



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

Financial Statements

December 31, 2015 and 2014

(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 of Jewish Material Claims Against Germany, Inc. (the Claims Conference), which comprise the statements of financial position as of December 31, 2015 and 2014, 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 Claims Conference as of December 31, 2015 and 2014, 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.



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

September 19, 2016

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

Statement of Financial Position

December 31, 2015

Assets	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
Cash and cash equivalents (note 2)	\$ 92,573,842	94,920,897	22,886,103	12,137,337	—	222,518,179
Investments (notes 2 and 3)	490,945,792	41,023,964	—	3,563,518	—	535,533,274
Total cash, cash equivalents and investments	583,519,634	135,944,861	22,886,103	15,700,855	—	758,051,453
Other assets:						
Property compensation receivable	4,621,583	—	—	—	—	4,621,583
Receivable from sale of properties	512,013	—	—	—	—	512,013
Rent receivable from properties	263,382	—	—	—	—	263,382
Grants receivable	—	—	—	8,416,998	—	8,416,998
Other assets, net	1,875,899	—	6,073,968	1,082	—	7,950,949
Loans receivable, net	600,500	—	—	—	—	600,500
Estimated value of unsold restituted properties (note 3)	2,084,684	—	—	—	—	2,084,684
Deferred costs	2,454,099	—	—	—	—	2,454,099
Interfund receivable (note 1)	25,779,362	10,757	2,594,963	210,811	(28,595,893)	—
Total assets	\$ 621,711,156	135,955,618	31,555,034	24,329,746	(28,595,893)	784,955,661
Liabilities and Net Assets						
Liabilities:						
Accrued expenses	\$ 13,666,690	—	6,075,471	886,123	—	20,628,284
Deferred income	116,509	75,578,580	—	160,133	—	75,855,222
Grants payable	220,692,226	59,185,138	9,868,865	7,672,094	—	297,418,323
Goodwill fund	37,681,321	—	—	—	—	37,681,321
Due to cooperating organizations	—	—	10,038,502	—	—	10,038,502
Interfund payables (note 1)	1,746,926	—	26,245,824	603,143	(28,595,893)	—
Total liabilities	273,903,672	134,763,718	52,228,662	9,321,493	(28,595,893)	441,621,652
Contingencies and commitments (notes 8 and 9)						
Net assets:						
Unrestricted net assets:						
For contractual obligations	—	—	—	—	—	—
Designated for programs	164,682,038	1,191,900	—	5,964,804	—	171,838,742
Net funding (deficit)	—	—	(27,013,809)	—	—	(27,013,809)
Designated for future costs	24,351,000	—	—	2,266,151	—	26,617,151
Designated for goodwill and late applicants fund and other uses	54,434,027	—	—	—	—	54,434,027
Unsold restituted properties	1,873,222	—	—	—	—	1,873,222
Designated for longer-term needs	102,467,197	—	—	1,055,054	—	103,522,251
Total unrestricted net assets	347,807,484	1,191,900	(27,013,809)	9,286,009	—	331,271,584
Temporarily restricted net assets:						
For contractual obligations	—	—	6,340,181	—	—	6,340,181
For programs	—	—	—	5,722,244	—	5,722,244
Total temporarily restricted net assets	—	—	6,340,181	5,722,244	—	12,062,425
Total net assets	347,807,484	1,191,900	(20,673,628)	15,008,253	—	343,334,009
Total liabilities and net assets	\$ 621,711,156	135,955,618	31,555,034	24,329,746	(28,595,893)	784,955,661

See accompanying notes to financial statements.

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

Statement of Financial Position

December 31, 2014

Assets	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
Cash and cash equivalents (note 2)	\$ 99,342,784	2,185,201	61,768,637	4,024,719	—	167,321,341
Investments (notes 2 and 3)	652,403,396	20,575,885	—	15,575,959	—	688,555,240
Total cash, cash equivalents and investments	751,746,180	22,761,086	61,768,637	19,600,678	—	855,876,581
Other assets:						
Property compensation receivable	3,308,259	—	—	—	—	3,308,259
Receivable from sale of properties	1,081,821	—	—	—	—	1,081,821
Rent receivable from properties	807,217	—	—	—	—	807,217
Grants receivable	—	—	—	8,107,805	—	8,107,805
Other assets, net	1,138,654	—	7,220,222	—	—	8,358,876
Loans receivable, net	1,039,500	—	—	—	—	1,039,500
Estimated value of unsold restituted properties (note 3)	3,662,288	—	—	—	—	3,662,288
Deferred costs	3,517,323	—	—	—	—	3,517,323
Interfund receivable (note 1)	27,737,600	738,306	2,270,666	1,149,393	(31,895,965)	—
Total assets	\$ 794,038,842	23,499,392	71,259,525	28,857,876	(31,895,965)	885,759,670
Liabilities and Net Assets						
Liabilities:						
Accrued expenses	\$ 13,709,973	—	6,087,572	958,932	—	20,756,477
Deferred income	126,702	—	—	159,911	—	286,613
Grants payable	245,345,459	22,168,984	22,864,185	9,261,662	—	299,640,290
Goodwill fund	43,441,897	—	—	—	—	43,441,897
Due to cooperating organizations	—	—	8,653,353	—	—	8,653,353
Interfund payables (note 1)	2,832,024	727,581	26,986,946	1,349,414	(31,895,965)	—
Total liabilities	305,456,055	22,896,565	64,592,056	11,729,919	(31,895,965)	372,778,630
Contingencies and commitments (notes 8 and 9)						
Net assets:						
Unrestricted net assets:						
For contractual obligations	65,642,400	—	—	—	—	65,642,400
Designated for programs	280,228,235	602,827	—	9,610,681	—	290,441,743
Net funding (deficit)	—	—	(4,367,567)	—	—	(4,367,567)
Designated for future costs	23,704,700	—	—	2,266,905	—	25,971,605
Designated for goodwill and late applicants fund and other uses	71,256,041	—	—	—	—	71,256,041
Unsold restituted properties	2,998,485	—	—	—	—	2,998,485
Designated for longer-term needs	44,752,926	—	—	1,054,922	—	45,807,848
Total unrestricted net assets	488,582,787	602,827	(4,367,567)	12,932,508	—	497,750,555
Temporarily restricted net assets:						
For contractual obligations	—	—	11,035,036	—	—	11,035,036
For programs	—	—	—	4,195,449	—	4,195,449
Total temporarily restricted net assets	—	—	11,035,036	4,195,449	—	15,230,485
Total net assets	488,582,787	602,827	6,667,469	17,127,957	—	512,981,040
Total liabilities and net assets	\$ 794,038,842	23,499,392	71,259,525	28,857,876	(31,895,965)	885,759,670

See accompanying notes to financial statements.

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

Statement of Activities

Year ended December 31, 2015

	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	\$ —	—	409,194,517	—	—	409,194,517
Administrative reimbursement of expenses	—	—	—	—	—	—
Revenue from sold and unsold restituted properties	34,227,718	—	—	—	—	34,227,718
Rental income	315,204	—	—	—	—	315,204
Grants and other	1,658	227,562,300	125	6,015,237	—	233,579,320
Total revenue from operations	34,544,580	227,562,300	409,194,642	6,015,237	—	677,316,759
Investment income (note 2)	2,007,178	10,625	1,330	7,685	—	2,026,818
Total revenues	36,551,758	227,572,925	409,195,972	6,022,922	—	679,343,577
Expenses:						
Program expenses:						
Contractual and other obligations	59,943,240	—	412,819,095	—	—	472,762,335
Goodwill fund	13,377,184	—	—	—	—	13,377,184
Grants	84,422,816	253,941,496	—	8,194,089	—	346,558,401
Total program expenses	157,743,240	253,941,496	412,819,095	8,194,089	—	832,697,920
Other expenses:						
Property restitution program	3,719,788	—	—	—	—	3,719,788
Management and other costs of restituted properties	108,792	—	—	—	—	108,792
Administration	15,544,700	763	23,000,271	62,718	—	38,608,452
Total other expenses	19,373,280	763	23,000,271	62,718	—	42,437,032
Total expenses	177,116,520	253,942,259	435,819,366	8,256,807	—	875,134,952
Deficiency of revenues under expenses before transaction and translation gains (losses)						
	(140,564,762)	(26,369,334)	(26,623,394)	(2,233,885)	—	(195,791,375)
Transaction and translation gains (losses) (note 1)	(210,541)	26,958,407	(717,703)	114,181	—	26,144,344
(Decrease) increase in net assets	(140,775,303)	589,073	(27,341,097)	(2,119,704)	—	(169,647,031)
Net assets at December 31, 2014	488,582,787	602,827	6,667,469	17,127,957	—	512,981,040
Net assets at December 31, 2015	\$ 347,807,484	1,191,900	(20,673,628)	15,008,253	—	343,334,009
Composition of changes in net assets (note 10):						
(Decrease) increase in unrestricted net assets	\$ (140,775,303)	589,073	(22,646,242)	(3,646,499)	—	(166,478,971)
(Decrease) increase in temporarily restricted net assets	—	—	(4,694,855)	1,526,795	—	(3,168,060)
(Decrease) increase in net assets	\$ (140,775,303)	589,073	(27,341,097)	(2,119,704)	—	(169,647,031)

See accompanying notes to financial statements.

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

Statement of Activities

Year ended December 31, 2014

	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	\$ —	—	432,126,179	—	—	432,126,179
Administrative reimbursement of expenses	—	—	34,106,513	27,719	—	34,134,232
Revenue from sold and unsold restituted properties	90,415,438	—	—	—	—	90,415,438
Rental income	1,191,820	—	—	—	—	1,191,820
Grants and other	7,755,232	186,565,555	—	4,037,778	—	198,358,565
Total revenue from operations	99,362,490	186,565,555	466,232,692	4,065,497	—	756,226,234
Investment income (note 2)	2,295,394	160,994	4,689	20,621	—	2,481,698
Total revenues	101,657,884	186,726,549	466,237,381	4,086,118	—	758,707,932
Expenses:						
Program expenses:						
Contractual and other obligations	—	—	466,378,400	—	—	466,378,400
Goodwill fund	31,595,119	—	—	—	—	31,595,119
Grants	129,926,323	190,642,386	—	7,730,714	—	328,299,423
Total program expenses	161,521,442	190,642,386	466,378,400	7,730,714	—	826,272,942
Other expenses:						
Property restitution program	3,719,853	—	—	—	—	3,719,853
Management and other costs of restituted properties	507,159	—	—	—	—	507,159
Administration	16,124,328	63,732	23,480,599	80,604	—	39,749,263
Transfer and other	342,207	—	(129,918)	—	—	212,289
Total other expenses	20,693,547	63,732	23,350,681	80,604	—	44,188,564
Total expenses	182,214,989	190,706,118	489,729,081	7,811,318	—	870,461,506
Deficiency of revenues under expenses before transaction and translation gains (losses)	(80,557,105)	(3,979,569)	(23,491,700)	(3,725,200)	—	(111,753,574)
Transaction and translation gains (losses) (note 1)	(14,704,024)	1,963,557	(3,241,351)	(218,411)	—	(16,200,229)
Decrease in net assets	(95,261,129)	(2,016,012)	(26,733,051)	(3,943,611)	—	(127,953,803)
Net assets at December 31, 2013	583,843,916	2,618,839	33,400,520	21,071,568	—	640,934,843
Net assets at December 31, 2014	\$ 488,582,787	602,827	6,667,469	17,127,957	—	512,981,040
Composition of changes in net assets (note 10):						
(Decrease) increase in unrestricted net assets	\$ (95,261,129)	(2,016,012)	10,203,678	(2,829,543)	—	(89,903,006)
Decrease in temporarily restricted net assets	—	—	(36,936,729)	(1,114,068)	—	(38,050,797)
Decrease in net assets	\$ (95,261,129)	(2,016,012)	(26,733,051)	(3,943,611)	—	(127,953,803)

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Decrease in net assets	\$ (169,647,031)	(127,953,803)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Unrealized depreciation (appreciation) of investments	79,861	(172,001)
Realized loss on sales of investments	3,991	481,596
Increase in allowance for doubtful accounts	—	212,289
Changes in operating assets and liabilities:		
Property compensation receivable	(1,313,324)	7,117,299
Receivable from sale of properties	569,808	196,647
Rent receivable from properties	543,835	481,659
Grants receivable	(309,193)	2,789,695
Other assets, net	407,927	(155,593)
Loans receivable, net	439,000	189,000
Estimated value of unsold restituted properties	1,577,604	2,761,221
Deferred costs	1,063,224	840,378
Accrued expenses	(128,193)	(2,549,098)
Deferred income	75,568,609	(81,664)
Grants payable	(2,221,967)	9,230,197
Goodwill fund	(5,760,576)	(10,345,549)
Due to cooperating organizations	1,385,149	228,874
Net cash used in operating activities	(97,741,276)	(116,728,853)
Cash flows from investing activities:		
Purchases of investments	(1,425,220,160)	(1,037,076,752)
Proceeds from sale of investments	1,578,158,274	1,060,785,568
Net cash provided by investing activities	152,938,114	23,708,816
Net increase (decrease) in cash and cash equivalents	55,196,838	(93,020,037)
Cash and cash equivalents at beginning of year	167,321,341	260,341,378
Cash and cash equivalents at end of year	\$ 222,518,179	167,321,341

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2015 and 2014

(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. The activities of the Claims Conference are more fully described in the following notes to 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:

Unrestricted net assets – 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 unrestricted net assets for various purposes.

Temporarily restricted net assets – 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 unrestricted net assets.

(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. Significant estimates include the valuation of investments and unsold restituted properties and collectibility of receivables.

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Notes to Financial Statements

December 31, 2015 and 2014

(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, 2015 and 2014 (1.09060 and 1.21560), respectively, for assets and liabilities, and (ii) an average of the daily prevailing rates of exchange for the years ended December 31, 2015 and 2014 (1.11006 and 1.32925), respectively, for revenue and expenses. Foreign exchange transactions have also been translated from New Israeli Shekels (NIS) into U.S. dollars at (i) the prevailing rate of exchange at December 31, 2015 and 2014 (3.89680 and 3.90850), respectively, for assets and liabilities and (ii) an average of the daily prevailing rates of exchange for the years ended December 31, 2015 and 2014 (3.87819 and 3.57987), 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.

(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.

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Notes to Financial Statements

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(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, and the carrying amount approximates fair value.

(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. Furthermore, in order to minimize risk from anticipated changes in currency values, the Claims Conference purchases forward currency contracts as described in note 9(a). 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).

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Notes to Financial Statements

December 31, 2015 and 2014

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.

(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, 2015 and 2014, consist of the following:

	2015			
	<u>United States</u>	<u>Israel</u>	<u>Europe</u>	<u>Total</u>
Cash and cash equivalents	\$ 28,577,353	93,112,137	100,828,689	222,518,179
Investments:				
Government money market funds	\$ 100,575,227	—	—	100,575,227
Government bills	104,978,250	—	—	104,978,250
Government notes	144,908,159	—	—	144,908,159
Government-sponsored enterprise	179,746,782	—	—	179,746,782
Government bonds	—	5,010,863	—	5,010,863
Certificates of deposit	313,993	—	—	313,993
Total investments	<u>\$ 530,522,411</u>	<u>5,010,863</u>	<u>—</u>	<u>535,533,274</u>
	2014			
	<u>United States</u>	<u>Israel</u>	<u>Europe</u>	<u>Total</u>
Cash and cash equivalents	\$ 27,950,125	30,452,784	108,918,432	167,321,341
Investments:				
Government money market funds	\$ 102,010,668	—	1,829	102,012,497
Government bills	69,987,000	63,891,981	—	133,878,981
Government notes	145,035,567	—	—	145,035,567
Government-sponsored enterprise	302,303,517	—	—	302,303,517
Government bonds	—	5,010,685	—	5,010,685
Certificates of deposit	313,993	—	—	313,993
Total investments	<u>\$ 619,650,745</u>	<u>68,902,666</u>	<u>1,829</u>	<u>688,555,240</u>

Unrealized (depreciation) appreciation of investments recognized in the statements of activities was approximately \$(79,900) in 2015 and \$172,000 in 2014. Realized losses on sales of investments were approximately \$4,000 in 2015 and \$482,000 in 2014.

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(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, 2015 and 2014:

	2015			
	Total	Level 1	Level 2	Level 3
Investments	\$ 535,533,274	535,533,274	—	—
Estimated value of unsold restituted properties	2,084,684	—	—	2,084,684
	2014			
	Total	Level 1	Level 2	Level 3
Investments	\$ 688,555,240	688,555,240	—	—
Estimated value of unsold restituted properties	3,662,288	—	—	3,662,288

The following table is a rollforward of the financial instruments classified by the Claims Conference in Level 3 for the years ended December 31, 2015 and 2014:

	2015	2014
Fair value at January 1	\$ 3,662,288	6,423,509
Additions	172,434	402,338
Proceeds from sales of properties	(7,840,278)	(4,718,748)
Realized gains on sales of properties, net	5,958,965	2,215,698
Change in unrealized gains and losses, net	483,361	(133,882)
Foreign currency translation adjustment	(352,086)	(526,627)
Fair value at December 31	\$ 2,084,684	3,662,288

The carrying value of assets and liabilities other than investments and estimated value of unsold restituted properties approximate fair value due to their short maturity. These estimated fair values, however, involve unobservable inputs considered to be Level 3 in the fair value hierarchy.

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(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). 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 unrestricted in the accompanying statements of activities.

Revenue from sold and unsold restituted properties during the years ended December 31, 2015 and 2014 comprise the following:

Description	2015	2014
Compensation and other	\$ 27,553,500	87,986,100
Restituted properties:		
Property additions	172,400	402,300
Realized gains on sales	5,959,000	2,215,700
Translation and valuation adjustments	131,200	(660,500)
Other	411,600	471,400
Total	<u>\$ 34,227,700</u>	<u>90,415,000</u>

As of December 31, 2015 and 2014, the total estimated fair value of unsold restituted property was approximately \$2,084,700 and \$3,662,300 (€1,911,500 and €3,012,700), respectively. As of December 31, 2015 and 2014, respectively, the Claims Conference held 163 and 193 different parcels of property.

Certain costs relating to the disposal of restituted property, approximately \$2,454,100 and \$3,517,300 at December 31, 2015 and 2014, respectively, have been recorded as deferred costs. 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 Successor Organization, 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.

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The deadline for applications to the Goodwill Fund has 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 Successor Organization funds.

In 2015 and 2014, the Claims Conference paid out approximately \$14,436,100 (€13,236,900) and \$32,942,000 (€27,099,000), respectively, under this program to original owners and heirs. Since inception, the Claims Conference has paid approximately €711,540,400 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, 2015 and 2014, the reserve for the Goodwill Fund was approximately \$37,681,300 (€34,551,000) and \$43,442,000 (€35,737,000), respectively. The Goodwill Fund expense for 2015 and 2014 was approximately \$13,377,200 (€12,050,900) and \$31,595,100 (€23,769,100), respectively.

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

As of December 31, 2015 and 2014, the Claims Conference has designated amounts totaling approximately \$54,434,000 (€49,912,000) and \$71,256,000 (€58,618,000), respectively, for Goodwill and Late Applicants Fund and Other Uses. A description of the designated uses of the fund is discussed below.

The fund includes the Late Applicants Fund (LAF) for certain applicants who missed the deadline established under the Goodwill Fund, which the Board of Directors of the Claims Conference established in July 2012. The LAF was open for a period of two years and commenced on January 1, 2013 and accepted applications from certain heirs of former owners of Jewish assets located in the former East Germany for which the Claims Conference received proceeds under the German Property Law of 1990. In 2015 and 2014, the Claims Conference undertook an international advertising campaign, informing the general public that certain owners or heirs who had failed to meet the legal deadline for filing claims for Jewish assets in the former East Germany — under the German government deadline or the Goodwill Fund — could participate in the LAF.

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The funds designated also include funds held 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 and include funds with respect to applications where either the required documentary evidence has still not been presented, where heirs in a “community of heirs” have not yet been identified where an indemnification exists arising out of an agreement regarding certain properties, or where a final determination has not been made regarding the validity of certain Goodwill claims. 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.

Designated for Goodwill and Late Applicants Fund and Other Uses also includes the portion of the values of properties restituted to the Claims Conference but not sold as of year-end that management estimates may in the future be subject to pending Goodwill Fund claims. As of December 31, 2015 and 2014, respectively, such values totaled approximately \$211,600 and \$663,700. A final assessment of any Goodwill Fund application associated with such properties will be performed when such properties are sold, and such amounts will be recorded as a liability if the application is approved. If such applications are not approved, the designation will be removed. In addition, designated for Goodwill and Late Applicants Fund and Other Uses includes the portion of the proceeds of bulk settlements that management estimates may be subject to Goodwill Fund payments in the future.

(d) Allocations and Grants

Allocations by the Board of Directors in 2015 and 2014 were approximately \$112,921,000 and \$140,418,000, respectively. These amounts are included in the accompanying financial statements, net of cancellations of approximately \$28,498,000 and \$10,492,000, for the years ended December 31, 2015 and 2014, respectively. The 2015 decrease in the amounts granted is principally because the 2014 allocations included certain commitments designated for the 2015 through 2017 program years. Amounts are paid in accordance with the progress of the specific projects.

(e) Designated for Programs

Through December 31, 2015, the unexpended amount that the Board of Directors has designated for programs totaled approximately \$164,682,000. The Claims Conference anticipates utilizing these funds for the following program years:

2016	\$ 96,682,000
2017	<u>68,000,000</u>
	<u>\$ 164,682,000</u>

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(f) Bulk Settlements

In 2014, the Claims Conference completed separate negotiations with the Federal Office for Central Services and Open Asset Questions (BADV) of the German Ministry of Finance regarding a certain class of bulk settlements for indirect ownership related to certain compensation claims, business properties, and securities for minor stakeholders. The agreements between the Claims Conference and the German Ministry of Finance resulted in payments to the Claims Conference in the amount of approximately \$7,293,000 (€5,335,000). During 2015, there were no bulk settlements with the German Ministry of Finance.

(g) Designated for Contractual Obligations

In 2014, the Claims Conference and the German Government jointly established the Child Survivor Fund (CSF) for Jewish Child Survivors of the Holocaust. The Claims Conference and the German Government agreed that the total amount of the fund will be €175 million. The fund is intended to acknowledge the suffering of Holocaust survivors who endured unimaginable trauma in their childhoods. Commencing in 2015, eligible recipients received a special one-time payment of €2,500. At December 31, 2014, net assets designated for contractual obligations were approximately \$65.6 million for the fund. During 2015, the Claims Conference approved payments of approximately \$86,758,300 (€78,156,400) of which \$59,943,200 (€54,000,000), was funded by the Successor Organization. The remaining payments under this program will be funded by the German Government.

(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, as well as a special fund for research, documentation, and education of the Holocaust. The amount available in these funds at December 31, 2015 and 2014 was approximately \$102,500,000 and \$44,800,000, respectively.

(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 2011 and 2014, multiyear agreements were entered into between the Federal Republic of Germany and the Claims Conference that extends the “Fund for In-Home Services” until 2017. The amount, to be used as a “Fund for In-Home Services,” as negotiated with the Ministry of Finance - Bundesministerium der Finanzen (BMF) was set at €215,000,000 for 2017, €210,000,000 for 2016, €205,000,000 for 2015, and €142,000,000 for 2014. In addition to the €210,000,000 negotiated with the BMF for In-Home Services, the BMF has agreed to provide the Claims Conference with a one-time additional amount of €35,000,000 in 2016 for In-Home Services. This additional amount will take into account the review of the trend in inflation and exchange rates. Revenue and expenses related to BMF funding will be recognized when the welfare organizations are notified of the award and agree to the terms of the allocation letter. In 2015, the Claims Conference received approximately \$75.6 million related to the 2016 contract year, which is included in deferred income.

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In 2015 and early 2016, the Board of Directors approved grant awards of €210,000,000 and €35,000,000, respectively, under this multiyear agreement, the majority of which is expected to be recognized in revenue and expense in 2016.

In 2014, the Board of Directors approved grant awards of €205,000,000 under this multiyear agreement, the majority of which was recognized in revenue and expense in 2015.

(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, allow for small grants to organizations, which aid Jewish victims of Nazi persecution, and provide for administrative costs to be incurred by the Claims Conference. In 2012, this program was expanded to include all Jewish victims of Nazi persecution living in areas of the former Soviet Union and to Eastern European countries, including those, which are part of the European Union.

Net approved payments to individuals from the Hardship Fund were approximately \$108,925,300 and \$126,932,000 (€98,125,600 and €95,491,400) for 2015 and 2014, 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.

Net approved payments to individuals from the Article II Fund were approximately \$213,036,300 and \$257,693,000 (€191,914,200 and €193,863,400) during 2015 and 2014, respectively.

Approximately, €286,931,100 and €263,434,800 of Hardship and Article II funding was received for the years ended December 31, 2015 and 2014, respectively, and is included in the accompanying financial statements at the translated amounts of approximately \$318,510,700 and \$350,171,000, respectively, excluding administrative reimbursement of expenses.

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(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 2015 and 2014, respectively, approximately \$63,862,000 (€57,530,200) and \$81,955,000 (€61,655,000) in funds were provided under this program.

Approved payments to individuals from the CEEF were approximately \$64,042,400 and \$81,753,000 (€57,692,800 and €61,503,500) during 2015 and 2014, respectively.

(d) *Child Survivor Fund*

As discussed in note 4(g), the Claims Conference and the German Government jointly established the CSF for Jewish Child Survivors of the Holocaust. Approximately \$26,821,800 (€24,162,500) in funding was provided by the German Government under this program for the year ended December 31, 2015.

Approved payments to individuals from the CSF Fund in 2015 were approximately \$86,758,300 (€78,156,400) of which \$26,815,100 (€24,156,400) were funded by the German Government and approximately \$59,943,200 (€54,000,000) in payments were funded by the Successor Organization. All future payments under this program will be funded by the German Government.

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

The German Government Funds have a deficit in unrestricted net assets at December 31, 2015 and 2014 of approximately \$27.0 million and \$4.4 million, respectively, due to excess of administrative costs over administrative reimbursement. Such reimbursements are recognized as revenue when the claim is approved and funding is received. During 2015, a request for reimbursement of such expenses has been submitted, which is pending review and approval by the German Government. No funds were received for administrative reimbursement of expenses in 2015 and in 2014, approximately \$34,107,000 (of which \$11,111,000 related to prior years) was received. Temporarily restricted net assets of \$6.3 million and \$11.0 million at December 31, 2015 and 2014, respectively, represent funding received for individual compensation payments to be used in the subsequent year.

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(7) Other Program Funds

The column headed "Other Program Funds" in the accompanying financial statements consist primarily of the following programs:

- (a) 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 2015 and 2014, the Austrian government entered into new agreements for the same purposes. Under these new conditional agreements, the Austrian government agreed to provide an additional amount up to €1,700,000 for 2015 and €1,000,000 through September 2014. During 2015, the Claims Conference received and allocated funds of approximately \$1,925,600 (€1,700,000). As of 2015, all funds under this program were received and allocated.
- (b) In 2014, The Harry and Jeanette Weinberg Foundation (Weinberg Fund) agreed to make an additional \$4,000,000 conditional grant, payable over a three-year period, to the Claims Conference to provide emergency assistance to Jewish victims of Nazism in North America. This grant was for the same purpose as the 2010 agreement covering the five-year period ended 2013. During 2015 and 2014, under these agreements, funds of approximately \$1,500,000 and \$2,000,000, respectively, were received and allocated under this program. Upon initial notification of this additional grant, the Claims Conference allocated \$500,000 in October 2013 for the 2014 funding year.
- (c) 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. During 2013, the Court allocated \$11,250,000 of residual funds remaining in the settlement fund to the Claims Conference to be used over a five-year period, which was recognized as revenue in 2013. The Claims Conference's policy is to allocate such funds when the cash is received. During 2015 and 2014, funds of approximately \$3,093,750 and \$2,205,000, respectively, were received and allocated under this program.
- (d) The Claims Conference provided services to the Claims Resolution Tribunal, which administered claims regarding Swiss bank accounts under the Swiss Banks Settlement. Under this program, the Claims Conference provided certain supportive services for claims processing. The Claims Conference was not vested with the authority, and had no responsibility to make determinations regarding the disposition of any individual case. In August 2014, the claims processing program ended and all remaining claimant funds were returned to the Court. In 2015 and 2014, under the agreement, the Claims Conference received administrative reimbursement (recorded in grants and other) from the Court of approximately \$139,800 and \$270,500, respectively, for the close out of this program.

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- (e) The Claims Conference is responsible for implementing the Victims List program on behalf of the Court to assist in the creation of a database, the purpose of which is to make accessible to the public the names of victims of the Holocaust. During 2015 and 2014, there were no new allocations made under this program. Grants payable includes approximately \$1,800,000 related to the program.
- (f) In 2015 and 2014, the Caritatea Foundation in Romania agreed to provide additional 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 2015 and 2014, the Claims Conference recognized funds of approximately \$2,225,000 and \$410,000, respectively, under this program. During 2015, there were no new allocations made and during 2014, approximately, \$410,000 was allocated under this program.

Temporarily restricted net assets related to the grant are approximately \$2,226,000 at December 31, 2015. Payment of these funds commenced in early 2016.

- (g) The International Commission on Holocaust Era Insurance Claims (ICHEIC) was formed pursuant to a Memorandum of Understanding (MOU), 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 2015 and 2014 no additional funds were received. In 2015 and 2014, allocations totaling approximately \$700,000 and \$1,100,000, respectively, net of cancellations, were made.

Temporarily restricted net assets related to ICHEIC of approximately \$3,496,000 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.

(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, 2015, 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 Successor Organization pursuant to the German Property Restitution Law. In January 2016, the group filed a motion in Tel Aviv District Court in Israel to amend the amount of the joined claims for approximately NIS 28.4 million (\$7,200,000). In the opinion of management, there are meritorious defenses that have been submitted in the statement of defense, affidavits, and during the trial.

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(9) Commitments

(a) Forward Currency Transactions

The Claims Conference purchases forward currency contracts in order to minimize risk from anticipated changes in currency values. Forward currency contracts represent agreements with counterparties to exchange currencies at an agreed-upon exchange rate at a point in time based upon predetermined notional amounts. These instruments involve credit and market risk, arising from the possible inability of counterparties to meet the terms of their contracts and from movements in currency values. The Claims Conference's notional amounts at December 31, 2015 and 2014 were approximately \$272,700,000 and \$295,500,000, respectively. The fair value of these contracts is not material to the financial statements.

(b) 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, 2015 are as follows:

	2016	\$ 2,307,700
	2017	1,836,400
	2018	1,649,100
	2019	1,403,600
	2020	1,030,500
Total		\$ 8,227,300

(10) Temporarily Restricted and Unrestricted Activities

The accompanying statements of activities do not break out unrestricted and temporarily restricted activity but instead such amounts are presented in total by programmatic activity. The following tables provide summarized information for 2015 and 2014 (in thousands):

	Unrestricted	Temporarily restricted	Total 2015
Revenue	\$ 670,778	8,566	679,344
Net assets released from restrictions	11,735	(11,735)	—
Expenses	(875,135)	—	(875,135)
Change in cumulative foreign currency translation	26,144	—	26,144
	\$ (166,478)	(3,169)	(169,647)

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	Unrestricted	Temporarily restricted	Total 2014
Revenue	\$ 747,673	11,035	758,708
Net assets released from restrictions	49,086	(49,086)	—
Expenses	(870,462)	—	(870,462)
Change in cumulative foreign currency translation	(16,200)	—	(16,200)
	\$ (89,903)	(38,051)	(127,954)

(11) 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, 2015 through September 19, 2016, which was the date the financial statements were available to be issued, and determined that, except as disclosed in the following paragraph, there were no additional matters requiring disclosure.

- (a) In February 2016, 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 2016.
- (b) The Claims Conference announced increased funding by the German Ministry of Finance in connection with the BMF “Fund for In-Home Services” as described in note 5. The increased funding being provided is as follows: an additional €36.75 million for 2016 for a total of €281.75 million, an additional €100 million for 2017 for a total of €315 million and €350 million for 2018.