



**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Financial Statements

December 31, 2018 and 2017

(With Independent Auditors' Report Thereon)



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

The Board of Directors  
Conference on Jewish Material Claims  
Against Germany, Inc.:

We have audited the accompanying financial statements of the Conference on Jewish Material Claims Against Germany, Inc. (Claims Conference), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities 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 U.S. generally accepted accounting principles; 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.

### *Auditors' 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 auditors' 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 organization'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 organization'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 the Conference on Jewish Material Claims Against Germany, 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 U.S. generally accepted accounting principles.



*Emphasis of Matter*

As discussed in note 1(m) to the financial statements, the Claims Conference adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

*Other Matters*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The fund information included in the statements of financial position and statements of activities is presented for purposes of additional analysis of the financial statements rather than to present the financial position and changes in net assets of the individual funds, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

August 1, 2019

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Statement of Financial Position

December 31, 2018

<b>Assets</b>	<b>Claims Conference as successor organization (note 4)</b>	<b>BMF Fund for In-Home Services (note 5)</b>	<b>German government funds (note 6)</b>	<b>Other program funds (note 7)</b>	<b>Eliminations</b>	<b>Total</b>
Cash and cash equivalents (note 2)	\$ 46,591,608	66,951,056	14,878,247	10,170,978	—	138,591,889
Investments (notes 2 and 3)	436,723,825	31,196,016	—	1,937,363	—	469,857,204
Total cash, cash equivalents, and investments	<u>483,315,433</u>	<u>98,147,072</u>	<u>14,878,247</u>	<u>12,108,341</u>	<u>—</u>	<u>608,449,093</u>
Other assets:						
Grants and contractual receivables	—	5,736,329	—	371,273	—	6,107,602
Other receivables	4,140,945	486,175	—	—	—	4,627,120
Other assets, net (notes 3 and 4)	3,487,506	—	6,883,927	1,154	—	10,372,587
Interfund receivables (note 1(f))	14,024,044	—	861,893	149,650	(15,035,587)	—
Total assets	<u>\$ 504,967,928</u>	<u>104,369,576</u>	<u>22,624,067</u>	<u>12,630,418</u>	<u>(15,035,587)</u>	<u>629,556,402</u>
<b>Liabilities and Net Assets</b>						
Liabilities:						
Accrued expenses	\$ 12,587,813	—	6,459,543	484,603	—	19,531,959
Deferred income	75,162	—	—	134,728	—	209,890
Grants payable	42,770,339	83,532,560	5,945,412	3,995,635	—	136,243,946
Goodwill fund	25,167,205	—	—	—	—	25,167,205
Due to cooperating organizations	—	—	1,047,531	25,433	—	1,072,964
Interfund payables (note 1(f))	916,439	9,461,123	4,010,262	647,763	(15,035,587)	—
Total liabilities	<u>81,516,958</u>	<u>92,993,683</u>	<u>17,462,748</u>	<u>5,288,162</u>	<u>(15,035,587)</u>	<u>182,225,964</u>
Contingencies and commitments (notes 8 and 9)						
Net assets:						
Without donor restrictions:						
Designated for programs	100,333,509	—	—	1,892,592	—	102,226,101
Designated for research, education, and documentation	25,292,159	—	—	—	—	25,292,159
Net funding deficit	—	—	(2,883,203)	—	—	(2,883,203)
Designated for future costs	19,229,200	—	—	2,306,095	—	21,535,295
Designated for goodwill and late applicants fund and other uses	15,205,377	—	—	—	—	15,205,377
Unsold restituted properties	953,275	—	—	—	—	953,275
Designated for longer-term needs	262,437,450	—	—	1,082,618	—	263,520,068
Total net assets without donor restrictions	<u>423,450,970</u>	<u>—</u>	<u>(2,883,203)</u>	<u>5,281,305</u>	<u>—</u>	<u>425,849,072</u>
With donor restrictions:						
For contractual obligations	—	—	8,044,522	—	—	8,044,522
For programs	—	11,375,893	—	2,060,951	—	13,436,844
Total net assets with donor restrictions	<u>—</u>	<u>11,375,893</u>	<u>8,044,522</u>	<u>2,060,951</u>	<u>—</u>	<u>21,481,366</u>
Total net assets	<u>423,450,970</u>	<u>11,375,893</u>	<u>5,161,319</u>	<u>7,342,256</u>	<u>—</u>	<u>447,330,438</u>
Total liabilities and net assets	<u>\$ 504,967,928</u>	<u>104,369,576</u>	<u>22,624,067</u>	<u>12,630,418</u>	<u>(15,035,587)</u>	<u>629,556,402</u>

See accompanying notes to financial statements.

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Statement of Financial Position

December 31, 2017

<b>Assets</b>	<b>Claims Conference as successor organization (note 4)</b>	<b>BMF Fund for In-Home Services (note 5)</b>	<b>German government funds (note 6)</b>	<b>Other program funds (note 7)</b>	<b>Eliminations</b>	<b>Total</b>
Cash and cash equivalents (note 2)	\$ 83,396,888	26,125,927	27,572,019	14,998,122	—	152,092,956
Investments (notes 2 and 3)	394,091,089	24,479,147	—	2,390,429	—	420,960,665
Total cash, cash equivalents, and investments	477,487,977	50,605,074	27,572,019	17,388,551	—	573,053,621
Other assets:						
Grants and contractual receivables	—	1,923,674	—	2,182,063	—	4,105,737
Other receivables	5,362,587	—	—	—	—	5,362,587
Other assets, net (notes 3 and 4)	4,568,217	—	6,607,453	1,137	—	11,176,807
Interfund receivables (note 1(f))	20,097,504	10,439,090	1,829,942	219,697	(32,586,233)	—
Total assets	<u>\$ 507,516,285</u>	<u>62,967,838</u>	<u>36,009,414</u>	<u>19,791,448</u>	<u>(32,586,233)</u>	<u>593,698,752</u>
<b>Liabilities and Net Assets</b>						
Liabilities:						
Accrued expenses	\$ 12,648,088	—	7,414,971	841,676	—	20,904,735
Deferred income	61,541	—	—	134,310	—	195,851
Grants payable	99,255,048	48,589,206	9,360,558	10,038,253	—	167,243,065
Goodwill fund	26,346,931	—	—	—	—	26,346,931
Due to cooperating organizations	—	—	6,778,353	27,856	—	6,806,209
Interfund payables (note 1(f))	10,336,972	13,955,157	7,216,052	1,078,052	(32,586,233)	—
Total liabilities	<u>148,648,580</u>	<u>62,544,363</u>	<u>30,769,934</u>	<u>12,120,147</u>	<u>(32,586,233)</u>	<u>221,496,791</u>
Contingencies and commitments (notes 8 and 9)						
Net assets:						
Without donor restrictions:						
Designated for programs	115,513,417	—	—	1,710,203	—	117,223,620
Designated for research, education, and documentation	31,751,162	—	—	—	—	31,751,162
Net funding deficit	—	—	(2,812,204)	—	—	(2,812,204)
Designated for future costs	21,449,400	—	—	2,261,824	—	23,711,224
Designated for goodwill and late applicants fund and other uses	20,225,866	—	—	—	—	20,225,866
Unsold restituted properties	1,548,578	—	—	—	—	1,548,578
Designated for longer-term needs	168,379,282	—	—	1,064,831	—	169,444,113
Total net assets without donor restrictions	<u>358,867,705</u>	<u>—</u>	<u>(2,812,204)</u>	<u>5,036,858</u>	<u>—</u>	<u>361,092,359</u>
With donor restrictions:						
For contractual obligations	—	—	8,051,684	—	—	8,051,684
For programs	—	423,475	—	2,634,443	—	3,057,918
Total net assets with donor restrictions	<u>—</u>	<u>423,475</u>	<u>8,051,684</u>	<u>2,634,443</u>	<u>—</u>	<u>11,109,602</u>
Total net assets	<u>358,867,705</u>	<u>423,475</u>	<u>5,239,480</u>	<u>7,671,301</u>	<u>—</u>	<u>372,201,961</u>
Total liabilities and net assets	<u>\$ 507,516,285</u>	<u>62,967,838</u>	<u>36,009,414</u>	<u>19,791,448</u>	<u>(32,586,233)</u>	<u>593,698,752</u>

See accompanying notes to financial statements.

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Statement of Activities

Year ended December 31, 2018

	Claims Conference as successor organization (note 4)	BMF Fund for In-Home Services (note 5)	German government funds (note 6)	Other program funds (note 7)	Eliminations	Total
Revenues:						
Revenue from operations:						
Contractual programs	\$ —	—	339,298,790	—	—	339,298,790
Administrative reimbursement of expenses	—	—	28,971,898	39,582	—	29,011,480
Revenue from sold and unsold restituted properties	36,595,583	—	—	—	—	36,595,583
Rental income	87,430	—	—	—	—	87,430
Grants and other	38,222,783	463,895,436	—	9,429,684	(4,346,184)	507,201,719
Total revenue from operations	74,905,796	463,895,436	368,270,688	9,469,266	(4,346,184)	912,195,002
Investment income (note 2)	8,024,713	1,000,423	135,214	171,296	—	9,331,646
Total revenues	82,930,509	464,895,859	368,405,902	9,640,562	(4,346,184)	921,526,648
Expenses (note 11):						
Grant expenses:						
Grant and contractual expenses	26,159,541	479,806,078	338,970,425	10,207,120	(4,346,184)	850,796,980
Goodwill fund	9,216,812	—	—	—	—	9,216,812
Grant cancellations	(29,940,286)	(25,386,517)	—	(612,127)	—	(55,938,930)
Total grant expenses	5,436,067	454,419,561	338,970,425	9,594,993	(4,346,184)	804,074,862
Property restitution program	2,419,920	—	—	—	—	2,419,920
Grant making and administrative expenses	11,827,250	12,516	29,633,422	177,335	—	41,650,523
Total expenses	19,683,237	454,432,077	368,603,847	9,772,328	(4,346,184)	848,145,305
Excess (deficiency) of revenues over (under) expenses before transaction and translation gains (losses)	63,247,272	10,463,782	(197,945)	(131,766)	—	73,381,343
Transaction and translation gains (losses) (note 1(d))	1,335,993	488,636	119,784	(197,279)	—	1,747,134
Increase (decrease) in net assets	64,583,265	10,952,418	(78,161)	(329,045)	—	75,128,477
Net assets at December 31, 2017	358,867,705	423,475	5,239,480	7,671,301	—	372,201,961
Net assets at December 31, 2018	\$ 423,450,970	11,375,893	5,161,319	7,342,256	—	447,330,438
Composition of changes in net assets (note 10):						
Increase (decrease) in net assets without donor restrictions	\$ 64,583,265	—	(70,999)	244,447	—	64,756,713
Increase (decrease) in net assets with donor restrictions	—	10,952,418	(7,162)	(573,492)	—	10,371,764
Increase (decrease) in net assets	\$ 64,583,265	10,952,418	(78,161)	(329,045)	—	75,128,477

See accompanying notes to financial statements.

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Statement of Activities

Year ended December 31, 2017

	Claims Conference as successor organization (note 4)	BMF Fund for In-Home Services (note 5)	German government funds (note 6)	Other program funds (note 7)	Eliminations	Total
Revenues:						
Revenue from operations:						
Contractual programs	\$ —	—	339,851,287	—	—	339,851,287
Administrative reimbursement of expenses	—	—	24,865,419	49,743	—	24,915,162
Revenue from sold and unsold restituted properties	36,208,762	—	—	—	—	36,208,762
Rental income	433,125	—	—	—	—	433,125
Grants and other	61,688	366,561,557	—	7,801,251	—	374,424,496
Total revenue from operations	36,703,575	366,561,557	364,716,706	7,850,994	—	775,832,832
Investment income (note 2)	3,730,403	330,530	96,069	98,323	—	4,255,325
Total revenues	40,433,978	366,892,087	364,812,775	7,949,317	—	780,088,157
Expenses (note 11):						
Grant expenses:						
Grant and contractual expenses	45,685,661	384,365,328	339,254,886	10,390,458	—	779,696,333
Goodwill fund	11,229,998	—	—	—	—	11,229,998
Grant cancellations	(80,118,678)	(13,943,422)	—	(245,561)	—	(94,307,661)
Total grant expenses	(23,203,019)	370,421,906	339,254,886	10,144,897	—	696,618,670
Property restitution program	5,995,128	—	—	—	—	5,995,128
Grant making and administrative expenses	14,777,806	11,878	22,785,935	212,174	—	37,787,793
Total expenses	(2,430,085)	370,433,784	362,040,821	10,357,071	—	740,401,591
Excess (deficiency) of revenues over (under) expenses before transaction and translation gains (losses)	42,864,063	(3,541,697)	2,771,954	(2,407,754)	—	39,686,566
Transaction and translation gains (losses) (note 1(d))	563,296	(842,333)	1,569,522	267,008	—	1,557,493
Increase (decrease) in net assets	43,427,359	(4,384,030)	4,341,476	(2,140,746)	—	41,244,059
Net assets at December 31, 2016	315,440,346	4,807,505	898,004	9,812,047	—	330,957,902
Net assets at December 31, 2017	\$ 358,867,705	423,475	5,239,480	7,671,301	—	372,201,961
Composition of changes in net assets (note 10):						
Increase in net assets without donor restrictions	\$ 43,427,359	—	2,838,640	612,567	—	46,878,566
(Decrease) increase in net assets with donor restrictions	—	(4,384,030)	1,502,836	(2,753,313)	—	(5,634,507)
Increase (decrease) in net assets	\$ 43,427,359	(4,384,030)	4,341,476	(2,140,746)	—	41,244,059

See accompanying notes to financial statements.

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Statements of Cash Flows

Years ended December 31, 2018 and 2017

	<b>2018</b>	<b>2017</b>
Cash flows from operating activities:		
Increase in net assets	\$ 75,128,477	41,244,059
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Unrealized appreciation of investments	(1,392,042)	(345,977)
Realized gain on sales of investments	(5,949,214)	(1,636,335)
Changes in operating assets and liabilities:		
Grants and contractual receivables	(2,001,865)	35,840,061
Other receivables	735,467	1,407,060
Other assets, net	804,220	(647,806)
Accrued expenses	(1,372,776)	4,437,402
Deferred income	14,039	(14,835,174)
Grants payable	(30,999,119)	(91,031,934)
Goodwill fund	(1,179,726)	(7,462,505)
Due to cooperating organizations	(5,733,245)	(4,953,333)
Net cash provided by (used in) operating activities	28,054,216	(37,984,482)
Cash flows from investing activities:		
Purchases of investments	(1,236,853,718)	(884,653,931)
Proceeds from sale of investments	1,195,298,435	880,043,757
Net cash used in investing activities	(41,555,283)	(4,610,174)
Net decrease in cash and cash equivalents	(13,501,067)	(42,594,656)
Cash and cash equivalents at beginning of year	152,092,956	194,687,612
Cash and cash equivalents at end of year	\$ 138,591,889	152,092,956

See accompanying notes to financial statements.



**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Notes to Financial Statements

December 31, 2018 and 2017

**(1) Organization and Summary of Significant Accounting Policies**

**(a) Organization**

The Conference on Jewish Material Claims Against Germany, Inc. (the Claims Conference) was founded in 1951 by 23 international Jewish organizations to represent world Jewry in negotiating for compensation and restitution for victims of Nazi persecution and their heirs. The Claims Conference administers compensation funds, recovers unclaimed Jewish property in the former East Germany, allocates grant funds to institutions that provide social welfare services to victims of Nazi persecution, and preserves the memory and lessons of the Holocaust. It maintains primary offices in Frankfurt, Germany; New York, New York; and Tel Aviv, Israel. In addition, the Claims Conference maintains several smaller satellite offices.

Ezra Legacy Inc. (the Corporation) was established in 2017 by the Claims Conference, its sole member, for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986. The Corporation's mission is to foster, facilitate, and promote the provision of relief, support, and assistance for Jewish Holocaust victims and increase public understanding of the impact of the Holocaust.

The activities of the Claims Conference, which include the Corporation, are more fully described in the following notes to the financial statements.

**(b) Basis of Presentation**

The accompanying statements of activities are presented in total by programmatic activity. To ensure compliance with restrictions placed on the use of resources available to the Claims Conference, its accounts are maintained in accordance with the principles of fund accounting. This is a procedure by which resources are classified for accounting and reporting purposes into funds established according to their nature and purposes. Net assets and revenue, gains, and losses are classified based on the existence or absence of grantor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

*Without donor restrictions* – Net assets that are not restricted by grantors or where the grantor-imposed restrictions have expired; as reflected in the accompanying statements of financial position, the Claims Conference's Board of Directors has designated a portion of the Claims Conference's net assets without donor restrictions for various purposes.

*With donor restrictions* – Net assets subject to grantor restrictions that permit the Claims Conference to expend the assets as specified; the restrictions are satisfied either by the passage of time or by actions of the Claims Conference in accordance with those specified by the grantor. Restricted grants whose restrictions are met in the same reporting period are reported as increases in net assets without donor restrictions.

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
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Notes to Financial Statements

December 31, 2018 and 2017

**(c) Use of Estimates**

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**(d) Foreign Currency Translation**

The Claims Conference conducts its operations in different countries. However, the accompanying financial statements are reported in U.S. dollars. Assets and liabilities are translated using the exchange rates in effect at the statement of financial position date. Revenue and expenses are translated based on a weighted average exchange rate for the year. The resulting translation gains and losses are reported as a component of the applicable net asset category.

Foreign currency transactions have been translated from Euros into U.S. dollars at (i) the prevailing rate of exchange at December 31, 2018 and 2017 (1.14438 and 1.19786), respectively, for assets and liabilities, and (ii) an average of the daily prevailing rates of exchange for the years ended December 31, 2018 and 2017 (1.18086 and 1.12989), respectively, for revenue and expenses. Foreign currency transactions have also been translated from New Israeli Shekels (NIS) into U.S. dollars at (i) the prevailing rate of exchange at December 31, 2018 and 2017 (3.75001 and 3.47118), respectively, for assets and liabilities and (ii) an average of the daily prevailing rates of exchange for the years ended December 31, 2018 and 2017 (3.59146 and 3.59461), respectively, for revenue and expenses.

**(e) Fair Value Measurements**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The three levels in the fair value hierarchy are as follows:

- *Level 1* – Inputs are quoted prices in active markets for identical assets or liabilities.
- *Level 2* – Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- *Level 3* – Inputs are unobservable inputs based on the Claims Conference's own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability's classification within the hierarchy is determined based on the lowest-level input that is significant to the fair value measurement.

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
AGAINST GERMANY, INC.**

Notes to Financial Statements

December 31, 2018 and 2017

**(f) Interfund Accounts**

The interfund accounts represent temporary advances (borrowings) principally related to reallocations of administrative expenses and borrowings against anticipated grants. The interfund balances, eliminated in combination, are generally settled during the following year.

**(g) Cash and Cash Equivalents**

The Claims Conference considers all highly liquid financial instruments with original maturities of three months or less when purchased, other than those held in the investment portfolio, to be cash equivalents.

**(h) Investments**

The Claims Conference's investment policy is generally to invest in securities issued by the U.S. Treasury and U.S. Agencies having an average portfolio maturity of less than two years. The Claims Conference may also invest in Israeli government securities and short-term fixed income European AAA sovereign securities when feasible and prudent. Funds are also invested in U.S. money market accounts that invest in government and agency securities. The investment philosophy of the Claims Conference is based on the dual mandates of preservation of principal and liquidity in all environments and currencies. Investments are stated at fair value based on quoted market prices.

**(i) Income Taxes**

The Claims Conference is a not-for-profit agency exempt from U.S. federal income tax under Section 501(c)(4) of the Internal Revenue Code, and state and local income taxes. The Claims Conference is exempt from taxes in Germany and Israel based on local tax codes.

The Claims Conference follows Accounting Standards Update (ASU) No. 2009-06, *Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities*. Accordingly, the Claims Conference recognizes the effect of income tax positions only if those positions are more likely than not of being sustained.

**(j) Contractual and Other Obligations and Grants**

Contractual and other obligations are recognized in accordance with the terms of contractual agreements for individual compensation programs. Grant obligations are generally recognized when the related allocations for institutional programs are approved by the Board of Directors. The majority of such obligations are scheduled to be paid in the next year.

**(k) Restituted Properties and Compensation**

The Claims Conference recognizes the estimated fair value of restituted property when it is awarded unconditional title to the property. Properties received are recorded at estimated fair value generally based on independent appraisals obtained when the property was recovered, subsequent evaluations, and comparable sale values. Actual proceeds realized will depend on market conditions at the time of the sale, and may be materially different from amounts currently recognized. If the Claims Conference recovers compensation in lieu of receiving a property itself, such compensation is recognized when it has been certified as to its value by the Regional Tax Authorities (Oberfinanzdirektion).

**CONFERENCE ON JEWISH MATERIAL CLAIMS  
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Certain costs related to the disposal of restituted property are deferred until such time as the sales on properties is realized, at which time such costs will be expensed as a charge against the sales proceeds. Other general expenses with respect to property administration are expensed when incurred.

**(l) Reclassifications**

Certain reclassifications of 2017 amounts have been made to conform to the 2018 presentation.

**(m) New Accounting Pronouncement**

During 2018, the Claims Conference adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 reduces the number of net assets from three to two: net assets without donor restrictions, previously reported as unrestricted net assets, and net assets with donor restrictions, previously reported as temporarily restricted and permanently restricted net assets. The Claims Conference had no permanently restricted net assets. The guidance also expands the quantitative and qualitative disclosures regarding liquidity and availability of resources and requires expenses to be reported by both their natural and functional classification in one location. The Claims Conference applied the changes retrospectively.

**(2) Cash and Cash Equivalents and Investments**

Cash and cash equivalents and investments are primarily maintained in large international banks in New York, London, Israel, and Frankfurt. Certain accounts at these financial institutions in the United States have balances in excess of U.S. federally insured limits.

Investments and cash and cash equivalents at fair value at December 31, 2018 and 2017 consist of the following:

	<b>2018</b>			
	<u>United States</u>	<u>Israel</u>	<u>Europe</u>	<u>Total</u>
Cash and cash equivalents	\$ 39,561,096	67,160,285	31,870,508	138,591,889
Investments:				
Government money market funds	\$ 38,887,065	—	—	38,887,065
Government bills	420,383,062	—	—	420,383,062
Government bonds	—	10,043,285	—	10,043,285
Certificates of deposit	543,792	—	—	543,792
Total investments	<u>\$ 459,813,919</u>	<u>10,043,285</u>	<u>—</u>	<u>469,857,204</u>

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	2017			
	United States	Israel	Europe	Total
Cash and cash equivalents	\$ 45,987,802	58,215,083	47,890,071	152,092,956
Investments:				
Government money market funds	\$ 32,198,825	—	—	32,198,825
Government bills	298,325,450	—	—	298,325,450
Government-sponsored enterprise	85,104,867	—	—	85,104,867
Government bonds	—	5,017,130	—	5,017,130
Certificates of deposit	314,393	—	—	314,393
Total investments	\$ 415,943,535	5,017,130	—	420,960,665

Unrealized appreciation of investments recognized in the statements of activities was approximately \$1,392,000 in 2018 and \$346,000 in 2017. Realized gain on sales of investments was approximately \$5,949,000 in 2018 and \$1,636,000 in 2017.

**(3) Fair Value Measurements**

The following tables provide the assets and liabilities carried at fair value measured on a recurring basis as of December 31, 2018 and 2017:

	2018			
	Total	Level 1	Level 2	Level 3
Investments	\$ 469,857,204	469,857,204	—	—
Estimated value of unsold restituted properties*	1,143,870	—	—	1,143,870
	2017			
	Total	Level 1	Level 2	Level 3
Investments	\$ 420,960,665	420,960,665	—	—
Estimated value of unsold restituted properties*	1,708,733	—	—	1,708,733

\* Estimated value of unsold restituted properties is included in other assets.

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The following table is a rollforward of the financial instruments classified by the Claims Conference in Level 3 for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Fair value at January 1	\$ 1,708,733	1,431,903
Additions	271,143	689,019
Proceeds from sales of properties	(5,298,148)	(6,009,567)
Realized gains on sales of properties, net	4,174,509	4,934,291
Change in unrealized gains, net	339,703	498,549
Foreign currency translation adjustment	<u>(52,070)</u>	<u>164,538</u>
Fair value at December 31	<u>\$ 1,143,870</u>	<u>1,708,733</u>

**(4) Claims Conference as Successor Organization**

**(a) Property Restitution and Compensation**

Upon German reunification in 1990, the Claims Conference negotiated for the right of Jewish asset owners and heirs to file claims for assets in the former East Germany. Under the German Property Restitution Law, the deadline for filing claims for restitution of assets located in the territory of the former East Germany expired on December 31, 1992 for real estate claims and on June 30, 1993 for claims against moveable assets. Thousands of Jewish claimants filed timely claims and recovered a significant number of assets or substantial amounts of compensation in lieu of restitution. The Claims Conference was designated under the Germany Property Restitution Law to be the successor for unclaimed Jewish assets (through its Successor Organization (SO)). The disposition of any net recoveries from the operation of this program is determined by the Board of Directors of the Claims Conference; accordingly, revenue recognized from sales of property restitution and compensation is classified as without donor restrictions in the accompanying statements of activities.

Revenue from sold and unsold restituted properties during the years ended December 31, 2018 and 2017 comprises of the following approximated amounts:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Compensation and other	\$ 32,290,200	31,269,400
Restituted properties:		
Property additions	271,100	689,000
Realized gains on sales	4,174,500	4,934,300
Translation and valuation adjustments	<u>(140,200)</u>	<u>(683,900)</u>
Total	<u>\$ 36,595,600</u>	<u>36,208,800</u>

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As of December 31, 2018 and 2017, the total estimated fair value of unsold restituted property was approximately \$1,143,900 and \$1,708,700 (€999,600 and €1,426,500), respectively. As of December 31, 2018 and 2017, respectively, the Claims Conference held 122 and 117 different parcels of property.

Certain costs relating to the disposal of restituted property, approximately \$1,375,400 and \$1,665,200 at December 31, 2018 and 2017, respectively, have been recorded as deferred costs in other assets. Such deferred costs will be charged against the proceeds upon sale of the related property. Other general expenses with respect to property administration are expensed when incurred.

**(b) Goodwill Fund**

Notwithstanding its legal right to retain the full proceeds of the claims it makes as SO, the Claims Conference established a Goodwill Fund in 1994 in order to set aside funds for payments to certain Jewish asset owners or heirs who had not filed claims by the German-mandated deadline and, thus, were no longer legally entitled to the assets or their proceeds under German law and who met the criteria of the Goodwill Fund.

The deadline for applications to the Goodwill Fund expired in 2011 after various extensions to the deadlines were provided by the Claims Conference. In making its decision on this subject, the Board of Directors of the Claims Conference took special note of the fact that the Goodwill Fund had been accepting applications for a number of years, that there was uncertainty surrounding the ultimate number of applications that would be made to the Goodwill Fund, that applications are frequently for unclaimed properties that the Claims Conference had already recovered and sold with the proceeds having been allocated, and the need to decide whether to continue making allocations for homecare and other social needs of Holocaust survivors from SO funds.

In 2018 and 2017, the Claims Conference paid out approximately \$8,935,500 (€7,808,200) and \$24,072,200 (€20,096,000), respectively, under this program to original owners and heirs. Since inception, the Claims Conference has paid approximately €776,833,500 under this program. In addition, it has established reserves for Goodwill Fund applications that have been approved for payment. These reserves are classified as liabilities in the accompanying statements of financial position. These applications relate to various assets for which the Claims Conference has received proceeds. At December 31, 2018 and 2017, the reserve for the Goodwill Fund was approximately \$25,167,200 (€21,992,000) and \$26,346,900 (€21,995,000), respectively. The Goodwill Fund expense for 2018 and 2017 was approximately \$9,216,800 (€7,805,200) and \$11,230,000 (€9,939,000), respectively.

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**(c) Designated for Goodwill and Late Applicants Fund and Other Uses**

As of December 31, 2018 and 2017, the Claims Conference has designated amounts totaling approximately \$15,205,400 (€13,287,000) and \$20,225,900 (€16,885,000), respectively, for Goodwill and Late Applicants Fund and Other Uses. The balance includes the remaining balance of a €50 million fund created in 2012 for certain applicants who missed the deadline established under the Goodwill Fund of €6.5 million (\$7,438,500) at December 31, 2018. In addition, as of December 31, 2018 and 2017, there is approximately \$7,766,900 (€6,787,000) and \$9,445,100 (€7,885,000), respectively, of funds designated for Goodwill applications where the approval process has not been completed or where applicants may not be able to satisfy the routine additional documentation requirements. Should these Goodwill Fund applications be approved in the future, the Claims Conference will recognize the obligation at that time. On an annual basis, the Claims Conference reviews the adequacies of these reserves and adjustments.

**(d) Allocations and Grants**

Allocations by the Board of Directors in 2018 and 2017 were approximately \$26,159,500 and \$45,685,700, respectively. The 2018 decrease in the amounts granted results primarily from increased funding under the BMF Fund for In-Home Services (note 5) as well as 2017 allocations, which included certain commitments designated for the 2018 through 2019 program years. Amounts are paid in accordance with the progress of the specific projects. The Claims Conference recorded grant cancellations of approximately \$29,940,300 and \$80,118,700 for the years ended December 31, 2018 and 2017, respectively. Certain cancellations are a result of SO providing grant allocations to a social service agency for which the funding sources were not finalized and recorded such amount initially as an SO expense. When the funding source was finalized, a cancellation is then recorded by the SO for the amount of the grant, which are funded by other Claims Conference sources. Such amount was approximately \$8.9 million and \$39.9 million in 2018 and 2017, respectively, and is included in grant cancellations in the accompanying statements of activities.

**(e) Designated for Programs**

Effective December 31, 2018 and 2017, the Board of Directors approved approximately \$100,334,000 and \$115,513,000, respectively, for use under SO programs. The Claims Conference anticipates utilizing these funds in future program years.

**(f) Designated for Research, Education, and Documentation**

Effective December 31, 2018 and 2017, the Board of Directors approved approximately \$25 million and \$32 million, respectively, designated for research, education, and documentation of the Holocaust.

**(g) Bulk Settlements**

In 2018, the Claims Conference completed negotiations with the German Ministry of Finance regarding a global compensation settlement with respect to certain properties. The agreement between the Claims Conference and the German Ministry of Finance resulted in payments to the Claims Conference in the amount of approximately \$35,220,800 (€29,826,400). During 2017, there were no bulk settlements with the German Ministry of Finance. These amounts are recorded in grants and other.



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**(h) Designated for Longer Term Needs**

The Board of Directors believes there will be direct and critical ongoing needs of Nazi victims over the coming years. Accordingly, net assets not otherwise designated are designated by the Claims Conference to support longer term needs of Jewish victims of Nazi persecution arising after income from current Claims Conference activities declines. The amount available in these funds at December 31, 2018 and 2017 was approximately \$262,437,000 and \$168,379,000, respectively. The increase funding from the Federal Republic of Germany for in-home services as discussed in note 5 has enabled SO to increase the amount for the reserve for longer term needs in 2018.

**(5) BMF Fund for In-Home Services**

In 2004, the Federal Republic of Germany reached an agreement with the Claims Conference to provide support for welfare organizations assisting Jewish victims of Nazi persecution. In 2016, 2017, and 2018, additional multiyear agreements were entered into between the Federal Republic of Germany and the Claims Conference that extends the “Fund for In-Home Services” until 2019. The amount, to be used as a “Fund for In-Home Services,” as negotiated with the Ministry of Finance – Bundesministerium der Finanzen (BMF), are as follows:

	<u>Amount per agreement</u>
Program year:	
2014	€ 142,000,000
2015	205,000,000
2016	281,750,000
2017	315,000,000
2018	405,000,000
2019	480,000,000

Revenue and expenses related to BMF funding are recognized when the welfare organizations are notified of the award and agree to the terms of the allocation letter.

At December 31, 2018 and 2017, the Claims Conference had approximately \$11,375,900 and \$423,500, respectively, in net assets with donor restrictions related to BMF Fund for In-Home Services that are subject to detailed programmatic restrictions that are anticipated to be met in 2019.

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**(6) German Government Compensation Funds**

Since 1980, the Claims Conference has administered compensation programs on behalf of the Federal Republic of Germany. There are currently four such programs being administered: the Hardship Fund, the Article II Fund, the Central and Eastern European Fund, and the Child Survivor Fund.

**(a) Hardship Fund**

In October 1980, the Federal Republic of Germany established a Hardship Fund primarily for those needy Jewish victims of Nazi persecution who were prevented from filing claims under the German indemnification laws by the 1965 deadline. The Claims Conference assumed the responsibility for the administration of the Hardship Fund under guidelines established by the Federal Republic of Germany. The guidelines limit individual payments to DM 5,000 (€2,556) per person, which aid Jewish victims of Nazi persecution, and provide for administrative costs to be incurred by the Claims Conference. Over the years, the eligibility criteria have been liberalized as a result of negotiations, including elimination of the income limit, expansion to areas of all Jewish victims of Nazi persecution living in areas of the former Soviet Union and to Eastern European countries, as well as those persecuted in Morocco, Algeria, and those who endured the Leningrad Siege, among others.

Approved payments to individuals from the Hardship Fund were approximately \$42,594,000 and \$45,169,500 (€36,070,307 and €39,976,900) for 2018 and 2017, respectively.

**(b) Article II Fund**

In 1992, the Federal Republic of Germany agreed to pay a pension to certain survivors who (i) were in a concentration camp, ghetto, or hiding for a minimum of a specified duration, (ii) are below a defined-income limit, and (iii) have received little or no compensation. Liberalizations to the eligibility criteria have been negotiated subsequently.

Approved payments to individuals from the Article II Fund were approximately \$223,831,300 and \$214,043,400 (€189,549,400 and €189,437,400) during 2018 and 2017, respectively.

Approximately €225,664,300 and €230,030,500 of Hardship and Article II funding was received for the years ended December 31, 2018 and 2017, respectively, and is included in the accompanying financial statements at the translated amounts of approximately \$266,478,000 and \$259,909,200, respectively, excluding administrative reimbursement of expenses.

**(c) Central and Eastern European Fund**

In 1998, the Federal Republic of Germany agreed to provide funds to a Central and Eastern European Fund (CEEF) for Holocaust survivors according to the same persecution related criteria as established under the Article II Fund. In 2018 and 2017, respectively, approximately \$69,205,500 (€58,606,000) and \$65,043,100 (€57,565,900) in funds were provided under this program.

Approved payments to individuals from the CEEF were approximately \$68,629,400 and \$65,128,900 (€58,118,200 and €57,641,800) during 2018 and 2017, respectively.

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**(d) Child Survivor Fund**

In 2014, the Child Survivor Fund (CSF) for Jewish Child Survivors of the Holocaust was established and is intended to acknowledge the suffering of Holocaust survivors who endured unimaginable trauma in their childhoods. Eligible recipients receive a special one-time payment of €2,500. In 2018 and 2017, respectively, approximately \$3,615,400 (€3,091,000) and \$14,899,000 (€13,143,300) in funds were provided under this program.

In December 2018, the Claims Conference and the German government reached an agreement on the 80th anniversary of the Kindertransport to expand the Child Survivor Fund to include child survivors of the Kindertransport. The Kindertransport or “children’s transport” was an organized rescue effort that took place during the nine months prior to the outbreak of the Second World War. It is estimated there are approximately 1,000 Holocaust survivors of the Kindertransport living around the world. The Kindertransport Fund will begin receiving and processing applications as of January 1, 2019.

Approved payments to individuals from the CSF were approximately \$3,914,900 and \$14,912,400 (€3,315,300 and €13,198,100) during 2018 and 2017, respectively.

**(e) Net Assets of the German Government Funds**

The German Government Funds have a deficit in net assets without donor restrictions at December 31, 2018 and 2017 of approximately \$2.9 million and \$2.8 million, respectively, as the Claims Conference has not yet submitted the reimbursement for administrative expenses. Such reimbursements are recognized as revenue when the claim is approved and funding is received. In 2018 and 2017, the Claims Conference recognized approximately \$29.0 million and \$24.9 million, respectively, of revenue for administrative reimbursement of expenses.

Net assets with donor restrictions of \$8.0 million and \$8.1 million at December 31, 2018 and 2017, respectively, represent funding received for individual compensation payments to be used in the subsequent year.

**(7) Other Program Funds**

The column headed “Other Program Funds” in the accompanying financial statements consists primarily of the following programs:

- (a) In 2017, The Harry and Jeanette Weinberg Foundation (Weinberg Fund) agreed to make a \$1,500,000 conditional grant to the Claims Conference to provide emergency assistance to Jewish victims of Nazism in North America for the three-year period ending 2019. The Claims Conference received the entire \$1,500,000 in 2017. During 2018 and 2017, approximately \$250,000 and \$1,250,000, respectively, was allocated under this program.

In April 2019, Weinberg Fund agreed to provide \$1,250,000 for emergency assistance to Jewish victims of Nazism in North America. The amount was set at \$250,000 for 2019, \$500,000 for 2020, and \$500,000 for 2021.

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- (b) In 2018 and 2017, the Caritatea Foundation in Romania agreed to provide funds to support the Claims Conference emergency assistance program in Israel. The grant is to be used primarily to benefit Jewish victims of Nazi persecution of Romanian origin who are financially vulnerable and living in Israel. During 2018 and 2017, the Claims Conference recognized funds of approximately \$5,083,500 and \$2,930,000, respectively, under this program. During 2018 and 2017, approximately \$5,071,600 and \$3,242,100, respectively, was allocated under this program.

At December 31, 2018, there were no remaining net assets in this program. Net assets with donor restrictions related to the grant were approximately \$46,400 at December 31, 2017.

- (c) The International Commission on Holocaust Era Insurance Claims (ICHEIC) was formed pursuant to a Memorandum of Understanding, dated August 26, 1998, to facilitate the payment of unpaid Holocaust era insurance policies to valid claimants. In June 2007, the Claims Conference and ICHEIC entered into an agreement whereby ICHEIC transferred to the Claims Conference its remaining current and future humanitarian funds, as detailed in the agreement. The Claims Conference assumed the responsibility for overseeing the distribution of such funds in accordance with guidelines as determined by ICHEIC prior to its closure. Under this agreement, in 2018 and 2017, no additional funds were received. During 2018 and 2017, approximately \$695,500 and \$1,392,600, respectively, was allocated under this program.

Net assets with donor restrictions related to ICHEIC of approximately \$1,477,100 and \$2,133,000 at December 31, 2018 and 2017, respectively, are to be used for the educational programs of Yad Vashem and the Jewish Agency for Israel in accordance with the stipulations provided by ICHEIC.

- (d) Established in 2017, Ezra Legacy Inc. makes pension payments to survivors who were in Iasi, Romania during the Holocaust. Payments are made in accordance with the same persecution-related criteria as established under the German government Article II and Central and Eastern European Funds. During 2018, approximately \$4,158,300 (€3,521,400) in payments were made to eligible recipients. Such amount was funded by SO and is included in grants and other in other program funds and then eliminated in combination. In 2017, the financial activity of the Corporation was insignificant.
- (e) Beginning in 1991, the Austrian government agreed to provide funds to the Committee for Jewish Claims on Austria for institutional projects benefiting aged Jewish victims of Nazi persecution from Austria. In 2017, the Austrian government entered into new conditional agreements for the same purposes to provide an additional amount up to €1,500,000 per year for the 2017 and 2018 grant years. During 2018, there were no new allocations made under this program. In 2017, all funds were recognized and allocated under these agreements.

In May 2019, the Claims Conference negotiated an agreement with the Austrian government to provide funds to the Committee for Jewish Claims on Austria for institutional projects benefiting aged Jewish victims of the Nazi persecution from Austria. Under this agreement, the Austrian government agreed to provide up to €1,500,000 for 2019.

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- (f) On January 23, 1999, a settlement agreement was signed by a number of Swiss banks relating to acts of the banks and other Swiss entities connected with the Nazi era. The settlement agreement was under the jurisdiction of a U.S. Federal court (the Court). The Looted Assets Class of the above referenced settlement agreement provided humanitarian aid over a ten-year program, which under the terms of the Plan of Allocation and Distribution of Settlement Proceeds (Distribution Plan) ended in July 2011. The Claims Conference was responsible for implementing this program on behalf of the Court to benefit emergency assistance programs for elderly Jewish victims of Nazi persecution, excluding those residing in the former Soviet Union. The Claims Conference's policy is to allocate such funds when the cash is received. During 2018 and 2017, there were no new allocations made under this program.
- (g) In 2016, The URO Charitable Trust Limited (URO) and the Claims Conference entered into a grant agreement for £2,000,000 for ongoing social assistance or emergency one-time grants to Jewish victims of Nazi persecution. During 2016, the Claims Conference received \$2,440,000 (£2,000,000) and allocated funds of approximately \$1,000,000 per year in 2017 and 2016. Net assets with donor restrictions as of December 31, 2018 and 2017 include approximately \$583,900 and \$455,100, respectively, related to this grant. The remaining funds will be allocated in future years.

In addition, the Claims Conference also has acted as an agent in the processing of grant funds as approved by the URO's Board of Directors. Funds, which are not yet disbursed, are held in due to cooperating organizations on the statement of financial position. As of December 31, 2018 and 2017, this amounted to approximately \$25,433 and \$27,900, respectively.

**(8) Contingencies**

The Claims Conference is party to various litigation and other claims in the ordinary course of business. In the opinion of management, the final disposition of these matters will not have a material adverse effect on the Claims Conference's financial position or changes in net assets.

In connection with compensation received for the settlement of a property claim, in March 2007, the Claims Conference provided the other party with an indemnity through 2025 of up to €4,500,000, in respect to possible claims by certain heirs. As of December 31, 2018, no claims have been received from heirs. The contingent liability is not material to the financial statements.

The Claims Conference has an ongoing litigation matter involving a group of individuals claiming that the Claims Conference refrained from restituting to them assets of original property owners, which were recovered by the Claims Conference as SO pursuant to the German Property Restitution Law. In January 2016, the group filed a motion in the Tel Aviv District Court in Israel to amend the amount of the joined claims for approximately NIS 28.4 million (\$7,200,000). In May 2017, a decision in favor of the Claims Conference was delivered by the presiding judge. On July 2, 2017, an appeal was filed by the Plaintiffs and in March 2019, oral arguments were heard before the Supreme Court of Israel, which ruled in favor of the Claims Conference.

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**(9) Commitments**

**Leases**

The Claims Conference leases office space worldwide to facilitate the conduct of its own programs and of programs it carries out under agreements with other parties. The approximate minimum annual rental commitments under these operating leases as of December 31, 2018 are as follows:

2019		\$	2,758,200
2020			2,166,900
2021			2,303,200
2022			2,194,300
2023			<u>1,940,100</u>
		\$	<u><u>11,362,700</u></u>

**(10) Without Donor Restrictions and With Donor Restrictions Activities**

The accompanying statements of activities do not break out net assets without donor restrictions and with donor restrictions activity but instead such amounts are presented in total by programmatic activity. The following tables provide summarized information for 2018 and 2017 (in thousands):

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total 2018</u>
2018:			
Total revenues	\$ 902,042	19,485	921,527
Net assets released from restrictions	9,113	(9,113)	—
Total expenses	(848,145)	—	(848,145)
Transaction and translation gains, net	<u>1,746</u>	<u>—</u>	<u>1,746</u>
Increase in net assets	<u>\$ 64,756</u>	<u>10,372</u>	<u>75,128</u>

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total 2017</u>
2017:			
Total revenues	\$ 771,574	8,514	780,088
Net assets released from restrictions	14,149	(14,149)	—
Total expenses	(740,402)	—	(740,402)
Transaction and translation gains, net	<u>1,558</u>	<u>—</u>	<u>1,558</u>
Increase (decrease) in net assets	<u>\$ 46,879</u>	<u>(5,635)</u>	<u>41,244</u>

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**(11) Functional Allocation of Expenses**

Expenses by functional classification for the years ended December 31, 2018 and 2017 were as follows:

	<u>Program Service Expenses</u>				<u>Total 2018</u>
	<u>Compensation programs</u>	<u>Institutional allocation program</u>	<u>Property restitution program</u>	<u>Administrative expenses</u>	
2018:					
Grant and contractual expenses, net	\$ 338,970,425	455,887,625	—	—	794,858,050
Goodwill fund	9,216,812	—	—	—	9,216,812
Personnel expenses	14,718,006	6,880,380	2,208,208	5,201,267	29,007,861
Professional fees	1,987,766	797,097	(349,978)	1,026,842	3,461,727
Other	5,762,947	2,425,355	561,690	2,850,863	11,600,855
	<u>\$ 370,655,956</u>	<u>465,990,457</u>	<u>2,419,920</u>	<u>9,078,972</u>	<u>848,145,305</u>

	<u>Program Service Expenses</u>				<u>Total 2017</u>
	<u>Compensation programs</u>	<u>Institutional allocation program</u>	<u>Property restitution program</u>	<u>Administrative expenses</u>	
2017:					
Grant and contractual expenses, net	\$ 339,254,886	346,133,786	—	—	685,388,672
Goodwill fund	11,229,998	—	—	—	11,229,998
Personnel expenses	13,063,646	5,030,041	2,072,218	7,085,893	27,251,798
Professional fees	1,062,736	1,157,538	2,855,497	1,485,067	6,560,838
Other	4,436,632	1,406,859	1,067,413	3,059,381	9,970,285
	<u>\$ 369,047,898</u>	<u>353,728,224</u>	<u>5,995,128</u>	<u>11,630,341</u>	<u>740,401,591</u>

Expenses directly attributable to a specific program, as detailed above, are reported as expenses of these functional areas. Personnel expenses were allocated predominately based on the direct conduct of the activities.

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**(12) Liquidity and Availability**

The following schedule reflects the Claims Conference's financial assets as of December 31, 2018, reduced by amounts not available for general use within one year of the statement of financial position date.

Cash, cash equivalents, and investments of SO	\$ 483,315,433
Other receivables of SO	4,140,945
Less those unavailable for general expenditures within one year, due to:	
Loans receivable due in greater than one year	(70,500)
Board designations:	
Program expenses	(100,333,509)
Research, education, and documentation	(25,292,159)
Goodwill and late applicant fund and other uses	(15,205,377)
Longer-term needs	<u>(262,437,450)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>84,117,383</u></u>

The Claims Conference maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. General expenditures include grant making and administrative costs and grants funded by SO. BMF, German Government funds, and other program funds are subject to board, donor, and other contractual commitments and therefore are not available for general expenditures. Additionally, the Claims Conference has board designated net assets without donor restrictions that, while the Claims Conference does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary

**(13) Subsequent Events**

In connection with the preparation of the financial statements, the Claims Conference evaluated subsequent events after the statement of financial position date of December 31, 2018 through August 1, 2019, which was the date the financial statements were available to be issued, and determined that, except as otherwise disclosed, there were no additional matters requiring disclosure.