to allow the investment manager the opportunity to achieve satisfactory long-term results consistent with the objectives of the Plan.

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

Defined-benefit retirement plan (continued)

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

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

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

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 32	\$ 416
Certificates of deposit	200	200
Mutual funds:		
Bond funds	9,907	5,122
Equity funds	8,444	12,692
Group annuity contract	123	164
	<u>\$ 18,706</u>	<u>\$ 18,594</u>

Substantially all of the Plan asset investments were classified within Level 1 of the fair value hierarchy at December 31, 2014 and 2013.

No contributions were required to be made by the Union to the Plan for the year ended December 31, 2014.

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

<u>Year Ending December 31,</u>	<u>Expected Benefit Distributions</u>
2015	\$ 960
2016	998
2017	1,006
2018	1,028
2019	1,078
2020-2024	5,765
	<u>\$ 10,835</u>

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

Defined-benefit retirement plan (continued)

There was no pension expense for the year ended December 31, 2014.

Those member rabbis, cantors, and senior staff (consisting of department heads, program directors and several executives) who are not covered under the Plan are covered instead under a plan sponsored by the Reform Pension Board or the American Conference of Cantors. Total expense for such plans for the year ended December 31, 2014, was approximately \$1,122.

Defined-contribution plan

The Union has a defined-contribution retirement plan (“403(b) Plan”) under Section 403(b) of the Internal Revenue Code which permits employees to make voluntary contributions to the 403(b) Plan each pay period, for which the Union may make a matching contribution of up to 3% of base salary for each eligible participant. Total 403(b) Plan expense for the year ended December 31, 2014, was approximately \$183.

**NOTE 12. CREDIT RISK**

Financial instruments that potentially subject the Union 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 Union does not face a significant risk of loss on these accounts.

**NOTE 13. RELATED-PARTY TRANSACTIONS**

The Union provides various support services, which includes, but are 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 \$2,102 for the year ended December 31, 2014.

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

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
Women of Reform Judaism, the Federation of Temple Sisterhoods	\$ 68	\$ 184
Men of Reform Judaism	-	247
National Association of Temple Executives	<u>61</u>	<u>38</u>
	<u>\$ 129</u>	<u>\$ 469</u>

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**NOTE 14. COMMITMENTS AND CONTINGENCIES**

Lease agreements

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

<u>Year Ending December 31,</u>	
2015	\$ 571
2016	504
2017	535
2018	649
2019	429
Thereafter	<u>1,431</u>
	<u>\$ 4,119</u>

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

Rent expense amounted to \$495 for the year ended December 31, 2014.

Convention agreements

The Union 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 Union would be subject to certain cancellation fees, which would be substantially covered by insurance.

Reserve for environmental remediation

A reserve was established during fiscal 2012 to cover potential restoration costs associated with the remediation of a non-state jurisdictional pond used for recreational purposes at Camp Newman, located in California. The remediation is related to an overflow incident that occurred in April 2010, causing effluent to flow into the Russian River. During the year ended December 31, 2014, the Union completed all restoration projects required to remediate the area and additionally received an insurance settlement. As part of the remediation work, the Union is required to continually monitor the area. The Union accrues costs associated with environmental matters on an undiscounted basis, when they become probable and reasonably estimable. As of December 31, 2014 and 2013, the Union accrued \$150 and \$509, respectively, which are included in accounts payable, accrued expenses and other liabilities on the accompanying consolidated statements of financial position. The \$150 accrual at December 31, 2014, represents the estimate of the remaining cleanup liabilities, including remediation.

UNION FOR REFORM JUDAISM  
AND CONSOLIDATED ENTITIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014  
(In Thousands)

NOTE 14. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Construction in progress

During the year ended December 31, 2014, the Union 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 approximately \$2,100 as of December 31, 2014.

Legal matters

The Union 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 Union's financial position.