Financial Statements Together with
Report of Independent Certified Public Accountants

AMERICAN SOCIETY FOR TECHNION-ISRAEL INSTITUTE OF TECHNOLOGY, INC.

For the year ended September 30, 2018, with summarized
comparative information for the year ended September 30, 2017

AMERICAN SOCIETY FOR TECHNION-ISRAEL INSTITUTE OF TECHNOLOGY, INC.

TABLE OF CONTENTS

GRANT THORNTON LLP
757 Third Ave., 9th Floor
New York, NY 10017-2013

D +1 212 599 0100
F +1 212 370 4520
S linkd.in/grantthorntonus
twitter.com/grantthorntonus

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
American Society for Technion-Israel Institute of Technology, Inc.

We have audited the accompanying financial statements of the American Society for Technion-Israel Institute of Technology, Inc. (the "Society"), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 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.

Grant Thornton

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 Society as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Report on 2017 summarized comparative information

We have previously audited the Society's 2017 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 2, 2018. In our opinion, the accompanying summarized comparative information as of and for the year ended September 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant Thornton LLP

New York, New York
March 15, 2019

AMERICAN SOCIETY FOR TECHNION-
ISRAEL INSTITUTE OF TECHNOLOGY, INC.
Statement of Financial Position
As of September 30, 2018, with summarized comparative totals as of September 30, 2017

	2018	2017
ASSETS		
Cash	$ 4,566,134	$ 2,544,421
Investments - pooled (Note 3)	314,052,578	308,733,756
Investments - nonpooled (Note 4)	58,979,953	48,970,770
Contributions receivable, net (Note 7)	64,595,927	71,843,105
Beneficial interests in trusts (Note 8)	35,727,638	32,908,849
Other receivables (Note 9)	812,543	624,660
Cash surrender value of life insurance policies	2,500,451	2,490,910
Prepaid expenses and other assets	4,304,242	3,214,084
Loan receivable (Note 6)	42,376,173	44,522,617
Fixed assets, net (Note 10)	7,335,295	7,719,907
Total assets	$ 535,250,934	$ 523,573,079
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable, accrued expenses and other liabilities (Notes 8 and 14)	$ 5,585,623	$ 4,689,193
Loan payable (Note 12)	11,300,000	11,300,000
Transmissions payable	3,220,211	1,947,282
Annuity obligations (Note 8)	22,386,763	18,612,618
Total liabilities	42,492,597	36,549,093
Commitments and contingencies (Note 15)		
NET ASSETS		
Without donor restrictions (Notes 2 and 19)	24,864,432	12,180,728
With donor restrictions (Notes 2 and 19)	467,893,905	474,843,258
Total net assets	492,758,337	487,023,986
Total liabilities and net assets	$ 535,250,934	$ 523,573,079

The accompanying notes are an integral part of this financial statement.

AMERICAN SOCIETY FOR TECHNION-
ISRAEL INSTITUTE OF TECHNOLOGY, INC.
Statement of Activities
For the year ended September 30, 2018, with summarized comparative totals for the year ended September 30, 2017

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
REVENUES, GAINS, LOSSES, AND OTHER SUPPORT				
Contributions and special events	$ 9,182,973	$ 33,411,958	$ 42,594,931	$ 72,590,384
Less direct costs of special events	(36,432)	-	(36,432)	(317,856)
Legacies and bequests	18,997,830	1,546,720	20,544,550	21,124,180
Total public support (Note 13)	28,144,371	34,958,678	63,103,049	93,396,708
Investment income, net (Note 5)	7,338,482	10,938,310	18,276,792	35,200,664
Interest on loan receivable and other income	105,734	2,491,517	2,597,251	2,231,645
NET ASSETS RELEASED FROM RESTRICTIONS (Note 19)				
Satisfaction of program restrictions	53,929,953	(53,929,953)	-	-
Satisfaction of time restrictions	250,218	(250,218)	-	-
Total revenues, gains, losses and other support	89,768,758	(5,791,666)	83,977,092	130,829,017
EXPENSES				
Program services:				
Grants to Technion-Israel Institute of Technology and other beneficiaries	56,936,953	-	56,936,953	81,332,135
Education and other programs	868,071	-	868,071	839,573
Total program services	57,805,024	-	57,805,024	82,171,708
Supporting services:				
Management and general	6,153,707	1,157,687	7,311,394	7,083,190
Fundraising	13,126,323	-	13,126,323	12,401,680
Total supporting services	19,280,030	1,157,687	20,437,717	19,484,870
Total expenses	77,085,054	1,157,687	78,242,741	101,656,578
Change in net assets	12,683,704	(6,949,353)	5,734,351	29,172,439
Net assets, beginning of year (Notes 2 and 19)	12,180,728	474,843,258	487,023,986	457,851,547
Net assets, end of year	$ 24,864,432	$ 467,893,905	$ 492,758,337	$ 487,023,986

The accompanying notes are an integral part of this financial statement.

AMERICAN SOCIETY FOR TECHNION-
ISRAEL INSTITUTE OF TECHNOLOGY, INC.
Statement of Functional Expenses
For the year ended September 30, 2018, with summarized comparative totals for the year ended September 30, 2017

	Program Services			Supporting Services				
	Grants	Education and Other Programs	Total	Management and General	Fund Raising	Total	Total 2018	Total 2017
Grants to Technion-Israel Institute of Technology and other beneficiaries	$ 56,936,953	$ -	$ 56,936,953	$ -	$ -	$ -	$ 56,936,953	$ 81,332,135
Personnel costs:								
Payroll	-	592,535	592,535	2,926,258	6,938,082	9,864,340	10,456,875	10,460,650
Employee benefits	-	148,134	148,134	683,338	1,663,954	2,347,292	2,495,426	2,802,280
Total personnel costs	-	740,669	740,669	3,609,596	8,602,036	12,211,632	12,952,301	13,262,930
Other expenses:								
Occupancy (includes interest expense of $334,751 and $220,410 in fiscal 2018 and 2017, respectively)	-	7,542	7,542	379,433	774,678	1,154,111	1,161,653	1,095,029
Travel	-	-	-	156,523	642,652	799,175	799,175	660,555
Travel - Israeli speakers	-	119,183	119,183	-	63,711	63,711	182,894	133,942
Marketing	-	-	-	55,043	747,887	802,930	802,930	1,275,432
Communications-Telephone and Internet	-	-	-	62,442	130,136	192,578	192,578	243,161
Conference and meetings	-	-	-	-	267,138	267,138	267,138	188,015
Postage and shipping	-	677	677	33,549	49,527	83,076	83,753	96,711
Supplies (includes dues and subscriptions)	-	-	-	41,091	61,837	102,928	102,928	141,719
Equipment rental and maintenance	-	-	-	87,504	-	87,504	87,504	112,472
Professional fees	-	-	-	1,258,883	187,894	1,446,777	1,446,777	1,655,887
Insurance	-	-	-	241,961	-	241,961	241,961	230,202
Campaign events (includes fundraising costs for the World Tour - New York of $850,635 and $0 in fiscal 2018 and 2017, respectively)	-	-	-	-	1,346,697	1,346,697	1,346,697	756,165
Bad debt expense	-	-	-	1,177,421	-	1,177,421	1,177,421	-
Other	-	-	-	11,538	16,479	28,017	28,017	30,168
Total personnel costs and other expenses before depreciation and amortization	-	868,071	868,071	7,114,984	12,890,672	20,005,656	20,873,727	19,882,388
Depreciation and amortization	-	-	-	196,410	235,651	432,061	432,061	442,055
Total personnel costs and other expenses	-	868,071	868,071	7,311,394	13,126,323	20,437,717	21,305,788	20,324,443
Total expenses	$ 56,936,953	$ 868,071	$ 57,805,024	$ 7,311,394	$ 13,126,323	$ 20,437,717	$ 78,242,741	$ 101,656,578

The accompanying notes are an integral part of this financial statement.

AMERICAN SOCIETY FOR TECHNION-
ISRAEL INSTITUTE OF TECHNOLOGY, INC.
Statement of Cash Flows
For the year ended September 30, 2018, with summarized comparative totals for the year ended September 30, 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 5,734,351	$ 29,172,439
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	432,061	442,055
Unrealized/realized gain on investments	(20,202,851)	(33,558,956)
Actuarial gain on annuity obligations	(137,287)	(1,245,054)
Contributions restricted for long-term investment purposes	(3,241,151)	(12,464,337)
Contributions restricted for annuity agreements	(1,495,969)	(1,085,811)
Contributions restricted for beneficial interest in remainder trusts	(3,882,183)	(5,493,200)
Proceeds from beneficial interest in remainder trusts	329,410	2,275,160
Change in value of beneficial interest in remainder trusts	733,984	(1,384,705)
Decrease (increase) in assets:		
Contributions receivable	7,247,178	13,206,750
Other receivables	(187,883)	(31,836)
Cash surrender value of life insurance policies	(9,541)	(101,498)
Prepaid expenses and other assets	(1,090,158)	48,940
Loan receivable	2,146,444	520,810
Increase (decrease) in liabilities		
Accounts payable, accrued expenses and other liabilities	896,430	(111,231)
Transmissions payable	1,272,929	(244,808)
Net cash used in operating activities	(11,454,236)	(10,055,282)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed asset acquisitions	(47,449)	(88,772)
Purchase of investments	(34,482,363)	(65,483,183)
Proceeds from sale of investments	39,357,209	58,735,854
Net cash provided by (used in) investing activities	4,827,397	(6,836,101)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions for long-term investment purposes	3,241,151	12,464,337
Proceeds from contributions restricted for investment subject to annuity agreements	6,097,811	2,919,490
Payment of annuity obligations	(2,522,426)	(2,596,011)
Investment income subject to annuity agreements	1,832,016	3,242,159
Repayment of loan	(11,300,000)	-
Proceeds from term credit and security facility	11,300,000	-
Net cash provided by financing activities	8,648,552	16,029,975
Net change in cash	2,021,713	(861,408)
Cash, beginning of year	2,544,421	3,405,829
Cash, end of year	$ 4,566,134	$ 2,544,421
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 334,751	$ 220,410
Noncash items:		
Interest on loan receivable	$ 1,753,767	$ 1,788,324
Grants to Technion-Israel Institute of Technology, Inc.	$ (1,753,767)	$ (1,788,324)

The accompanying notes are an integral part of this financial statement.

1. NATURE OF ORGANIZATION

The purpose as stated in the bylaws of American Society for Technion-Israel Institute of Technology, Inc. (the "Society") is to promote, encourage, aid and advance technological, scientific and industrial higher and secondary education, research and training in Israel and elsewhere. Its goal is to enable Technion-Israel Institute of Technology ("Technion") to be among the world's leading institutions and improve the well-being of Israel and all humanity through leadership in science and technology. The Society also provides other assistance to Technion.

The Society's primary source of revenue is contributions. The Society is based in New York City and operates a network of regional offices and chapters throughout the United States of America (U.S.).

The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Society is subject to unrelated business income taxes as a result of certain investments in limited partnerships.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") applicable to not-for-profit entities.

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"). The ASU amends the current reporting model for not-for-profit organizations and requires certain additional disclosures. The significant changes include:

- Requiring the presentation of two net asset classes classified as "net assets without donor restrictions" and "net assets with donor restrictions";
- Modifying the presentation of underwater endowment funds and related disclosures;
- Requiring the use of the placed in service approach to recognize the satisfaction of restrictions on gifts used to acquire or construct long-lived assets, absent explicit donor stipulations otherwise;
- Requiring that all not-for-profits present an analysis of expenses by function and nature in a separate statement or in the notes to the financial statements;
- Requiring disclosure of quantitative and qualitative information on liquidity;
- Presenting investment return net of external and direct internal investment expenses; and
- Modifying other financial statement reporting requirements and disclosures intended to increase the usefulness to the reader.

ASU 2016-14 is effective for the Society's fiscal year beginning October 1, 2018, with early application permitted. The Society elected to early adopt the provisions of ASU 2016-14 in fiscal year 2018 and has applied the amendments retrospectively as required by the standard. A presentation of net assets as previously reported as of September 30, 2017 and 2016, and as required under ASU 2016-14 follows:

		September 30, 2017 Presentation under ASU 2016-14		
	As Previously Presented	Without Donor Restrictions	With Donor Restrictions	Total
Net assets:				
Unrestricted	$ 11,763,129	$ 11,763,129	$ -	$ 11,763,129
Temporarily restricted	152,040,083	-	152,040,083	152,040,083
Permanently restricted	323,220,774	-	323,220,774	323,220,774
Total net assets	$ 487,023,986	11,763,129	475,260,857	487,023,986
Restatement due to change in accounting for underwater endowments		417,599	(417,599)	-
Net assets as restated in accordance with ASU 2016-14		$ 12,180,728	$ 474,843,258	$ 487,023,986

		September 30, 2016 Presentation under ASU 2016-14		
	As Previously Presented	Without Donor Restrictions	With Donor Restrictions	Total
Net assets:				
Unrestricted	$ 11,525,732	$ 11,525,732	$ -	$ 11,525,732
Temporarily restricted	135,569,378	-	135,569,378	135,569,378
Permanently restricted	310,756,437	-	310,756,437	310,756,437
Total net assets	$ 457,851,547	11,525,732	446,325,815	457,851,547
Restatement due to change in accounting for underwater endowments		3,906,326	(3,906,326)	-
Net assets as restated in accordance with ASU 2016-14		$ 15,432,058	$ 442,419,489	$ 457,851,547

The underwater endowment balances of $417,599 and $3,906,326 at September 30, 2017 and 2016, respectively, are reclassified to reduce net assets with donor restrictions and restore net assets without donor restrictions as required under ASU 2016-14.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Investments are recorded at fair value based upon market value. Fair value is 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. As required by U.S. GAAP for fair value measurement, the Society uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Securities that have little to no observable pricing. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Society. The Society considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Society's perceived risk of that instrument.

Investments in marketable securities are stated at fair value based on quoted market prices. Refer to Notes 3 and 4 for marketable securities classified within the fair value hierarchy. State of Israel Bonds are generally stated at cost, which approximates fair value.

Alternative investments include investments in limited partnership funds (hedge funds and private equity of nonregistered funds). Alternative investment interests are stated at fair value based on financial statements and other information received from the funds. Fair value is the estimated net realizable value of holdings priced at quoted market value (where market quotations are available), historical cost or other estimates including appraisals. The Society believes that the stated value of its alternative investments was a reasonable estimate of their fair value as of September 30, 2018. However, alternative investments are not readily marketable and many alternative investments have underlying investments which do not have quoted market values. The estimated value is subject to uncertainty and could differ had a ready market existed. Such differences could be material to the valuation of some of the Society's alternative investments. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements. See Notes 3 and 4 for table which sets forth by level, within the fair value hierarchy, the assets at fair value.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility 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 the amounts reported in the Society's financial statements.

Split-interest Agreements

The Society's investments include funds subject to split-interest agreements. Contribution revenues for split-interest agreements are recognized at the date the agreement is established, net of the liability recorded for the present value of the future payments to be made to the respective donors and/or other beneficiaries.

The present values of payments to beneficiaries of split-interest agreements are calculated using discount rates of 2.04% to 6%. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset class in the statement of activities.

Other Receivables

Other receivables consist mainly of a note receivable, which is discussed in Note 9.

Allowance for Doubtful Accounts

The Society determines whether an allowance for doubtful accounts should be provided for contributions receivable, other receivables, and loan receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions, subsequent receipts and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables.

Fixed Assets

Fixed assets are reported at cost and depreciated on the straight-line method over their estimated useful lives. The Society's policy is to capitalize items with a cost of $1,500 or greater, and a useful life of greater than one year.

Transmissions Payable and Grants

Grants to Technion-Israel Institute of Technology and other beneficiary organizations are made pursuant to authorization of the Board of Directors of the Society.

Net Assets

The Society classifies its net assets in the following categories:

Net Assets Without Donor Restrictions
Represent net assets whose use by the Society has not been restricted by donors or time. Net assets without donor restrictions are funds that are fully available, at the discretion of the Society's Board of Directors and management, to be utilized in any of the Society's programs or supporting services. Net assets without donor restrictions may be designated by the Society's Board of Directors for certain specific purposes or may be limited by legal requirements or contractual agreements with outside parties.

Net Assets With Donor Restrictions
Net assets with donor restrictions are those whose use by the Society has been limited by donors to a specific time period or purpose. The Society's net assets with donor restriction include net assets that have been restricted by donors that require the Society to use or expend the gifts as specified, based on purpose or passage of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Net assets with donor restriction also include gifts where donors stipulated that the Society maintain the corpus in perpetuity, but allow for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purpose.

Contributions

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. Gifts received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give are recorded as receivables and revenues and are recognized when the promises are made at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value which is measured at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates. Conditional promises to give are not included as support until the conditions are substantially met.

Investment Income

Investment income is reflected net of investment management fees and unrelated business income tax.

Functional Allocation of Expenses

The costs of providing the Society's services have been summarized on a functional basis. The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported within that functional area. Indirect expenses that benefit multiple functional areas have been allocated by the Society based upon the square footage or number of employees.

Income Taxes

The Society follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement.

This standard provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Society has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Society has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Cash

The Society classifies deposits in banks and money market accounts with original maturities of three months or less as cash equivalents, excluding cash and cash equivalents available for long-term investment, which are included within investments in the accompanying statements of financial position.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, “Leases”. This ASU will require lessees to recognize almost all leases on the balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as finance leases or operating leases. This update is effective for the fiscal year beginning October 1, 2020, with early adoption permitted. The Society is currently assessing the effect that adoption of the new standard will have on its financial statements.

In June 2018, the FASB issued ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. For contributions received by the Society, this update is effective for the fiscal year beginning October 1, 2019. For contributions made, this update is effective for the fiscal year beginning October 1, 2020. The Society is currently evaluating the new guidance and has not determined the impact this standard may have on the financial statements nor decided upon the method of adoption.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Society’s financial statements as of and for the year ended September 30, 2017, from which the summarized information was derived.

3. POOLED INVESTMENTS

The following tables set forth by level, within the fair value hierarchy, the pooled investments at fair value at September 30, 2018 and 2017. See Note 2 for a full description of the various levels. Included in the total pooled investment balance of $314,052,578 and $308,733,756 as of September 30, 2018 and 2017, respectively, are amounts due from fund managers totaling $180,949 and $9,549,892, respectively, for the proceeds from the liquidation of certain investment accounts.

	2018		
	Level 1	**Level 2**	**Total**
Cash and money market mutual funds	$ 18,746,607	$ -	$ 18,746,607
Stocks:			
Commodities and materials, industrial	2,402,876	-	2,402,876
Consumer staples/discretionary	5,923,865	-	5,923,865
Financial	12,482,275	-	12,482,275
Technology	17,569,949	-	17,569,949
Energy	894,205	-	894,205
Healthcare	3,488,773	-	3,488,773
Total stocks	42,761,943	-	42,761,943
Fixed income:			
High yield bonds	-	5,650,759	5,650,759
Exchange traded and index funds:			
U.S. and foreign equities	63,346,473	-	63,346,473
Commodities and natural resources	15,184,064	-	15,184,064
Bond market index fund	20,354,289	-	20,354,289
Total exchange traded and index funds	98,884,826	-	98,884,826
Mutual funds:			
Fixed income	20,602,318	-	20,602,318
Total pooled investments, at fair value	$ 180,995,694	$ 5,650,759	186,646,453
Due from fund managers (holdback from investment liquidations)			180,949
Time deposits, Israeli bonds and notes			15,703,286
Alternative investments measured at NAV			111,521,890
Total pooled investments			$ 314,052,578

	2017		
	Level 1	**Level 2**	**Total**
Cash and money market mutual funds	$ 22,005,416	$ -	$ 22,005,416
Stocks:			
Commodities and materials, industrial	1,220,404	-	1,220,404
Consumer staples/discretionary	10,193,966	-	10,193,966
Financial	12,684,297	-	12,684,297
Technology	7,717,263	-	7,717,263
Energy	753,779	-	753,779
Healthcare	2,620,280	-	2,620,280
Total stocks	35,189,989	-	35,189,989
Fixed income:			
High yield bonds	-	5,457,939	5,457,939
Exchange traded and index funds:			
U.S. and foreign equities	68,673,888	-	68,673,888
Commodities and natural resources	14,800,391	-	14,800,391
Bond market index fund	14,380,276	-	14,380,276
Total exchange traded and index funds	97,854,555	-	97,854,555
Mutual funds:			
Fixed income	14,642,316	-	14,642,316
Total pooled investments, at fair value	$ 169,692,276	$ 5,457,939	175,150,215
Due from fund managers (proceeds from recent investment liquidations)			9,549,892
Time deposits, Israeli bonds and notes			15,950,786
Alternative investments measured at NAV			108,082,863
Total pooled investments			$ 308,733,756

The Society has invested a total of $62.5 million with nine limited partnerships as of September 30, 2018 and $67 million with eight limited partnerships as of September 30, 2017 administered offshore. Of this amount, eight limited partnership investments totaling $61 million and six limited partnership investments totaling $64 million as of September 30, 2018 and 2017, respectively, are managed in the United States.

The following tables present the alternative investments as of September 30, 2018 and 2017:

	2018			
	Fair Value	**Number of Funds**	**Redemption Frequency**	**Redemption Notice Period**
Alternative investments:				
International developed equity [a]	$ 43,318,773	2	Monthly	6-10 days
Flexible capital [b]	56,381,232	4	Annual/Quarterly	45-90 days
Emerging market equity [c]	4,546,242	1	Monthly	15 days
Private equity and venture capital partnerships [d]	7,275,643	9	Illiquid	N/A
	$ 111,521,890			

	2017			
	Fair Value	**Number of Funds**	**Redemption Frequency**	**Redemption Notice Period**
Alternative investments:				
International developed equity [a]	$ 43,360,382	2	Monthly	6-10 days
Flexible capital [b]	51,753,857	4	Annual/Quarterly	45-90 days
Emerging market equity [c]	4,693,863	1	Monthly	15 days
Private equity and venture capital partnerships [d]	8,274,761	9	Illiquid	N/A
	$ 108,082,863			

(a) International developed equity: Investments in value oriented hedge funds that seek to outperform the MSCI EAFE Index. The fair value has been estimated using the net asset value ("NAV") per share of the investments as reported by the fund managers.

(b) Flexible capital: Investments in multi-strategy hedge funds that invest in equities, fixed income, credit opportunities, special situations, merger arbitrage, etc., where value can be realized through a number of methods including restructuring and price corrections. Included in this strategy is an investment in a hedge fund that allows for quarterly redemptions with 90 days' notice and a maximum redeemable amount equivalent to 25% of the investment value. The fair value has been estimated using the NAV per share of the investments as reported by the fund managers.

(c) Emerging market equity: Investment in an international equity manager that invests in both developed and emerging market equities. The fair value has been estimated using the NAV per share of the investments as reported by the fund manager.

(d) Private equity and venture capital partnerships: These are various private equity funds and venture capital partnerships which include Israeli energy and environmental sector focused investments, as well as various fund of funds investments. These are non-marketable and illiquid investments in closed-end private investment funds that have terms over ten years. The manager, or general partners of these investment funds, have full discretion to call capital from and distribute profits to the Society. These investments can never be redeemed within the funds and distributions are received when underlying assets of the funds are liquidated. The fair values of the investments in this class have been estimated using the NAV of the Society's ownership interest in partners' capital.

The Society has subscription agreement commitments totaling $35.4 million and $30.4 million in various hedge funds as of September 30, 2018 and 2017, respectively. In the event of nonpayment, the Society will be subject to penalties in the form of a reduction in its partnership interest or payment of interest. As of September 30, 2018 and 2017, the Society has paid a total of $20.4 million and $24 million, respectively, toward these commitments.

4. NONPOOLED INVESTMENTS

Nonpooled investments consist of investments held for charitable remainder trusts, charitable gift annuities and other specifically designated funds.

The following tables set forth by level, within the fair value hierarchy, the nonpooled investments at fair value at September 30, 2018 and 2017. See Note 2 for a full description of the various levels.

	2018		
	Level 1	**Level 2**	**Total**
Cash and money market mutual funds	$ 6,826,648	$ -	$ 6,826,648
Stocks:			
Consumer growth/staples/cyclical	3,741,753	-	3,741,753
Financial	3,700,873	-	3,700,873
Technology	4,902,130	-	4,902,130
Energy	892,049	-	892,049
Capital equipment	272,836	-	272,836
Industrial commodities	1,029,186	-	1,029,186
Utilities	490,232	-	490,232
Healthcare	1,518,799	-	1,518,799
Homebuilding, transportation and others	578,787	-	578,787
Total stocks	17,126,645	-	17,126,645
Fixed income:			
High yield bonds	-	897,050	897,050
Mutual funds:			
Fixed income	7,285,934	-	7,285,934
Equities:			
International value	6,790,108	-	6,790,108
U.S. and foreign equities	2,057,928	-	2,057,928
Total mutual funds	16,133,970	-	16,133,970
U.S. agency notes and bonds			
U.S. Government obligations	5,819,013	-	5,819,013
Total non-pooled investments, at fair value	$ 45,906,276	$ 897,050	46,803,326
Alternative investments measured at NAV			5,711,109
Time deposits, Israeli bonds and notes			6,465,518
Total non-pooled investments			$ 58,979,953

	2017		
	Level 1	**Level 2**	**Total**
Cash and money market mutual funds	$ 650,921	$ -	$ 650,921
Stocks:			
Consumer growth/staples/cyclical	5,297,757	-	5,297,757
Financial	3,767,669	-	3,767,669
Technology	3,290,573	-	3,290,573
Energy	682,054	-	682,054
Capital equipment	1,001,344	-	1,001,344
Industrial commodities	216,280	-	216,280
Utilities	533,562	-	533,562
Healthcare	152,503	-	152,503
Services	249,738	-	249,738
Total stocks	15,191,480	-	15,191,480
Fixed income:			
High yield bonds	-	974,517	974,517
Investment grade corporate bonds	1,604,789	-	1,604,789
Other fixed income	-	1,629,051	1,629,051
Total fixed income	1,604,789	2,603,568	4,208,357
Mutual funds:			
Fixed income	5,008,184	-	5,008,184
Equities:			
International value	6,445,083	-	6,445,083
U.S. and foreign equities	2,293,879	-	2,293,879
Total mutual funds	13,747,146	-	13,747,146
U.S. agency notes and bonds			
U.S. Government obligations	2,567,321	-	2,567,321
Municipal bonds	-	709,276	709,276
Total U.S. agency notes and bonds	2,567,321	709,276	3,276,597
Total non-pooled investments, at fair value	$ 33,761,657	$ 3,312,844	37,074,501
Alternative investments measured at NAV			5,642,251
Time deposits, Israeli bonds and notes			6,254,018
Total non-pooled investments			$ 48,970,770

The following tables present alternative investments as of September 30, 2018 and 2017:

	2018			
	Fair Value	**Number of Funds**	**Redemption Frequency**	**Redemption Notice Period**
Alternative investments:				
International developed equity [a]	$ 1,847,048	1	Monthly	10 days
Flexible capital [b]	2,831,695	1	Quarterly	90 days
Limited partnership [c]	1,032,366	1	Illiquid	N/A
	$ 5,711,109			

	2017			
	Fair Value	**Number of Funds**	**Redemption Frequency**	**Redemption Notice Period**
Alternative investments:				
International developed equity [a]	$ 1,826,340	1	Monthly	10 days
Flexible capital [b]	2,783,545	1	Quarterly	90 days
Limited partnership [c]	1,032,366	1	Illiquid	N/A
	$ 5,642,251			

(a) *International developed equity*: Investment in a value oriented hedge fund that seeks to outperform the MSCI EAFE Index. The fair value has been estimated using the NAV per share of the investments as reported by the fund manager.

(b) *Flexible capital*: Investment in a credit oriented multi-strategy hedge fund that focuses on situations where value can be realized through a number of methods, including restructuring and price corrections. The investment can be redeemed quarterly with 90 days' notice and a maximum redemption equivalent to 25% of the investment value. The fair value has been estimated using the NAV per share of the investments as reported by the fund managers.

(c) *Limited partnership*: Investment in a limited partnership that invests solely in a real estate property. The fair value of the investment in this class has been estimated based on the Society's ownership interest in the investment.

5. INVESTMENT INCOME, NET

	2018	**2017**
Interest and dividends	$ 6,062,667	$ 5,654,214
Realized and unrealized gains on investments	13,170,619	30,648,305
Investment income	19,233,286	36,302,519
Less: investment management fees	(956,494)	(1,101,855)
Total investment income, net	$ 18,276,792	$ 35,200,664

6. LOAN RECEIVABLE

Effective September 30, 2010, the advances to Technion were converted to a 30-year loan receivable bearing an interest rate of 4% per annum. The interest is used to provide grants to Technion. The loan is collateralized by investments held at Technion. The principal is payable as a lump-sum payment on September 30, 2040, but prepayments are permitted. The loan may be renewed on or before September 30, 2040 upon the mutual consent of both the Society and Technion.

The loan was reduced by $1,146,144 and $520,810 from the amounts recovered from the Trustee for the Liquidation of Bernard Madoff Investments Securities LLC in 2018 and 2017, respectively, as described in Note 11, and $1,000,000 payment made by the Technion in 2018.

7. CONTRIBUTIONS RECEIVABLE

All unconditional contributions receivable have been recorded at present value. Those receivables that are due in more than one year have been discounted to their present value using discount rates ranging between 1.56% and 6%. The receivables at September 30, 2018 and 2017 were due as follows:

	2018
2019	$ 28,276,579
2020	12,852,459
2021	8,026,657
2022	5,205,125
2023	1,971,275
Thereafter	9,064,763
	65,396,858
Due as of September 30, 2018	11,416,221
	76,813,079
Less: discount to present value	(3,269,302)
Present value of contributions receivable	73,543,777
Less: allowance for doubtful accounts	(8,947,850)
Present value of contributions receivable - net of allowance for doubtful accounts	$ 64,595,927

2017	
2018	$ 19,039,977
2019	18,934,664
2020	9,916,644
2021	7,645,230
2022	4,675,251
Thereafter	10,629,242
	70,841,008
Due as of September 30, 2017	12,890,662
	83,731,670
Less: discount to present value	(3,988,572)
Present value of contributions receivable	79,743,098
Less: allowance for doubtful accounts	(7,899,993)
Present value of contributions receivable - net of allowance for doubtful accounts	$ 71,843,105

In March 2018, the Society entered into a grant agreement totaling $50 million with a family foundation that is payable in various installments through June 2027, subject to the completion of program milestones, as set forth in the agreement, to the reasonable satisfaction of the foundation. Therefore, the related grant funds are not reflected within the contributions receivable balance on the statement of financial position as of September 30, 2018.

8. SPLIT-INTEREST AGREEMENTS

The Society is a beneficiary under certain split-interest agreements in which the donor has established a charitable remainder unitrust, annuity trust or charitable gift annuity with specified distributions to be made over the term of the trust to the donor and/or other beneficiaries. The Society manages and invests these assets on behalf of these beneficiaries until the agreement expires and the assets are distributed. Contribution revenue is recognized at the date the trust or annuity contract is established after recording liabilities for the present value of the estimated future payments expected to be made to the donors and/or other beneficiaries. The liabilities are adjusted annually for changes in the life expectancy of the donor or beneficiary, amortization of the discount and other changes in the estimates of future payments. The discount rate used to value new split-interest agreements was 3.23%. The Society's liabilities under split-interest agreements were classified as Level 3 within the fair value hierarchy as required by U.S. GAAP for fair value measurement (see Note 2).

The following table summarizes the changes in the Society's Level 3 liabilities under split-interest agreements for the years ended September 30, 2018 and 2017:

	Annuity Obligations	
	2018	**2017**
Balance, beginning of year	$ 18,612,618	$ 17,377,845
New agreements	4,601,842	2,919,490
Payments to annuitants	(2,522,426)	(2,596,011)
Terminated contracts	(777,251)	(1,173,754)
Change in value due to actuarial valuations	2,471,980	2,085,048
Balance, end of year	$ 22,386,763	$ 18,612,618

The Society is a trustee and the beneficiary of a charitable remainder unitrust that also benefits a third party. Included in accounts payable, accrued expenses and other liabilities is $873,381 and $852,230 representing the liability owed to the third party as of September 30, 2018 and 2017, respectively.

The Society is also the beneficiary of various split-interest agreements that are held and administered by others. When the Society is not the trustee, the beneficial interest in the trust is recorded at the fair value of the assets at the statement of financial position date less the present value of estimated future payments expected to be made to donors and/or other beneficiaries.

The Society's assets of trusts and other split-interest agreements held by others are classified as Level 3 within the fair value hierarchy. The following table summarizes the changes in the Society's Level 3 assets of trusts and other split-interest agreements held by others for the years ended September 30, 2018 and 2017:

	Beneficial Interests in Trusts	
	2018	**2017**
Balance, beginning of year	$ 32,908,849	$ 28,306,104
New agreements	3,882,182	5,493,200
Terminated agreements	(329,410)	(2,275,160)
Change in value of trust assets	(733,984)	1,384,705
Balance, end of year	$ 35,727,637	$ 32,908,849

The investments in split-interest agreements are included in nonpooled investments in the statement of financial position and are summarized within the fair value hierarchy (see Note 2) included with the nonpooled investments (Note 4). The assets of the split-interest agreements are allocated to net assets without donor restrictions and net assets with donor restrictions as follows:

	2018	2017
Net assets without donor restrictions	$ 8,227,644	$ 4,512,510
Net assets with donor restrictions	38,559,448	39,431,351
	$ 46,787,092	$ 43,943,861

9. OTHER RECEIVABLES

Included in other receivables is a promissory note that benefits the Society in the original amount of $450,000. The principal and interest of 6.25% is payable monthly in equal installments and the entire unpaid principal is payable on September 20, 2021 with a balloon payment of $292,958 due at that time. The note is collateralized by a mortgage on a property located in Florida. The balance of the promissory note for the years ended September 30, 2018 and 2017 was $352,123 and $369,006, respectively.

10. FIXED ASSETS

	2018				2017			
	Cost	Accumulated Depreciation	Net	Estimated Useful Lives	Cost	Accumulated Depreciation	Net	Estimated Useful Lives
Office condominium	$ 9,801,289	$ 4,359,531	$ 5,441,758	40 years	$ 9,801,289	$ 4,114,499	$ 5,686,790	40 years
Office condominium improvements	3,008,522	1,315,872	1,692,650	35 - 40 years	3,008,522	1,239,654	1,768,868	35 - 40 years
Furniture and equipment	4,002,128	3,801,241	200,887	3 - 7 years	3,954,679	3,690,430	264,249	3 - 7 years
	$ 16,811,939	$ 9,476,644	$ 7,335,295		$ 16,764,490	$ 9,044,583	$ 7,719,907	

The office condominium and related improvements house the national office of the Society located in New York City.

11. RECOVERY OF PREVIOUSLY IMPAIRED ASSET

The United States Bankruptcy Court for the Southern District of New York has granted the motions of the Trustee for the Liquidation of Bernard L. Madoff Investment Securities LLC for an Order Approving the Allocation of Property to the Fund of Customer Property and Authorizing Interim Distributions to Customers. The Society received a distribution of $1,195,084 and $542,906 during the years ended September 30, 2018 and 2017, respectively. As of September 30, 2018 and 2017, the Society has received partial distributions of $20,956,403 and $19,761,319, respectively, which represents 66.74% and 62.934% of its allowed claim of $31.4 million.

As agreed between the Society and Technion, the Society will reduce the amount of the loan due from Technion equal to the amount recovered from the Trustee of the Liquidation of Bernard L. Madoff Investment Securities LLC, excluding amount allocated to the Sam Neaman Fund (see Note 6).

12. LOAN PAYABLE

As of September 30, 2017, the Society had a $11.3 million term loan from Citibank N.A. that was obtained on November 21, 2011 (the "2011 Loan") to fund the retirement of its outstanding tax-exempt bonds issued through the Industrial Development Agency of New York ("IDA"). Proceeds from the IDA bond issue were used to finance the acquisition and renovation of its principal office building at 55 East 59th Street, New York, New York. The 2011 Loan, which bear equivalent to the 30-day LIBOR plus bank service charge of 90 basis points, was scheduled to mature on November 30, 2019.

On August 3, 2018, the Society fully paid the 2011 Loan from the proceeds of a new 5-year term credit and security facility in the amount of $11.3 million (the "2018 Loan") with Citibank. The 2018 Loan bears a 3.985% fixed rate of interest and will mature on July 13, 2023.

There is no penalty for early repayment of the loan. The average interest was 2.96% at September 30, 2018 and 2.14% at September 30, 2017, and is payable monthly. Interest expense was $334,751 in 2018 and $220,410 in 2017.

The loan is collateralized by certain investments of the Society.

13. CAMPAIGN (UNAUDITED)

For purposes of measuring performance against a long-range plan, the Society accounts for its campaign revenues for internal reports without discounting gifts to their present value and without excluding bequest and non-binding receivables (Note 18), which is not in accordance with U.S. GAAP.

The following is a summary of differences between the internal reports and the financial statements (unaudited):

	2018		2017	
Total campaign (for internal purposes)		$ 165,809,750		$ 120,946,675
Direct payments to Technion *		(9,825,588)		(2,228,898)
Discount:				
Recapture of prior years' discount	$ 2,912,084		$ 3,752,722	
Current year's discount	(6,700,946)	(3,788,862)	(2,540,483)	1,212,239
Bequest receivables and non-binding pledges:				
New bequest receivables and non-binding pledges	(115,054,941)		(78,978,000)	
Payment on bequest receivables and non-binding pledges	26,679,991	(88,374,950)	52,014,903	(26,963,097)
Recognition of cash surrender value of insurance policies		9,541		101,497
Direct costs of special events		(36,432)		(317,856)
Trust portion allocated to public support:				
Investment income	1,832,016		3,242,159	-
Payments to annuitants	(2,522,426)	(690,410)	(2,596,011)	646,148
Total public support (statement of activities)		$ 63,103,049		$ 93,396,708

* Direct payments to Technion are gifts from U.S. donors that are negotiated by the Society. Expenses incurred by the Society in obtaining these gifts are included in the total supporting services.

14. RETIREMENT PLAN AND POSTRETIREMENT MEDICAL BENEFITS

The Society has a defined contribution retirement plan covering all eligible employees. The plan is managed by TIAA-CREF. In 2017, the Society contributed 9% of eligible employees' salaries for the first five years in the plan with additional contributions as allowed by law at one percentage point for each subsequent year, but not to exceed 12%. In 2018, the Society contributed 6% of eligible employees' salaries to the plan. The Society has a supplemental defined contribution retirement plan whereby it contributes 4% of certain executive salaries. Covered employees are entitled to the proceeds only upon retirement.

The expense for the year relating to these plans was $529,029 in 2018 and $857,935 in 2017.

Effective October 1, 2004, the Society adopted a policy to provide postretirement medical benefits (Medigap coverage) to certain qualified employees. The Society also provides additional postretirement benefits to a former executive employee in the form of long-term care coverage.

The following table sets forth the plan's funded status and amounts recognized in accounts payable and accrued expenses on the statement of financial position at September 30, 2018 and 2017.

	2018	2017
Projected benefit obligation at September 30	$ (2,000,249)	$ (1,920,192)
Funded status	$ (2,000,249)	$ (1,920,192)
Accrued benefit costs recognized in the statement of financial position	$ 2,000,240	$ 1,920,192
Weighted average assumptions as of September 30:		
Discount rate	4.05 %	4.05 %
Expected return on plan assets	N/A	N/A
Benefit cost	$ 100,000	$ 122,454

The expense computation assumes future medical cost inflation of 5% per year. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate: increasing the assumed health care cost trend by 1% point in each year would increase the accumulated postretirement benefit obligation by $373,291.

15. COMMITMENT AND CONTINGENCIES

The Society leases its regional offices under various operating leases. The rent expense incurred for the years ended September 30, 2018 and 2017 was $355,605 and $399,660, respectively, exclusive of rent tax and rubbish removal. The leases terminate on various dates through December 2022. The Society also has an employment agreement with a key employee that extends through September 2022.

The estimated minimum lease and employment commitments are as follows:

2019	$ 804,226
2020	673,247
2021	655,810
2022	636,583
	$ 2,769,866

In August 2018, ATS entered into a credit and security agreement with a local bank for a $8.7 million revolving demand loan that bears interest equivalent to the 1- month ICE LIBO rate plus 90 basis points. The revolving credit facility is payable interest-only until principal is demanded by the lending institution. As of September 30, 2018, the Society has not drawn upon the credit facility.

The credit facility is collateralized by certain investments of the Society.

16. CHARGES TO OFFSET FUND-RAISING COSTS

A charge was placed on cash received from permitted restricted and endowment contributions based upon a percentage agreed to by the donors. The charge is reflected in contributions without donor restrictions and special events in the statement of activities. The total charges for the years ended September 30, 2018 and 2017 were $4,591,644 and $6,480,406, respectively.

The Society also received trust and annuity gifts which are not subject to any charges until the contracts are terminated.

17. CONCENTRATIONS

Financial instruments which potentially subject the Society to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

Total contributions receivable at September 30, 2018 and 2017 include $52,127,559 from thirteen donors and $52,615,078 from twelve donors, respectively. The current discounted value of these contributions receivable is $50,262,167 and $49,977,482, respectively.

Total contribution revenue for the years ended September 30, 2018 and 2017 include $29,651,538 from nine donors and $42,124,324 from five donors, respectively.

18. BEQUEST RECEIVABLES AND NON-BINDING PLEDGES

The Society obtains gifts whereby a donor makes a gift agreement with payment to be made from the donor's estate or a donor-advised fund. The Society has also received letters of gift intentions. There are contingencies as to the collectability of the receivables. The total amount receivable from bequests and non-binding pledges of $442,321,436 (unaudited) is not reflected as an asset on the financial statements. During the years ended September 30, 2018 and 2017, $26,679,991 and $52,014,903, respectively, was collected from bequest commitments and non-binding pledges recorded as contributions in the financial statements.

19. NET ASSETS

Interpretation of Relevant Law

The Board of Directors of the Society has adopted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. The Society is now governed by the NYPMIFA spending policy, which establishes a maximum spending limit of 7% of the average of its previous five years' balance. As a result of this interpretation, the Society classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the Society's donor-restricted endowment fund includes the accumulated unspent earnings on the donor-restricted endowment funds that remains within net assets with donor restrictions until those amounts are appropriated for expenditure by the Society in a manner consistent with the standards of prudence prescribed by NYPMIFA.

Return Objectives, Strategies Employed and Spending Policy

The primary objective of the endowment is to preserve the purchasing power of its assets, while providing a continuing and stable funding source to support the current and future mission of the Society. The Society seeks to generate a total return that will exceed its operating expenses and distribution requirements, as well as all expenses associated with managing the Society and the eroding effects of inflation, with the excess above and beyond the amount approved for expenditure or distribution reinvested in the Society.

The Society has a long-term investment horizon with relatively moderate liquidity needs and therefore can tolerate short- and intermediate-term volatility provided that long-term returns meet or exceed its investment objective. A portion of the endowment may be invested in asset classes and investment strategies with a higher risk-return profile, as appropriate.

During fiscal years 2018 and 2017, the Society is permitted to spend interest and dividend income plus realized and unrealized capital gains from the endowment's investments up to the 7% spending rate.

Endowment Net Asset Composition as of September 30, 2018 and 2017

Endowment net assets are comprised of the following:

	2018	2017
Endowments for funds held in perpetuity		
Original corpus	$ 320,834,890	$ 319,314,448
Unappropriated accumulated earnings	35,481,223	34,967,815
	$ 356,316,113	$ 354,282,263
Term endowment (inclusive of accumulated earnings of $896,817 and $0, respectively)	9,581,817	13,435,000
Total endowment net assets	$ 365,897,930	$ 367,717,263

Changes in endowment net assets for the years ended September 30, 2018 and 2017 are composed of the following:

	2018		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year, as restated	$ -	$ 367,717,263	$ 367,717,263
Interest and dividends	-	7,308,811	7,308,811
Unrealized and realized gains	-	11,739,705	11,739,705
Contributions	-	3,313,251	3,313,251
Present value discount/appreciation of contributions receivable	-	51,405	51,405
Contribution of and change in value of beneficial interest in remainder trusts	-	(123,505)	(123,505)
Appropriation for expenses/satisfaction of program restrictions	-	(24,109,000)	(24,109,000)
Endowment net assets, at end of year	$ -	$ 365,897,930	$ 365,897,930

	2017		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ (3,906,326)	$ 329,185,542	$ 325,279,216
Cumulative effect adjustment due to change in accounting standard	3,906,326	(3,906,326)	-
Endowment net assets, beginning of year, as restated	-	325,279,216	325,279,216
Interest and dividends	-	6,753,384	6,753,384
Unrealized and realized gains	-	27,848,003	27,848,003
Contributions	-	21,085,644	21,085,644
Present value discount/appreciation of contributions receivable	-	282,875	282,875
Contribution of and change in value of beneficial interest in remainder trusts	-	4,530,818	4,530,818
Appropriation for expenses/satisfaction of program restrictions and bad debts	-	(18,062,677)	(18,062,677)
Endowment net assets, at end of year	$ -	$ 367,717,263	$ 367,717,263

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Organization to retain as a fund of perpetual duration due to unfavorable market fluctuations. In accordance with GAAP, deficiencies of this nature that are reported in net assets with restrictions were $143,455 and $417,599 as of September 30, 2018 and 2017, respectively. Underwater endowment net assets are comprised of the following:

	2018	2017
Original gift	$ 3,979,448	$ 12,763,864
Accumulated losses	(143,455)	(417,599)
	$ 3,835,993	$ 12,346,265

As a policy, the Society does not appropriate from underwater endowment funds. Any appropriations from underwater endowment funds are based on specific permission from the donor or, in the case of endowment funds from deceased donors, in accordance with the Society's general endowment spending policy. Appropriations from underwater endowment funds for the years ended September 30, 2018 and 2017 totaled $180,000 and $0 in 2018 and 2017, respectively.

Net Assets Without Restrictions

Net assets without restrictions are available for operations.

Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods:

	2018	2017
Education	$ 361,984,688	$ 363,603,113
Research	68,717,931	72,936,409
Capital projects	11,649,616	14,012,594
Time restrictions	25,541,670	24,291,142
	$ 467,893,905	$ 474,843,258

Net assets with donor restrictions were released from donor restrictions by incurring expenditures satisfying the following donor restrictions or by occurrence of other events specified by donors.

	2018	2017
Purpose restriction accomplished:		
Education	$ 36,796,507	$ 32,870,571
Research	11,394,555	42,713,416
Capital projects	5,738,891	5,727,148
	$ 53,929,953	$ 81,311,135
Time restrictions	$ 250,218	$ 722,271

20. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Society receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity with the income generated from such endowments used to fund programs. In addition, the Society receives support without donor restrictions that has represented approximately 75% of its annual operating needs, with the remainder funded from appropriated earnings from gifts with donor restrictions.

The Society regularly monitors the availability of resources required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. The Organization's financial assets available within one-year of the statement of financial position date for general expenditures are as follows:

Financial Assets as of September 30, 2018	
Cash	$ 4,566,134
Investments	373,032,531
Contributions receivable	64,595,927
Beneficial interests in trusts	35,727,638
Other receivables and other assets	1,617,487
Total financial assets available within one year	479,539,717
Less:	
Contractual, legal or donor-imposed restrictions:	
Amounts subject to appropriation and satisfaction of donor restrictions	371,988,666
Pledges with donor restrictions	56,946,659
Beneficial interest in trusts	35,727,638
Other receivables and other assets, available after one year	489,460
Illiquid investment	1,032,366
Total amounts unavailable for general expenditures within one year	466,184,789
Total financial assets available within one year to meet general expenditures	$ 13,354,928

As part of the Society's liquidity management, the Society structures its financial assets to be available as its general operations, liabilities, and other obligations require. To manage its liquidity, the Society operates within a prudent range of financial soundness and stability and maintains adequate liquid assets to fund near term operating needs and continues to build its reserves to provide reasonable assurance that long term obligations will be discharged. As an additional source of liquidity, the Society, with approval from its Board, may draw from its $8.7 million line of credit (as further discussed in Note 15), in the event of financial distress or immediate liquidity need resulting from events outside general operations.

21. SUBSEQUENT EVENTS

The Society evaluated its September 30, 2018 financial statements for subsequent events through March 15, 2019, the date the financial statements were available to be issued, and is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.