

**YIVO INSTITUTE FOR JEWISH RESEARCH, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

**YIVO Institute for Jewish Research, Inc.**

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## Independent Auditor's Report

To the Board of Directors  
YIVO Institute for Jewish Research, Inc.  
New York, NY

We have audited the accompanying financial statements of YIVO Institute for Jewish Research, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YIVO Institute for Jewish Research, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Effect of Adopting New Accounting Standard**

As discussed in Note 2 to the accompanying financial statements, the Organization adopted Accounting Standard Update 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities* on a retrospective basis. Our opinion is not modified with respect to that matter.

*Gettry Marcus CPA, P.C.*

Gettry Marcus CPA, P.C.  
Woodbury, New York  
November 11, 2019

**YIVO Institute for Jewish Research, Inc.**  
**Statement of Financial Position**  
**December 31, 2018**

	<b><u>Net Assets Without Donor Restrictions</u></b>	<b><u>Net Assets With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 386,738	\$ -	\$ 386,738
Investments, at fair value	7,452,193	3,776,368	11,228,561
Contributions receivable	222,107	750,000	972,107
Grants receivable - current portion	-	287,475	287,475
Pledges receivable, net - current portion	103,493	708,763	812,256
Prepaid expenses and other assets	67,924	-	67,924
<b>Total current assets</b>	<b>8,232,455</b>	<b>5,522,606</b>	<b>13,755,061</b>
<b>Other assets</b>			
Grants receivable - long-term portion	-	30,000	30,000
Pledges receivable, net - long-term portion	-	2,770,143	2,770,143
Security deposits	13,507	-	13,507
Property and equipment, net	235,677	-	235,677
Membership interest in The Center for Jewish History, Inc.	6,500,000	-	6,500,000
<b>Total other assets</b>	<b>6,749,184</b>	<b>2,800,143</b>	<b>9,549,327</b>
<b>Total assets</b>	<b>\$ 14,981,639</b>	<b>\$ 8,322,749</b>	<b>\$ 23,304,388</b>
<b>Liabilities and Net Assets</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	\$ 179,822	\$ -	\$ 179,822
Deferred income	32,246	-	32,246
Annuities payable - current portion	7,115	-	7,115
<b>Total current liabilities</b>	<b>219,183</b>	<b>-</b>	<b>219,183</b>
<b>Other liabilities</b>			
Annuities payable - long-term portion	32,761	-	32,761
<b>Total liabilities</b>	<b>251,944</b>	<b>-</b>	<b>251,944</b>
<b>Net Assets</b>			
Without donor restrictions	14,729,695	-	14,729,695
With donor restrictions	-	8,322,749	8,322,749
<b>Total net assets</b>	<b>14,729,695</b>	<b>8,322,749</b>	<b>23,052,444</b>
<b>Total liabilities and net assets</b>	<b>\$ 14,981,639</b>	<b>\$ 8,322,749</b>	<b>\$ 23,304,388</b>

**YIVO Institute for Jewish Research, Inc.**  
**Statement of Financial Position**  
**December 31, 2017**

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 434,439	\$ -	\$ 434,439
Investments, at fair value	9,127,877	4,026,535	13,154,412
Contributions receivable	53,597	257,124	310,721
Grants receivable	-	346,160	346,160
Pledges receivable, net - current portion	136,557	296,878	433,435
Prepaid expenses and other assets	42,907	-	42,907
<b>Total current assets</b>	<b>9,795,377</b>	<b>4,926,697</b>	<b>14,722,074</b>
<b>Other assets</b>			
Pledges receivable, net - long-term portion	103,493	939,700	1,043,193
Security deposits	13,507	-	13,507
Property and equipment, net	236,556	-	236,556
Membership interest in The Center for Jewish History, Inc.	6,500,000	-	6,500,000
<b>Total other assets</b>	<b>6,853,556</b>	<b>939,700</b>	<b>7,793,256</b>
<b>Total assets</b>	<b>\$ 16,648,933</b>	<b>\$ 5,866,397</b>	<b>\$ 22,515,330</b>
<b>Liabilities and Net Assets</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	\$ 201,237	\$ -	\$ 201,237
Deferred income	28,683	-	28,683
Annuities payable - current portion	5,207	-	5,207
<b>Total current liabilities</b>	<b>235,127</b>	<b>-</b>	<b>235,127</b>
<b>Other liabilities</b>			
Annuities payable - long-term portion	27,042	-	27,042
<b>Total liabilities</b>	<b>262,169</b>	<b>-</b>	<b>262,169</b>
<b>Net Assets</b>			
Without donor restrictions	16,386,764	-	16,386,764
With donor restrictions	-	5,866,397	5,866,397
<b>Total net assets</b>	<b>16,386,764</b>	<b>5,866,397</b>	<b>22,253,161</b>
<b>Total liabilities and net assets</b>	<b>\$ 16,648,933</b>	<b>\$ 5,866,397</b>	<b>\$ 22,515,330</b>

**YIVO Institute for Jewish Research, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenues</b>			
Foundations, corporations and trusts	\$ 228,322	\$ 476,802	\$ 705,124
Individuals	1,911,067	3,022,719	4,933,786
Government grants	-	27,475	27,475
Legacies and bequests	241,069	500,000	741,069
Special events revenue (net of direct benefit to donors)	234,129	-	234,129
<b>Total support and revenues</b>	<u>2,614,587</u>	<u>4,026,996</u>	<u>6,641,583</u>
<b>Other income (losses)</b>			
Dividends and interest income	138,457	134,645	273,102
Realized investment gain	267,866	269,022	536,888
Unrealized investment loss	(1,682,228)	-	(1,682,228)
Microfilms and duplications	22,759	-	22,759
Sale of books	1,447	-	1,447
Royalties	68,117	-	68,117
Public programs (lectures, conferences, and tuition)	110,069	-	110,069
Other revenues	1,866	-	1,866
<b>Total other income (losses)</b>	<u>(1,071,647)</u>	<u>403,667</u>	<u>(667,980)</u>
<b>Net assets released from restrictions</b>	<u>1,974,311</u>	<u>(1,974,311)</u>	<u>-</u>
<b>Total support, revenues and other income</b>	<u>3,517,251</u>	<u>2,456,352</u>	<u>5,973,603</u>
<b>Functional expenses</b>			
Program services:			
Library and archives	1,285,568	-	1,285,568
YIVO Vilna project	1,277,754	-	1,277,754
Online Museum	93,716	-	93,716
Publications and public programs	306,333	-	306,333
Education - Max Weinreich Center	702,879	-	702,879
Digital initiatives	130,780	-	130,780
Total program services	<u>3,797,030</u>	<u>-</u>	<u>3,797,030</u>
Supporting services:			
Administration	712,069	-	712,069
Fundraising	665,221	-	665,221
Total supporting services	<u>1,377,290</u>	<u>-</u>	<u>1,377,290</u>
<b>Total functional expenses</b>	<u>5,174,320</u>	<u>-</u>	<u>5,174,320</u>
<b>Increase (decrease) in net assets</b>	<u>(1,657,069)</u>	<u>2,456,352</u>	<u>799,283</u>
<b>Net assets - Beginning of year</b>	<u>16,386,764</u>	<u>5,866,397</u>	<u>22,253,161</u>
<b>Net assets - End of year</b>	<u>\$ 14,729,695</u>	<u>\$ 8,322,749</u>	<u>\$ 23,052,444</u>

**YIVO Institute for Jewish Research, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2017**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and revenues</b>			
Foundations, corporations and trusts	\$ 648,988	\$ 431,495	\$ 1,080,483
Individuals	1,516,082	433,946	1,950,028
Government grants	-	134,560	134,560
Legacies and bequests	199,980	265,000	464,980
<b>Total support and revenues</b>	<u>2,365,050</u>	<u>1,265,001</u>	<u>3,630,051</u>
<b>Other income</b>			
Dividends and interest income	146,735	122,526	269,261
Realized investment gain	101,746	76,235	177,981
Unrealized investment gain	2,019,698	-	2,019,698
Microfilms and duplications	46,643	-	46,643
Sale of books	2,323	-	2,323
Royalties	59,009	-	59,009
Public programs (lectures, conferences, and tuition)	149,571	-	149,571
Other revenues	21,035	-	21,035
<b>Total other income</b>	<u>2,546,760</u>	<u>198,761</u>	<u>2,745,521</u>
<b>Net assets released from restrictions</b>	<u>1,997,249</u>	<u>(1,997,249)</u>	<u>-</u>
<b>Total support, revenues and other income</b>	<u>6,909,059</u>	<u>(533,487)</u>	<u>6,375,572</u>
<b>Functional expenses</b>			
Program services:			
Library and archives	1,221,594	-	1,221,594
YIVO Vilna project	1,214,032	-	1,214,032
Publications and public programs	347,824	-	347,824
Education - Max Weinreich Center	750,677	-	750,677
Digital initiatives	131,441	-	131,441
Total program services	<u>3,665,568</u>	<u>-</u>	<u>3,665,568</u>
Supporting services:			
Administration	579,578	-	579,578
Fundraising	571,476	-	571,476
Total supporting services	<u>1,151,055</u>	<u>-</u>	<u>1,151,055</u>
<b>Total functional expenses</b>	<u>4,816,623</u>	<u>-</u>	<u>4,816,623</u>
<b>Increase (decrease) in net assets</b>	2,092,436	(533,487)	1,558,949
<b>Net assets - Beginning of year</b>	<u>14,294,328</u>	<u>6,399,884</u>	<u>20,694,212</u>
<b>Net assets - End of year</b>	<u>\$ 16,386,764</u>	<u>\$ 5,866,397</u>	<u>\$ 22,253,161</u>



**YIVO Institute for Jewish Research, Inc.**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2018 and 2017**

	Library and Archives		YIVO Vilna Project		Online Museum		Publications and Public Programs		Education- Max Weinreich Center		Digital Initiatives		Total Program Services	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Salaries	\$ 689,242	\$ 646,918	\$ 720,671	\$ 631,787	\$ 49,554	\$ -	\$ 179,218	\$ 169,006	\$ 322,301	\$ 307,551	\$ 72,846	\$ 69,381	\$ 2,033,832	\$ 1,824,643
Payroll taxes and employee benefits	184,846	194,113	163,952	138,693	8,438	-	46,082	48,422	77,046	82,894	18,085	20,439	498,449	484,561
<b>Total salaries and related expenses</b>	<b>874,088</b>	<b>841,031</b>	<b>884,623</b>	<b>770,480</b>	<b>57,992</b>	<b>-</b>	<b>225,300</b>	<b>217,428</b>	<b>399,347</b>	<b>390,445</b>	<b>90,931</b>	<b>89,820</b>	<b>2,532,281</b>	<b>2,309,204</b>
Rental	69,811	74,736	427	-	4,000	-	-	-	-	-	-	-	74,238	74,736
Facility services	228,690	145,200	76,230	72,600	-	-	15,246	3,630	7,623	21,780	-	-	327,789	243,210
Telephone	1,990	1,601	-	-	489	-	214	2,085	143	-	1,320	-	4,156	3,686
Postage and shipping	1,687	5,365	470	622	-	-	810	615	4,828	3,149	-	-	7,795	9,751
Building maintenance and storage	-	1,016	-	-	-	-	-	-	-	-	-	-	-	1,016
Supplies	11,489	8,955	12,748	7,058	9,194	-	653	1,072	3,318	2,623	7	-	37,409	19,708
Professional fees	14,392	36,877	76,545	51,062	10,803	-	20,579	30,133	27,230	35,899	17,934	20,391	167,483	174,362
Printing, films and photos	130	3,322	1,893	6,631	-	-	1,788	5,401	9,209	6,699	-	-	13,020	22,053
Consultants	8,580	36,320	64,650	140,976	6,688	-	-	500	151,750	163,167	8,125	1,860	239,793	342,823
Books	2,189	6,728	-	114	-	-	-	5,359	85	1,191	-	-	8,739	13,324
Computer expenses	235	643	7,328	5,211	1,250	-	-	-	1,080	203	868	54	10,761	6,111
Royalties	-	-	-	-	-	-	416	-	-	-	-	-	-	416
Advertising	-	214	-	17,063	-	-	2,273	7,965	17,315	6,143	-	-	19,588	31,385
Insurance	14,812	14,812	-	-	-	-	-	-	-	-	-	-	14,812	14,812
Scholarships	7,674	5,000	-	-	-	-	-	-	45,343	78,040	-	-	53,017	83,040
Travel	2,485	6,590	14,726	12,717	-	-	270	25,056	9,117	11,180	1,247	-	27,845	55,543
Special events	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conference accommodations	3,021	2,418	750	2,289	-	-	3,984	9,209	11,005	8,982	54	-	18,814	22,898
Microfilm reproduction	29,473	7,024	116,663	124,620	-	-	-	-	-	-	54	33	146,190	131,677
Equipment (including maintenance and repairs)	436	1,241	-	-	-	-	-	-	-	-	-	-	436	1,241
Performance fees and honoraria	3,600	11,430	5,000	2,500	-	-	25,295	41,320	9,470	10,025	-	-	43,365	65,275
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	5,841	6,606	15,056	-	-	-	2,336	2,642	1,752	1,982	9,642	19,283	34,627	30,513
Miscellaneous	4,945	4,465	645	89	3,300	-	1,810	683	3,158	3,963	598	-	14,456	9,200
<b>Total expenses</b>	<b>\$ 1,285,568</b>	<b>\$ 1,221,594</b>	<b>\$ 1,277,754</b>	<b>\$ 1,214,032</b>	<b>\$ 93,716</b>	<b>\$ -</b>	<b>\$ 306,333</b>	<b>\$ 347,824</b>	<b>\$ 702,879</b>	<b>\$ 750,677</b>	<b>\$ 130,780</b>	<b>\$ 131,441</b>	<b>\$ 3,797,030</b>	<b>\$ 3,665,568</b>

**YIVO Institute for Jewish Research, Inc.**  
**Statements of Functional Expenses - Continued**  
**Years Ended December 31, 2018 and 2017**

	<b>Administration</b>		<b>Fundraising</b>		<b>Total Supporting Services</b>		<b>Total Functional Expenses</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Salaries	\$ 319,092	\$ 188,268	\$ 302,744	\$ 296,590	\$ 621,836	\$ 484,858	\$ 2,655,668	\$ 2,309,501
Payroll taxes and employee benefits	103,623	76,969	81,456	73,730	185,079	150,699	683,528	635,260
Total salaries and related expenses	422,715	265,237	384,200	370,320	806,915	635,557	3,339,196	2,944,761
Rental	270	585	-	37	270	622	74,508	75,358
Facility services	38,115	90,750	15,246	29,040	53,361	119,790	381,150	363,000
Telephone	9,994	15,730	600	620	10,594	16,350	14,750	20,036
Postage and shipping	5,768	8,366	23,320	15,024	29,088	23,390	36,883	33,141
Building maintenance and storage	4,632	-	-	-	4,632	-	4,632	1,016
Supplies	7,526	10,317	2,937	2,587	10,463	12,904	47,872	32,612
Professional fees	90,476	83,590	54,555	38,065	145,031	121,655	312,514	296,017
Printing, films and photos	3,490	5,277	61,997	41,197	65,487	46,474	78,507	68,527
Consultants	17,292	-	33,124	9,000	50,416	9,000	290,209	351,823
Books	646	143	-	4,468	646	4,611	9,385	17,935
Computer expenses	7,845	5,493	970	1,414	8,815	6,907	19,576	13,018
Royalties	2,052	-	-	-	2,052	-	2,468	-
Advertising	11,007	14,124	976	960	11,983	15,084	31,571	46,469
Insurance	25,975	29,990	-	-	25,975	29,990	40,787	44,802
Scholarships	-	-	-	-	-	-	53,017	83,040
Travel	5,767	7,356	9,395	3,183	15,162	10,539	43,007	66,082
Special events	-	-	13,786	-	13,786	-	13,786	-
Conference accommodations	19,964	18,737	1,656	10,060	21,620	28,797	40,434	51,695
Microfilm reproduction	-	-	-	-	-	-	146,190	131,677
Equipment (including maintenance and repairs)	135	1,248	-	2,960	135	4,208	571	5,449
Performance fees and honoraria	5,300	-	22,100	7,500	27,400	7,500	70,765	72,775
Interest expense	-	-	27,717	25,109	27,717	25,109	27,717	25,109
Depreciation and amortization	1,402	1,585	350	396	1,752	1,982	36,379	32,495
Miscellaneous	31,698	21,050	12,292	9,536	43,990	30,586	58,446	39,786
<b>Total expenses</b>	<b>\$ 712,069</b>	<b>\$ 579,578</b>	<b>\$ 665,221</b>	<b>\$ 571,476</b>	<b>\$ 1,377,290</b>	<b>\$ 1,151,055</b>	<b>\$ 5,174,320</b>	<b>\$ 4,816,623</b>

See independent auditor's report and notes to financial statements.

**YIVO Institute for Jewish Research, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 799,283	\$ 1,558,949
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and amortization	36,379	32,495
Donated securities	(387,656)	(43,580)
Net realized gain on investments	(536,888)	(177,981)
Net unrealized gains (losses) on investments	1,682,228	(2,019,698)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(661,386)	(211,067)
Grants receivable	28,685	354,900
Pledges receivable	(2,360,000)	80,000
Prepaid expenses and other assets	(25,017)	(10,382)
Increase (decrease) in:		
Accounts payable and accrued expenses	(21,415)	94,788
Deferred grant income	3,563	(9,851)
Annuities payable	7,627	(6,940)
Contributions restricted for long-term purposes:		
Endowment funds	(511,000)	(11,500)
Discounts on pledges receivable	281,164	4,950
Amortization of discounts on pledges receivable	(26,935)	(34,416)
<b>Total adjustments</b>	<b>(2,490,651)</b>	<b>(1,958,282)</b>
<b>Net cash used in operating activities</b>	<b>(1,691,368)</b>	<b>(399,333)</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(1,302,301)	(1,651,944)
Proceeds from sale of investments	2,470,468	1,918,865
Purchase of property and equipment	(35,500)	(145,172)
<b>Net cash provided by investing activities</b>	<b>1,132,667</b>	<b>121,749</b>
<b>Cash flows from financing activities</b>		
Collection of contributions restricted for long-term purposes:		
Endowment funds	511,000	11,500
<b>Net decrease in cash and cash equivalents</b>	<b>(47,701)</b>	<b>(266,084)</b>
<b>Cash and cash equivalents - Beginning of year</b>	<b>434,439</b>	<b>700,523</b>
<b>Cash and cash equivalents - End of year</b>	<b>\$ 386,738</b>	<b>\$ 434,439</b>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the year for:		
Interest	\$ 27,717	\$ 25,109

**YIVO Institute for Jewish Research, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**Note 1 - Summary of Organization and Nature of Activities**

*Organization and Nature of Activities*

YIVO Institute for Jewish Research, Inc. (the "Organization" or "YIVO"), a nonprofit organization, was founded in Vilna, Poland in 1925, and relocated to New York City in 1940. Its mission is to study the thousand-year history of Jewish life in Eastern Europe and Russia in all its aspects: language, history, religion, folkways and material culture. YIVO's Archive and Library preserves a significant collection of materials on this subject. YIVO offers cultural events and programs throughout the year, including lectures, concerts, films, exhibitions and symposia. YIVO also offers adult education and Yiddish language programs, scholarly publications, research opportunities and fellowships.

The Organization is supported primarily through donor contributions and grants.

*Description of Program and Supporting Services*

The following program and supporting services are included in the accompanying financial statements:

*Library and Archives*

The YIVO Library holds numerous books and periodicals in twelve languages. This includes the unique Vilna Collection with rabbinical works from as early as the 16<sup>th</sup> century. The Library holdings are particularly strong in documentation of Jewish history, culture, and religion in Eastern Europe; the Holocaust period; the experience of immigration to the United States; anti-Semitism; and the continuing influence of Ashkenazic Jewish culture today.

The YIVO Archives holds documents, photographs, recordings, posters, films, videotapes and items of ephemera. These include a collection of East European Jewish sound recordings; photographs; videos and films; and posters documenting Jewish life from the 1900's to the present. YIVO also has thousands of handwritten eyewitness accounts by Holocaust survivors and displaced persons; community records and documents from the Warsaw, Lodz and Vilna ghettos; memorial books from Jewish communities in Poland and neighboring countries; records of early immigrant relief and rescue organizations; autobiographies of hundreds of American Jewish immigrants; the Bund Archives and Library that traces the Jewish Labor Movement from its inception in Vilna in 1897; and an extensive Yiddish music and theater collection.

*YIVO Vilna Project*

YIVO's Vilna Collections Project, renamed in the year ending December 31, 2017 to The Edward Blank YIVO Vilna Collections Project, is a seven-year project, which began in April 2015, to preserve, digitize and reunite YIVO's prewar library and archival collections located in New York City and Vilnius, Lithuania, through a dedicated web portal. The project will also digitally reconstruct the historic private Strashun Library of Vilna, one of the great prewar libraries in Europe.

*Online Museum*

The YIVO Bruce and Francesca Cernia Slovin Online Museum project will provide access worldwide to YIVO's archival and library collections, which are meaningful and important archival treasures instrumental in preserving the history and culture of the Jewish people. The Museum will select from the extensive original documents and pages of books that have been digitized as part of the Edward Blank YIVO Vilna Collections project to create English language galleries that reflect the spectrum of Jewish life in Eastern Europe and Russia from music, literature, and theater to mercantile guilds, municipal organizations, and rabbinic courts; from traditional ways of life and the education of children to Zionism and revolution.

**YIVO Institute for Jewish Research, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**Note 1 - Summary of Organization and Nature of Activities (continued)**

The Online Museum will also serve as a comprehensive historical and educational platform for both Jews and non-Jews, and will serve as a key resource for Europeans who seek to understand their own countries' multicultural histories. This project began in the year ended December 31, 2018 with the support of a major donor.

*Publications and Public Programs*

Since its inception in 1925, in parallel with its research, archival, and bibliographic work, the YIVO Institute has carried out an active program of scholarly publication. In YIVO's books, journals, catalogs, newsletters, and brochures, every aspect of the field of Yiddish and East European Jewish history and culture, as well as many other fields of modern Jewish scholarship, has been represented: linguistics, culture and economic history, folklore and anthropology, social studies, theater history and music, literary history and bibliography.

*Education - Max Weinreich Center*

YIVO's Max Weinreich Center for Advanced Jewish Studies, established in 1968, is dedicated to education and to the advancement of research in the area of Jewish life and culture. Named after renowned scholar and YIVO founder Max Weinreich, the center works to make YIVO's unique resources and its specialized knowledge available to universities and other institutions of higher learning, to encourage study and promote research concerning the life and culture of East European Jewry and related topics, to marshal the intellectual resources in the field of scholarship, and to assist young scholars in qualifying for work in this field.

Under a charter from the Board of Regents of the University of the State of New York, the Max Weinreich Center offers graduate level seminars and fellowships in the fields of Yiddish language, literature, and culture, as well as Jewish history, ethnography and folklore. It sponsors public lectures and scholarly conferences and oversees the publication of journals and books.

The pioneering Uriel Weinreich Program in Yiddish Language, Literature and Culture, also established in 1968 and now held in conjunction with Bard College, continues to thrive as a major program of the Max Weinreich Center.

*Digital Initiatives*

Includes the functions necessary to develop work processes to ensure the functionality, flexibility, and sustainability of all YIVO web and social media. Projects include further development of the Online YIVO Encyclopedia and Online Guide to the YIVO Archives as well as a comprehensive redesign of the YIVO.org website.

*Administration*

Includes the functions necessary to ensure an adequate working environment and to manage the administrative, financial and budgetary responsibilities of the Organization.

*Fundraising*

Provides the structure necessary to encourage and secure financial support from individuals, foundations, corporations and government agencies.

**YIVO Institute for Jewish Research, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**Note 2 - Summary of Significant Accounting Policies**

*Basis of Presentation*

The financial statements of YIVO have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Board may designate assets without restrictions for specific operational purposes from time to time.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. When a restriction expires (when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions of property and equipment or cash restricted for acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. If donors specify a length of time over which the property or equipment must be used, the restrictions expire evenly over the required period. Absent that type of restriction for use, the Organization considers the restriction met when the assets are placed in service. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

Donated marketable securities are recorded as contributions at their fair value at the date of donation and are included in the appropriate class based upon the donor's stipulations.

*Contributions and Expenditures*

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give will be recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets will be reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities will be reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

**YIVO Institute for Jewish Research, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**Note 2 - Summary of Significant Accounting Policies (continued)**

*Measure of Operations*

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, and other activities considered to be of a more unusual or nonrecurring nature.

*Cash and Cash Equivalents*

For financial statement purposes, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains cash balances at a bank in the New York metropolitan area. Cash accounts at the bank are insured by the Federal Deposit Insurance Corporation subject to certain limits. At times, such cash balances may be in excess of the insured limits. The Organization has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk on its cash.

*Split-Interest Agreements*

The Organization administers various charitable gift annuities. Charitable gift annuities are unrestricted irrevocable gifts under which the Organization agrees in turn to pay distributions to the donor or other designated beneficiaries over the designated beneficiary's lifetime.

*Contributions and Grants Receivable*

Contributions and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the respective receivable.

*Promises to Give*

The Organization receives pledges, or promises to give, for contributions extending over a few years. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted promises to give are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and shown as net assets released from restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

*Investments*

Investments in marketable securities with readily determinable fair values are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets.

Investment transactions are recorded on a trade-date basis. Interest income is recorded using the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains or losses on investments are determined by comparison of the average cost of acquisition to proceeds at the time of disposition.

**YIVO Institute for Jewish Research, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**Note 2 - Summary of Significant Accounting Policies (continued)**

*Property, Equipment and Website Development Costs and Related Depreciation Methods*

Major property, equipment and website development additions are recorded at cost if purchased, or, in the case of donated property, at the fair value at the date of the gift. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Major additions and improvements are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets, are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

*Impairment of Long-Lived Assets*

The Organization evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets may warrant revision or that the remaining balance of an asset may not be recoverable. The measurement of possible impairment is based on the ability to recover the balance of assets from expected future operating cash flows on an undiscounted basis. Impairment losses, if any, would be determined based on fair value, using the present value of the cash flows with discount rates that reflect the inherent risk of the underlying business. No impairment was required to be recognized for the years ended December 31, 2018 and 2017.

*Deferred Grant Income*

The Organization is the recipient of cost reimbursement grant money. The revenue is recognized as the specified costs described in the grant agreements are incurred. Amounts collected in advance of incurring specified costs are reflected as deferred grant income.

*Tax-Exempt Status*

The Organization has been notified by the Internal Revenue Service that it is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code ("Code"). The Organization is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. The Organization follows the guidance of Accounting Standards Codification 740, *Accounting for Income Taxes*, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

*Government Grants*

YIVO is the recipient of various grants from government agencies. Expenses charged to these grants are subject to audit by the government agencies and recoupment. In the opinion of management, no provision for potential liability was necessary at December 31, 2018 and 2017.

*Contributed Services*

During the years ended December 31, 2018 and 2017, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.



**YIVO Institute for Jewish Research, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**Note 2 - Summary of Significant Accounting Policies (continued)**

*Functional Expenses and Allocation Method*

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions. Accordingly, certain costs have been allocated among the programs and supporting services benefited, using appropriate measurement methodologies. The expenses that are being allocated include salaries and related expenses, which are allocated on the basis of estimates of time and effort, as well as facility services, which are allocated on a square footage basis.

*Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Estimates are based on past experience and other assumptions that management believes are reasonable under the circumstances, and management evaluates these estimates on an ongoing basis. The significant estimates of the Organization include discount of pledges receivable to net present value, no allowances for uncollectible receivables, no provision for potential recoupment of government grants, no impairment on the Membership interest in the Center for Jewish History, and estimated lives on property and equipment.

*Advertising*

Advertising costs are expensed as incurred. Advertising expenses were \$31,571 and \$46,469 for the years ended December 31, 2018 and 2017, respectively.

*Financial Instruments*

The Organization's financial instruments include cash and cash equivalents, investments, contributions receivable, grants receivable, pledges receivable, accounts payable and annuities payable. The carrying amounts of the cash and cash equivalents, contributions receivable and grants receivable approximates their fair values due to their short-term duration.

The fair value of the annuities payable is based on the present value of expected future cash flows. The fair values of investments are described below.

*Fair Value Measurements*

The standards established a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The levels of the hierarchy and those investments included in each are as follows:

**YIVO Institute for Jewish Research, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**Note 2 - Summary of Significant Accounting Policies (continued)**

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the assets or liabilities.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair values are based on quoted market prices when available (Level 1). When market prices are not available, fair value is generally estimated using current market inputs for similar financial instruments with comparable terms and credit quality, commonly referred to as matrix pricing (Level 2). In instances where there is little or no market activity for the same or similar instruments, estimates of fair value are made using methods, models and assumptions that management believes are relevant to the particular asset or liability. This may include discounted cash flow analysis or other income based approaches (Level 3). These valuation techniques involve some level of management estimation and judgment. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used and are reflective of the assumptions that market participants would use in valuing assets or liabilities.

Following is a description of the valuation methodologies used for investments measured at fair value:

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded and are thus considered to be fair value measurements.

*Investment in Limited Liability Company:* Valued at cost which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**YIVO Institute for Jewish Research, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**Note 2 - Summary of Significant Accounting Policies (continued)**

There have been no changes in the methodologies used at December 31, 2018 and 2017.

*Reclassifications of a General Nature*

In order to comply with updated guidance, increase transparency in presenting its financial information, and better align expenses, assets and liabilities that have similar cost and financial drivers, management has changed, as of January 1, 2018, the presentation of certain line items of the accompanying financial statements. These reclassifications have no effect on the previously reported increase in net assets.

*Subsequent Events*

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 11, 2019 the date the financial statements were available to be issued.

*Recently Issued Accounting Standards Updates ("ASU")*

The Organization has reviewed recently issued ASU's by the Financial Accounting Standards Board ("FASB") and based on that review, has determined that those pronouncements, with the exceptions below, will not have a significant effect on the Organization's financial statements.

In August 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, and the information provided about expenses and investment return for Not-for-Profit entities. The Organization adopted the ASU retrospectively with effect to January 1, 2017. Accordingly, (i) net assets are presented in two categories (without donor restrictions and with donor restrictions) (ii) a liquidity footnote was added setting forth the information mandated by this ASU (iii) and, enhanced disclosures were provided in certain of the footnotes. The adoption of the ASU had no impact on the net assets (without donor restrictions or with donor restrictions) on the periods presented.

In May 2014, FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU replaces all current U.S. GAAP guidance on this topic and eliminates industry-specific guidance. The topic, which was amended several times since, contains a core principle, that is, to recognize revenues when promised goods or services are transferred to customers in an amount that reflect the consideration to which an entity is expected to be entitled for those goods or services. The ASU defines a five-step process to achieve this core principle and, in so doing, more judgement and estimates may be required within the revenue recognition process than was previously required. This process includes identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocation the transaction to each performance obligation. The ASU is effective for annual periods beginning after December 15, 2018 using either one of these methods (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within the ASU, or, (b) retrospective with the cumulative effect of initially applying the ASU recognized at the date of initial application and providing certain additional disclosures as defined in the ASU. The Organization has not determined what impact the adoption of this ASU will have, if any, on its financial statements.

**YIVO Institute for Jewish Research, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**Note 2 - Summary of Significant Accounting Policies (continued)**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) (“ASU 2016-02”). ASU 2016-02 replaced all current U.S. GAAP guidance on this topic. Under ASU 2016-02:

- A lessee would account for both finance leases and operating leases by recognizing a right-of-use asset and a lease liability on the balance sheet, with an exception for leases that commence at or near the end of the underlying asset’s economic life. Finance leases will recognize amortization of the right-of-use asset separately from interest on the lease liability, and operating leases will recognize the lease expense on a straight line basis. Additionally, the ASU only allows for the capitalization of only those costs, as initial direct costs, that are incurred due to the successful execution of a lease. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019.
- Although other amendments of this ASU have been issued, in July 2018, ASU 2018-11 (“ASU 2018-11”), Leases (Topic 842): Targeted Improvements, was issued providing certain amendments to the new lease standards. ASU 2018-11 allows an additional but optional transition method to adopt the ASU 2018-11 lease standard for comparative financial statement presentations. Under this new transition method, an entity initially applies the new lease standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings (deficit) in the year of adoption. Consequently, an entity’s reporting for the comparative year presented in the financial statements in which it adopts the new lease standard, will continue to be in accordance with current U.S. GAAP (Topic 840, Leases) although it will not be consistently applied to both years.

The Organization is evaluating the potential impact the adoption of these ASU’s, as amended, could have on its financial statements.

**Note 3 - Contributions Receivable**

Contributions receivable consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Legacies and bequests receivable	\$ 830,850	\$ 250,000
Other receivables	<u>141,257</u>	<u>60,721</u>
	<u>\$ 972,107</u>	<u>\$ 310,721</u>

All amounts are due within one year. Management expects all contributions receivable to be fully collected.

**Note 4 - Grants Receivable**

Grants receivable consists of unconditional promises to give that are expected to be collected in the future and conditional promises to the extent that the conditions have been met but reimbursement from the grantor had not yet been received. Donor restricted grants are reported as additions to the appropriate donor restricted net assets. Grants receivable at December 31, 2018 and 2017, amounts to \$317,475 (of which \$30,000 is due in the year 2020) and \$346,160 (all of which is due in one year or less), respectively. Grants receivable are reviewed for collectability and an allowance for doubtful accounts is recorded based on management’s judgement. Management believes no allowances for doubtful accounts were necessary at December 31, 2018 and 2017.

**YIVO Institute for Jewish Research, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 5 - Pledges Receivable**

The Organization's policy is to record pledges at the net present value. Restricted pledges are reported as additions to the appropriate restricted net assets. Pledges receivable due after one year are discounted to net present value using the current risk-free interest rate of return, which approximates the net present value which would be obtained if using the risk-free interest rate in effect on the date of the pledge. Pledges receivable at December 31, 2018 and 2017 amounted to \$3,582,399 and \$1,476,628, respectively. The rates used to discount pledges receivable as of December 31, 2018 range from 1.53% to 2.80%.

Pledges receivable at December 31 were for the following purposes:

	<u>2018</u>	<u>2017</u>
Library and archives	\$ 50,000	\$ 50,000
YIVO Vilna project	1,200,000	1,300,000
Online Museum	2,600,000	-
General operations	<u>105,000</u>	<u>245,000</u>
	3,955,000	1,595,000
Less: discount to net present value	<u>(372,601)</u>	<u>(118,372)</u>
	<u>\$ 3,582,399</u>	<u>\$ 1,476,628</u>

Pledges receivable at December 31 are scheduled to be collected as follows:

	<u>2018</u>	<u>2017</u>
In one year or less	\$ 905,000	\$ 465,000
Between one and five years	2,000,000	730,000
Greater than five years	<u>1,050,000</u>	<u>400,000</u>
	3,955,000	1,595,000
Less: discount to net present value	<u>(372,601)</u>	<u>(118,372)</u>
	3,582,399	1,476,628
Less: those presented as current	<u>( 812,256)</u>	<u>(433,435)</u>
	<u>\$ 2,770,143</u>	<u>\$ 1,043,193</u>

Based on past history and assessment of the donors involved, management believes no allowances for doubtful pledges receivable were necessary at December 31, 2018 and 2017.

**Note 6 – Investments and Fair Value Measurements**

The Organization's investments at December 31, 2018 and 2017 consist of mutual funds and membership interest in a Limited Liability Company ("LLC"). Fair values for investments are determined by references to quoted market values and other relevant information generated by market transactions. Fair values and unrealized appreciation at December 31 are as follows:

	<u>2018</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Mutual funds	\$ 7,836,852	\$ 11,219,048	\$ 3,382,196
Membership interest in LLC	<u>9,513</u>	<u>9,513</u>	<u>-</u>
	<u>\$ 7,846,365</u>	<u>\$ 11,228,561</u>	<u>\$ 3,382,196</u>

**YIVO Institute for Jewish Research, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 6 – Investments and Fair Value Measurements (continued)**

	<u>2017</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Mutual funds	\$ 8,069,009	\$ 13,133,433	\$ 5,064,424
Membership interest in LLC	<u>20,979</u>	<u>20,979</u>	<u>-</u>
	<u>\$ 8,089,988</u>	<u>\$ 13,154,412</u>	<u>\$ 5,064,424</u>

The following table presents by level within the fair value hierarchy, the Organization's investments measured at fair value on a recurring basis as of:

	<u>December 31, 2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Vanguard Short-term Investment-Grade Fund Admiral Shares	\$ 289,941	\$ -	\$ -	\$ 289,941
Vanguard Total International Stock Index Fund Admiral Shares	2,742,705	-	-	2,742,705
Vanguard Total Stock Market Index Fund Institutional Shares	<u>8,186,402</u>	<u>-</u>	<u>-</u>	<u>8,186,402</u>
Total mutual funds	11,219,048	-	-	11,219,048
Membership interest in LLC	<u>-</u>	<u>-</u>	<u>9,513</u>	<u>9,513</u>
	<u>\$ 11,219,048</u>	<u>\$ -</u>	<u>\$ 9,513</u>	<u>\$ 11,228,561</u>

**YIVO Institute for Jewish Research, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**Note 6 – Investments and Fair Value Measurements (continued)**

	December 31, 2017			Total
	Level 1	Level 2	Level 3	
Mutual funds				
Vanguard Short-term Investment-Grade Fund Admiral Shares	\$ 193,102	\$ -	\$ -	\$ 193,102
Vanguard Total International Stock Index Fund Admiral Shares	3,287,289	-	-	3,287,289
Vanguard Total Stock Market Index Fund Admiral Shares	<u>9,653,042</u>	-	-	<u>9,653,042</u>
		=		
Total mutual funds	13,133,433	-	-	13,133,433
Membership interest in LLC	<u>-</u>	<u>-</u>	<u>20,979</u>	<u>20,979</u>
	<u>\$ 13,133,433</u>	<u>\$ -</u>	<u>\$ 20,979</u>	<u>\$ 13,154,412</u>

The table below presents a summary of changes in the fair value of the Organization's Level 3 investment for the years ended December 31:

	<u>Limited Liability Company Interest</u>	
	<u>2018</u>	<u>2017</u>
Balance - beginning of year	\$ 20,979	\$ 11,592
Current year appreciation increase	65,300	52,818
Withdrawals and distributions	<u>(76,766)</u>	<u>(43,431)</u>
Balance - end of year	<u>\$ 9,513</u>	<u>\$ 20,979</u>

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances caused the transfer. There were no transfers between levels in the years ended December 31, 2018 and 2017.

**YIVO Institute for Jewish Research, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018 and 2017**

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**Note 7 - Property and Equipment**

Property and equipment consist of the following at December 31:

	Estimated useful <u>Life in years</u>	<u>2018</u>	<u>2017</u>
Machinery and equipment	5	\$ 531,020	\$ 531,020
Furniture and fixtures	7	16,908	16,908
Leasehold improvements	15	84,809	84,809
Website development	3	<u>238,522</u>	<u>203,022</u>
		871,259	835,759
Less: accumulated depreciation and amortization		<u>(635,582)</u>	<u>(599,203)</u>
		<u>\$ 235,677</u>	<u>\$ 236,556</u>

Depreciation and amortization expense was \$36,379 and \$32,495 for the years ended December 31, 2018 and 2017, respectively.

**Note 8 - Tax Deferred Annuity Plan**

YIVO has a TIAA-CREF deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Organization. The Organization contributes 4% of gross salaries to the plan for qualified employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. Contributions to the plan were \$77,187 and \$70,825 for the years ended December 31, 2018 and 2017, respectively.

**Note 9- The Center for Jewish History, Inc.**

On October 2, 1995, YIVO, along with three other nonprofit institutions: American Jewish Historical Society, Leo Baeck Institute and Yeshiva University Museum, entered into an agreement to form The Center for Jewish History, Inc. (the "Center"). A fifth institution, American Sephardi Federation joined in 1999. The Center is a Delaware nonprofit corporation, qualified under the Internal Revenue Code as a 501 (c) (3) organization. The Center's facility is located in the Chelsea area of New York City and serves as a central repository for the institutions' archival documents, books, photographs, paintings and artifacts. While all five organizations continue to maintain their distinct identities and ownership of their collections, they share one modern and specially designed facility, eliminating redundant expenditures and making the resources of each available to each other and to the public. During 2017, the Center and the other member organizations entered into an amended agreement that included updated bylaws and other governance related matters.

*Membership Interest*

Pursuant to the above mentioned agreement, YIVO invested \$6,500,000 in exchange for certain rights, including usage of a portion of the Center's facility. That investment in the Center is reflected on YIVO's Statements of Financial Position at its original cost of \$6,500,000.

The agreement, as amended, provides that in the event the Center is liquidated, YIVO and the other member organizations would be entitled to receive a pro rata share of the proceeds from the liquidation, subject to certain terms and conditions. The institutions believe that the fair value of the Center exceeds the amount it is recorded at. Accordingly, there is no impairment required to be recorded at December 31, 2018 and 2017.



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**Note 9 - The Center for Jewish History, Inc. (continued)**

*Facility Services*

The Center provides for the operation of its facility, including maintenance of all offices and specialized areas, control of the mechanical systems for the building, maintenance of elevators, support for all technology, security for the entire building, and many other related services. The Center has staff members who oversee and perform these tasks.

The Center derives a portion of its revenues from sources typical of nonprofit enterprises. In addition, the member organizations have agreed to contribute annually, in perpetuity, towards the operating costs of the Center in lieu of purchasing such services separately. The amount contributed by each member is based upon the member's allocated space at the Center. YIVO's portion of the annual contribution amounted to \$381,150 and \$363,000 for the years ended December 31, 2018 and 2017.

**Note 10 - Charitable Gift Annuities**

In 1996, YIVO established a charitable gift annuity plan and began entering into charitable annuity agreements. Under the terms of these agreements, donors contribute assets to YIVO in exchange for the Organization's promise to pay a fixed amount for a specified period of time to the donor or to payees designated by the donor. The assets received are recorded at fair value, and an annuity payment liability is recognized at the present value of the expected future cash flows. Contribution revenue is recognized as the difference between these two amounts.

Contributions received under the provisions of the plan are maintained by The Vanguard Group Inc.

Charitable gift annuity transactions for the years ended December 31, 2018 and 2017 are summarized as follows:

Annuities payable:

	<u>2018</u>	<u>2017</u>
Balance as of January 1,	\$ 32,249	\$ 39,189
Liability portion of current year' donations	37,105	-
Forfeitures and adjustments	(24,271)	-
Annuity payments made during the year	<u>(5,207)</u>	<u>(6,940)</u>
Balance as of December 31,	<u>\$ 39,876</u>	<u>\$ 32,249</u>

Annuity payment liabilities are payable as follows:

	\$	7,115
2019		7,115
2020		6,215
2021		6,215
2022		6,215
2023		6,215
Thereafter		<u>24,860</u>
		57,735
Less: amount representing interest		<u>(17,859)</u>
		<u>\$ 39,876</u>

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**Note 10 - Charitable Gift Annuities (continued)**

Investments required to be held in trust for gift annuity payments, including a reserve for New York charities filing under exempt status, amounted to \$206,869 and \$241,988 as of December 31, 2018 and 2017, respectively, and are included in investments on the Statements of Financial Position.

**Note 11 - Operating Leases**

The Organization leases office equipment under a non-cancellable operating lease, which is set to expire November 30, 2020. The monthly lease payment under this lease is \$1,378. Future minimum lease payments under this lease amount to \$31,694 at December 31, 2018.

The Organization leases warehouse space in New Jersey which commenced on January 1, 2011 and was originally a five year lease. This lease has since been amended and the lease term was extended to December 31, 2020.

Minimum annual lease payments for the warehouse space are as follows:

<u>Years Ending December 31,</u>	
2019	\$ 65,564
2020	<u>67,530</u>
	<u>\$ 133,094</u>

During 2018, the Organization entered into a three year lease commitment for additional space on the 6<sup>th</sup> floor of the Center. The monthly lease payment under this lease is \$2,000 and the lease is set to expire in October 2021. This space is intended to be used for the YIVO Bruce and Francesca Cernia Slovin Online Museum project, which began in 2018.

**Note 12 - Government Grant Income**

Government grant income of \$27,475 and \$134,560 for the years ended December 31, 2018 and 2017, respectively, consisted of the following:

	<u>2018</u>	<u>2017</u>
NYC Department of Cultural Affairs	\$ 27,475	\$ 20,500
National Endowment for the Humanities	<u>-</u>	<u>114,060</u>
	<u>\$ 27,475</u>	<u>\$ 134,560</u>

**Note 13 - Concentrations – Major Contributors**

For the year ended December 31, 2018, approximately 56% of the Organization's public support revenue came from two donors (41% and 15%). For the year ended December 31, 2017 approximately 30% of the Organization's public support revenue came from two donors (19% and 11%). In 2018, there was a \$3,000,000 contribution for the YIVO Bruce and Francesca Cernia Slovin Online Museum project.

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**Note 14 - Risks and Uncertainties**

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment balances and the amounts reported on the financial statements.

The Organization is dependent upon contributions for its revenue. The ability of the Organization to continue to elicit this level of support is dependent upon current and future economic conditions as well as income tax efficiencies.

**Note 15 - YIVO Vilna Project Challenge Grant**

On April 28, 2015, the Organization received an anonymous challenge grant of \$1,160,000 (which had a two for one matching requirement) for its landmark international project, "The YIVO Vilna Collections – A Landmark Digital Initiative", to preserve, digitize, and virtually reunite the Organization's prewar library and archival collections, located in New York City and Vilnius, Lithuania. The project will also digitally reconstruct the great Strashun Library of Vilna. The result of this work will be a digital collection of materials related to East European Jewish civilization and a collection of Yiddish-language materials.

Work on the project, which will take seven years to complete, began in April 2015. A free-access website will enable general audiences and scholars around the world to explore the unified digital library. The YIVO Vilna Collections - A Landmark Digital Initiative will encompass rare or unique publications and documents chronicling roughly 500 years of Jewish life in Poland, Russia, Lithuania, and other European countries.

The challenge grant provides funds over a five year period, to support the creation of The YIVO Vilna Collections project. Total project costs are now estimated at \$7,000,000. In a prior year, YIVO had satisfied its matching requirement in order to collect the remaining funds due to them. At December 31, 2018 and 2017, the amount in grants receivable from this grant was \$200,000 for each year. Revenue recognized in the financial statements for this grant was \$200,000 for both years ended December 31, 2018 and 2017. The final payment on this challenge grant is \$60,000 and is for the year ending December 31, 2019. This final installment will be paid to the Organization in January 2020.

**Note 16 - Endowment Funds**

The Organization's endowments consist of 29 individual funds established for a variety of purposes. The donor contributions are maintained in perpetuity, the income of which is expendable for the donors' intended purpose in proportion to each fund's percentage of the total endowment fund corpus. Annual distributions are in accordance with the Organization's distribution policy.

The Organization is subject to the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Board of Directors of the Organization has interpreted NYPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to the endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers the value of the fund to be deficient if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted NYPMIFA to permit spending from deficient funds in accordance with the prudent measures required under the law.

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**Note 16 - Endowment Funds (continued)**

Additionally, in accordance with NYPMIFA, the Organization considers the following factors, included in its distribution policy, in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund;
2. The purposes of the Organization and the endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Organization; and
7. The investment policies of the Organization.

Utilizing the framework of total investment return, the investment objective and guidelines of the endowment portfolio long-term growth of capital while providing annual distributions from the endowment fund to support operations over the long-term, while limiting volatility. It is acknowledged that volatility is inherent in any long-term growth strategy. Short-term volatility will be tolerated to the extent it is consistent with the volatility of a comparable market index.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. To satisfy its investment objectives, the Organization relies on a total-return strategy in which investment returns are achieved through both capital appreciation and current yield.

Changes to endowment net assets for the year ended December 31, 2017 are as follows:

	Donor Restricted Endowment Funds	Accumulated Investment Gains on Endowment Funds	Total
Endowment net assets, Beginning of year	\$ 3,654,345	\$ 185,109	\$ 3,839,454
Donor contributions	11,500	-	11,500
Investment return	-	198,761	198,761
Amounts appropriated for expenditures	-	(181,924)	(181,924)
Endowment net assets, End of year	<u>\$ 3,665,845</u>	<u>\$ 201,946</u>	<u>\$ 3,867,791</u>

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**Note 16 - Endowment Funds (continued)**

Changes to endowment funds for the year ended December 31, 2018 are as follows:

	Donor Restricted Endowment Funds	Accumulated Investment Gains on Endowment Funds	Total
Endowment net assets, Beginning of year	\$ 3,665,845	\$ 201,946	\$ 3,867,791
Donor contributions	511,000	-	511,000
Investment return	-	403,667	403,667
Amounts appropriated for expenditures	-	(267,608)	(267,608)
Endowment net assets, End of year	<u>\$ 4,176,845</u>	<u>\$ 338,005</u>	<u>\$ 4,514,850</u>

Donor restricted Endowment Funds are endowments in which the principal is invested in perpetuity and the income is expended to support the following:

	<u>2018</u>	<u>2017</u>
Library and archives	\$ 265,039	\$ 265,039
Public programs	172,100	172,100
Education - Max Weinreich Center	2,223,068	1,712,068
General operations	<u>1,516,638</u>	<u>1,516,638</u>
	<u>\$ 4,176,845</u>	<u>\$ 3,665,845</u>

The accumulated investment gains on these donor restricted Endowment Funds are included in Net assets with donor restrictions and are classified based on donor specified restrictions.

The Organization's Endowment Funds are being held at a brokerage firm and are included in Investments. In addition, included in contributions receivable at December 31, 2018 and 2017, were \$500,000 and \$0, respectively, of endowment contributions.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donors require the Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature as of December 31, 2018 and 2017.

**Note 17 - Net Assets With Donor Restrictions**

Donor restricted net assets as of December 31 are available for the following specified purposes:

	<u>2018</u>	<u>2017</u>
Library and archives	\$ 502,660	\$ 765,094
YIVO Vilna project	636,124	1,273,714
Online Museum	2,625,120	-
Public programs	250,099	233,395
Education - Max Weinreich Center	2,753,880	2,039,328
General operations	1,549,866	1,549,866
Development	<u>5,000</u>	<u>5,000</u>
	<u>\$ 8,322,749</u>	<u>\$ 5,866,397</u>

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**Note 17 - Net Assets With Donor Restrictions (continued)**

Included in the above net assets with donor restrictions are endowment earnings of \$338,005 and \$201,946 at December 31, 2018 and 2017, respectively.

Net assets released from donor restrictions were for the following purposes for the years ended December 31:

	<u>2018</u>	<u>2017</u>
Library and archives	\$ 101,867	\$ 177,057
YIVO Vilna project	1,277,754	1,359,204
Online Museum	93,716	-
Public programs	23,859	86,894
Education - Max Weinreich Center	326,917	295,093
General operations	<u>150,198</u>	<u>79,001</u>
	<u>\$ 1,974,311</u>	<u>\$ 1,997,249</u>

**Note 18 – Board Designated Net Assets**

The Organization's Board of Directors has chosen to designate a portion of net assets without donor restrictions to be used for endowment purposes. Amounts designated by the Board and included in net assets without donor restrictions at December 31, 2018 and 2017 amounted to \$487,796 for both years.

**Note 19 – Liquidity**

As part of its liquidity management, the Organization established a goal to maintain financial assets on hand to meet 90 days of normal operating expenses. The Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization does not have a line of credit available to assist with liquidity management.

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2018</u>
Cash and cash equivalents	\$ 386,738
Investments, at fair value	11,228,561
Contributions receivable	972,107
Grants receivable, collected in less than one year	287,475
Pledges receivable, net, collected in less than one year	812,256
Prepaid expenses and other assets	<u>67,924</u>
Total financial assets	13,755,061
Less: those unavailable for general expenditures within one year due to:	
- donor restrictions	(5,522,606)
- board restrictions	(487,796)
- annuity requirements	(283,178)
- other	<u>(9,513)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,451,968</u>

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**Note 19 – Liquidity (continued)**

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance date or amounts not available within one year due to time restrictions. In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures through its fundraising efforts and by utilizing donor-restricted resources from current and prior years. The statement of cash flows identifies the sources and uses of the Organization's cash.

**Note 20 – Special Events**

Special events generate revenue for the Organization as well as raise awareness about the Organization's mission. Some events are annual and some are incidental to the Organization's central activities and do not happen regularly. Incidental events are recorded net in the accompanying Statement of Activities.

The Organization held two special events during the year ended December 31, 2018 in honor of two of its Board members. Changes in net assets without donor restrictions related to these events are as follows:

Revenue	\$ 269,429
Less: Costs of direct benefit to donors	<u>(35,300)</u>
Revenue, net of direct benefit to donors	234,129
Event expenses (included in special events)	<u>(13,786)</u>
Increase in net assets without donor restrictions	<u>\$ 220,343</u>

The Organization did not have a special event during the year ended December 31, 2017.