

**ORT AMERICA, INC. AND
WOMEN'S AMERICAN ORT FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2014

AND

INDEPENDENT AUDITORS' REPORT



FRIEDMAN LLP
ACCOUNTANTS AND ADVISORS

**ORT AMERICA, INC. AND
WOMEN'S AMERICAN ORT FOUNDATION**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
ORT America, Inc. and Women's American ORT Foundation

We have audited the accompanying consolidated financial statements of ORT America, Inc. and Women's American ORT Foundation (collectively, the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the consolidated financial statements of the local regions and chapters-at-large, which statements reflect total assets constituting one percent of consolidated total assets at December 31, 2014, and total revenues constituting two percent of consolidated total revenues for the year then ended. Some of those consolidated financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for local regions and chapters-at-large, is based solely on the report of the other auditors. 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 consolidated financial statements are free from material misstatement.

(Continued)

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2014, 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.

Correction of an Error

As described in Note 19 to the consolidated financial statements, the Organization's net assets as of January 1, 2014 have been restated due to a correction of an error in the prior year. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information shown on pages 29 and 30 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



November 12, 2015

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

ASSETS

Cash and cash equivalents	\$ 3,876,897
Investments, at fair value	23,817,324
Investments in real estate partnerships, at cost	450,231
Contributions receivable, net	
Anieres Program	10,705,682
Other	1,827,840
Other receivable	375,000
Prepaid expenses and other assets	291,158
Beneficial interests in perpetual trusts held by third parties	1,569,321
Property and equipment, net	199,840
	<hr/>
	\$ 43,113,293

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 1,422,849
Accrued pension payable	3,634,745
Accrued postretirement benefit costs	534,031
Employees' severance payable	163,842
Grants payable - World ORT	
Anieres Program	10,660,914
Other	1,103,393
Split-interest agreement obligations	1,755,830
	<hr/>
	19,275,604

Commitments and contingencies

Net assets

Unrestricted	2,871,298
Temporarily restricted	11,643,622
Permanently restricted	9,322,769
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	23,837,689
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	\$ 43,113,293

See notes to consolidated financial statements.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, public support and other support				
Contributions	\$ 7,765,572	\$ 942,191	\$ 102,202	\$ 8,809,965
Grant income	2,461,155	-	-	2,461,155
Membership dues	396,491	-	-	396,491
Legacies	2,446,165	-	-	2,446,165
Investment income	362,322	284,534	-	646,856
Income from real estate partnerships	1,095,340	194,734	-	1,290,074
Change in value of split-interest agreements	-	(56,710)	-	(56,710)
Special events	3,450	140,050	-	143,500
Miscellaneous	191,443	-	-	191,443
Net assets released from restrictions	1,378,009	(1,378,009)	-	-
Total revenue, public support and other support	16,099,947	126,790	102,202	16,328,939
Expenses				
Program services				
ORT schools and grants	7,949,740	-	-	7,949,740
National activities	2,808,821	-	-	2,808,821
Communications and marketing	549,551	-	-	549,551
Total program services	11,308,112	-	-	11,308,112
Supporting services				
Management and general	2,098,360	-	-	2,098,360
Fund-raising	1,888,509	-	-	1,888,509
Total supporting services	3,986,869	-	-	3,986,869
Total expenses before other items	15,294,981	-	-	15,294,981
Change in net assets before other items	804,966	126,790	102,202	1,033,958
Other items				
Pension and other postretirement-related charges other than net periodic costs	(1,028,641)	-	-	(1,028,641)
Change in net assets	(223,675)	126,790	102,202	5,317
Net assets				
Beginning of year, as restated (Note 19)	3,094,973	11,516,832	9,220,567	23,832,372
End of year	\$ 2,871,298	\$ 11,643,622	\$ 9,322,769	\$ 23,837,689

See notes to consolidated financial statements.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2014

	Program Services				Supporting Services			
	ORT Schools and Grants	National Activities	Communications and Marketing	Total	Management and General	Fund-Raising	Total	Total
Salaries	\$ 108,757	\$ 1,111,737	\$ 217,514	\$ 1,438,008	\$ 592,121	\$ 688,793	\$ 1,280,914	\$ 2,718,922
Payroll taxes and employee benefits	28,103	287,272	56,205	371,580	153,003	177,984	330,987	702,567
Total salaries and related expenses	136,860	1,399,009	273,719	1,809,588	745,124	866,777	1,611,901	3,421,489
Custody account expense and filing fees	-	-	-	-	20,524	-	20,524	20,524
Telephone	2,119	21,660	4,238	28,017	11,537	13,420	24,957	52,974
Supplies	1,135	11,600	2,270	15,005	6,178	7,187	13,365	28,370
Printing and publications	5,623	57,480	11,246	74,349	30,614	35,612	66,226	140,575
Professional and consulting fees	31,468	321,671	62,936	416,075	171,325	199,296	370,621	786,696
Postage and shipping fees	1,746	17,848	3,492	23,086	9,506	11,058	20,564	43,650
Occupancy	24,108	246,442	48,217	318,767	131,257	152,687	283,944	602,711
Travel	8,046	82,248	16,092	106,386	43,806	50,958	94,764	201,150
Meetings, conferences and events	12,397	126,722	24,794	163,913	67,493	78,513	146,006	309,919
Computer system and maintenance	7,857	80,316	15,714	103,887	42,777	49,761	92,538	196,425
Local regions and chapters-at-large	35,984	367,835	71,968	475,787	195,912	227,898	423,810	899,597
Insurance	2,669	27,288	5,339	35,296	14,534	16,906	31,440	66,736
Equipment rentals and purchases	3,007	30,737	6,014	39,758	16,371	19,043	35,414	75,172
Legal fees	-	-	-	-	309,321	148,263	457,584	457,584
Bad debt	-	-	-	-	81,216	-	81,216	81,216
Depreciation and amortization	1,200	12,272	2,401	15,873	6,536	7,603	14,139	30,012
Micellaneous expenses	557	5,693	1,111	7,361	3,032	3,527	6,559	13,920
Unrelated business income tax	-	-	-	-	191,297	-	191,297	191,297
Subtotal	274,776	2,808,821	549,551	3,633,148	2,098,360	1,888,509	3,986,869	7,620,017
Overseas and domestic program grants	7,674,964	-	-	7,674,964	-	-	-	7,674,964
Total expenses	\$ 7,949,740	\$ 2,808,821	\$ 549,551	\$ 11,308,112	\$ 2,098,360	\$ 1,888,509	\$ 3,986,869	\$ 15,294,981

See notes to consolidated financial statements.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

Cash flows from operating activities	
Change in net assets	\$ 5,317
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	30,012
Net realized and unrealized gain on investments	(476,880)
Net realized and unrealized gain on beneficial interests in perpetual trusts held by third parties	(30,685)
Change in value of split-interest agreements	56,710
Bad debt expense	81,216
Provision for uncollectable accounts	(79,999)
Change in present value of contributions receivable	(58,924)
Pension and other retirement charges other than net periodic costs	1,028,641
Changes in assets and liabilities	
Contributions receivable, Anieres Program	1,480,865
Contributions receivable, other	1,538,083
Other receivable	(375,000)
Prepaid expenses and other assets	(22,172)
Beneficial interests in perpetual trusts held by third parties	46,424
Accounts payable and accrued expenses	186,002
Accrued pension payable	(1,198,953)
Accrued postretirement benefit costs	46,177
Employees' severance payable	(63,675)
Grants payable, World ORT, Anieres Program	(1,481,943)
Grants payable, World ORT	153,553
Net cash provided by operating activities	864,769
Cash flows from investing activities	
Purchases of investments	(921,300)
Purchase of property and equipment	(20,945)
Proceeds from sale of investments	1,196,571
Net cash provided by investing activities	254,326
Cash flows from financing activities	
Split-interest agreement obligation payments	(145,838)
Net increase in cash and cash equivalents	973,257
Cash and cash equivalents, beginning of year	2,903,640
Cash and cash equivalents, end of year	\$ 3,876,897
Supplemental cash flow disclosure	
Cash paid for unrelated business income taxes	\$ 31,564

See notes to consolidated financial statements.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - NATURE OF ORGANIZATION

ORT America, Inc. ("OAI") and Women's American ORT Foundation ("WAOF") (collectively, "ORT" or the "Organization") were incorporated in New York in 1969. OAI has the authority to select board members of WAOF; however, each board member has a fiduciary duty to act in the interest of the organization he or she is representing, even if that is not in the interest of the other organization. ORT comprises one of the largest nongovernmental education and training organizations in the world, which raises funds for a network of ORT schools and programs in the United States and around the world. ORT's worldwide operations help more than 300,000 students and beneficiaries of the programs each year in Israel, Latin America, the former Soviet Union and other countries. In the United States, over 20,000 students and beneficiaries of the programs are served by Bramson ORT College in New York, Chicago ORT Technical College and the Los Angeles ORT Technical College. Since its founding in 1880, ORT's programs have been providing individuals with the ability to help themselves by launching successful careers in science, technology and other disciplines.

OAI and WAOF are funded primarily by contributions from the general public.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of OAI and WAOF. All intercompany accounts and transactions have been eliminated in consolidation.

The Organization's net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions into the following three categories:

Unrestricted: Unrestricted net assets are not subject to donor-imposed stipulation.

Temporarily Restricted: Net assets subject to donor-imposed stipulation that may or will be met, either by action of the Organization and/or the passage of time.

When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted contributions received and expended in the same fiscal year are included as unrestricted revenues.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Presentation (Continued)

Permanently Restricted: Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donor of these assets would permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Consistent with the terms of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), those earnings will initially be classified as temporarily restricted in the accompanying consolidated statement of activities, pending appropriation by the Board of Directors.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations. For financial reporting purposes, OAI and WAOF consider all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents, with the exception of cash that is managed as part of OAI and WAOF's long-term investment strategy.

Investments and Investment Income

Investments are stated at fair value. OAI and WAOF invest in various investment securities, which are exposed to various risks such as interest rate, market and credit risks.

Investment in Real Estate Partnerships

The Organization has an interest in six real estate partnerships, which is recognized on the cost basis of accounting.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Contributions Receivable

Contributions are recognized when a donor makes a promise to give to the Organization that are in substance, unconditional. Conditional promises to give are recognized as contributions when substantially all conditions are met. Contributions received are measured at their fair value and reported as an increase in net assets at net realizable value. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. Amortization of the discount is included in contributions revenue.

The Organization provides for losses on contributions receivable using the allowance method, which is based on experience, collection history, and other circumstances that may affect the donor's ability to meet its obligations. It is the policy of the Organization to charge off uncollectible contributions receivable when management determines that the receivable will not be collected.

Legacies are recorded as revenue at the time that an unassailable right to the gift has been established by the probate court and the proceeds are measurable in amount. The related legacies receivable are included in the consolidated statement of financial position as part of contributions receivable.

Grant income is recorded as revenue when received.

Property and Equipment

Property and equipment are stated at cost at the dates of acquisition or their fair values at the dates of donation. Improvements are capitalized while repair and maintenance costs are expensed when incurred. Furniture and equipment are depreciated on the straight-line method over their estimated economic useful lives over three to five years, while leasehold improvements are amortized over the terms of the leases which range from seven to ten years.

Risks and Uncertainties

OAI's and WAOF's investments are concentrated in individual marketable securities including equities, money funds and corporate and government debt as well as mutual funds that invest in various types of debt and equity securities. Such investments are subject to various risks including liquidity, market and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of these investments, it is at least reasonably possible that changes in market conditions in the near term could materially affect the value of investments reported in the consolidated financial statements.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Under GAAP, the three levels of the fair value hierarchy are described as follows:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect management's own assumptions.

Functional Allocation of Expenses

The costs of providing OAI and WAOF's programs and supporting services have been summarized on a functional basis. Accordingly, certain expenses have been allocated among the programs and supporting services benefited, as determined by management.

Income Taxes

OAI and WAOF are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and are classified as publicly supported organizations as described in Section 509(a).

Subsequent Events

These consolidated financial statements were approved by management and available for issuance on November 12, 2015.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3 - CONTRIBUTIONS RECEIVABLE, ANIERES PROGRAM

The Organization facilitated a donation agreement between a donor and World ORT (ORT's worldwide operations) whereby the donor will make a contribution of \$1,472,000 to World ORT's Anieres Program (the "Program") each calendar year from 2013 through and including 2021. An additional \$736,000 will be contributed by the donor during the life of the Program or in the last contribution payment for the Program but in all events before December 31, 2022, given all the conditions as defined in the agreement will be met during the life of the Program. Management has determined that the likelihood of World ORT not meeting the conditions in the agreement is remote and therefore the contribution shall be considered an unconditional promise to give. Based on the donor's ability to pay and the Organization's past experience with the donor, management has determined that no allowance is needed for the receivable.

Amounts due in	
Less than one year	\$ 1,472,000
One to five years	5,888,000
Five or more years	3,671,135
	<hr/>
	11,031,135
Discount on multi-year contributions receivable	(325,453)
	<hr/>
Contributions receivable, Anieres Program, net	\$ 10,705,682

4 - CONTRIBUTIONS RECEIVABLE, OTHER

OAI received unconditional promises to give, restricted by time. Noncurrent contributions receivable have been discounted over the payment period using discount rates ranging from 2.5% to 5%. Outstanding contributions receivable were as follows as of December 31, 2014:

Amounts due in:	
Less than one year	\$ 1,296,888
One to five years	427,484
Five or more years	230,000
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	1,954,372
Allowance for uncollectible contributions	(49,001)
Discount on multi-year contributions receivable	(77,531)
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Contributions receivable, other, net	\$ 1,827,840

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5 - INVESTMENTS (INCLUDING BENEFICIAL INTERESTS IN PERPETUAL TRUSTS HELD BY THIRD PARTIES)

Investments (including beneficial interests in perpetual trusts held by third parties) consist of the following as of December 31, 2014:

Money market funds	\$	930,073
Marketable equity securities		1,042,350
Mutual funds		2,739,540
Bonds		732,355
Pooled investment funds		19,608,121
State of Israel bonds		207,963
Investment in life insurance contracts		126,243
<u>Total investments, at fair value</u>	<u>\$</u>	<u>25,386,645</u>

Investment income consists of the following for the year ended December 31, 2014:

Interest, dividends and changes in annuity values	\$	226,824
Realized gain		554,824
Unrealized gain		93,351
Unrealized foreign currency translation loss		(140,611)
Insurance royalties		8,971
Management fees		(96,503)
	<u>\$</u>	<u>646,856</u>

The Organization is the named income beneficiary in multiple perpetual trusts, the corpus of which is not controlled by management of the Organization. Under these arrangements, the Organization has the irrevocable right to receive all or a portion of the income received on the underlying assets held in perpetuity. Accordingly, permanently restricted contribution revenue and related assets are recognized at fair value in the period in which the Organization receives notice that the trust agreements convey an unconditional right to receive benefits. Income from the perpetual trusts is unrestricted.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 - FAIR VALUE MEASUREMENT

The following table sets forth, by level, OAI and WAOF's investments at fair value, within the fair value hierarchy, as of December 31, 2014:

Description	Total	2014 Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 930,073	\$ 930,073	\$ -	\$ -
Bonds				
Corporate	318,507	-	318,507	-
Government agency	413,848	-	413,848	-
	732,355	-	732,355	-
Marketable equity securities				
Exchange-traded funds	720,527	720,527	-	-
Common stock	158,014	158,014	-	-
International equities	163,809	163,809	-	-
	1,042,350	1,042,350	-	-
Mutual funds				
International equities	218,589	218,589	-	-
Domestic large blend	115,286	115,286	-	-
Domestic small cap	62,357	62,357	-	-
International large blend	1,530,962	1,530,962	-	-
Fixed income	812,346	812,346	-	-
	2,739,540	2,739,540	-	-
Pooled investment funds	19,608,121	-	30,847	19,577,274
State of Israel bonds	207,963	-	207,963	-
Investment in life insurance contract	126,243	-	-	126,243
Total investments at fair value	\$ 25,386,645	\$ 4,711,963	\$ 971,165	\$ 19,703,517

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 - FAIR VALUE MEASUREMENT (Continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Below are the valuation techniques used by the Organization to measure different financial instruments at fair value and the level within the fair value hierarchy in which the financial instrument is categorized.

The following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2014:

Marketable equity securities and money market funds listed on a national securities exchange are stated at the last reported sales or trade price on the day of valuation, and are classified as Level 1 in the fair value hierarchy.

The fair value of bonds is based on the last reported bid price provided by broker-dealers, and is classified as Level 2 in the fair value hierarchy.

The fair value of mutual funds is based on the last quoted evaluation or bid price, and is classified as Level 1 in the fair value hierarchy.

The fair value of the life insurance contract is based on anticipated cash inflow and other significant unobservable inputs, and is classified as Level 3 in the fair value hierarchy.

Investments in pooled investment funds are valued at fair value based on the applicable percentage ownership of the investment funds' net assets as of the measurement date, as reported to the Organization by the fund. In determining the fair value, the Organization utilizes, as a practical expedient, the net asset value provided by the fund manager (NAV of funds). The majority of investment funds value securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investment funds, which may include private placements and other securities for which prices are not readily available, are determined by the fund manager and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the value that would have been used had a ready market existed for these investments. The fair value of the Organization's investment pool generally represents the amount that the Organization would expect to receive if it were to liquidate its investment in the investment pool, excluding any redemption charges that may apply.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6 - FAIR VALUE MEASUREMENT (Continued)

The Organization categorized its investments in investment pools in the United Jewish Endowment Fund as a Level 3 fair value measurement because there may be a variety of circumstances in which the United Jewish Endowment Fund, in its discretion, may delay the remittance of funds to the Organization after a withdrawal written notice is received from the Organization. There is a possibility that the Organization would not be able to redeem its investments within 90 days from date of redemption request.

The following table presents the reconciliation for Level 3 assets and liabilities measured at fair value during the year ended December 31, 2014:

	Investments in Life Insurance Contract	Investment Pool
Balance, beginning of year, as restated	\$ 126,243	\$ 19,622,848
Interest and dividends	-	117,485
Net realized gain	-	494,940
Net unrealized gain	-	66,543
Investment fees	-	(84,249)
Purchase of investments	-	1,000
Sale of investments	-	(641,293)
Balance, end of year	\$ 126,243	\$ 19,577,274

7 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2014 consist of the following:

Leasehold improvements	\$ 32,348
Furniture and equipment	306,917
Property and equipment of branches	152,434
	<u>491,699</u>
Less - Accumulated depreciation and amortization	291,859
	<u>\$ 199,840</u>

Depreciation and amortization amounted to \$30,012 for the year ended December 31, 2014.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8 - LEASE COMMITMENTS

OAI has entered into a lease agreement to rent office space located at 75 Maiden Lane, New York, New York, which expires on January 31, 2017. In addition, several of the regional and chapter offices are also subject to operating leases. OAI has also entered into a sublease agreement, effective March 1, 2011, for a portion of its New York office space, expiring on May 31, 2016. Minimum rental payments under the sublease agreement are \$8,067 per month at the commencement of the lease term, with stated increases on each anniversary date. The sublease agreement also requires the subtenant to pay a prorated share of enumerated tax, maintenance and utility charges.

Scheduled future minimum lease obligations under noncancelable operating leases, net of sublease income, are as follows:

Year Ending December 31,	New York Offices	Other Offices	Sublease Income	Total
2015	\$ 404,967	\$ 33,429	\$ (106,415)	\$ 331,981
2016	416,104	30,119	(45,188)	401,035
2017	35,305	10,040	-	45,345
	<u>\$ 856,376</u>	<u>\$ 73,588</u>	<u>\$ (151,603)</u>	<u>\$ 778,361</u>

Occupancy expense was \$602,712 for the year ended December 31, 2014.

Rent expense is recognized on a straight-line basis over the term of the lease. The difference between rental payments made under these leases and rent expense calculated on a straight-line basis is reflected in the accompanying consolidated statement of financial position as part of the accounts payable and accrued expenses balance.

The Organization leases office equipment for various terms under long-term, noncancelable operating lease agreements. The leases expire at various dates through 2017 and provide for renewal. In the normal course of business, it is expected that these leases will be renewed or replaced by leases on other equipment. Average monthly lease payments in the aggregate were \$5,922 during the year ended December 31, 2014.

The future minimum rental payment required under the operating lease agreement for office equipment is \$119,247 for the year ended December 31, 2014.

Equipment lease expense (included in the consolidated statement of functional expenses) was \$75,171 for the year ended December 31, 2014.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9 - ACCRUED PENSION PAYABLE

OAI administers three pension plans:

- A. Defined Benefit Pension Plan - Women's American ORT, Inc.: OAI has a frozen defined benefit pension plan covering the former employees of Women's American ORT, Inc. ("WAO"), an entity that merged with OAI in 2007. The plan was frozen as a result of the cessation of benefit accruals effective December 31, 2002. The amortization of prior service costs was eliminated as a result of the partial termination.
- B. Employee Pension Plan - American ORT, Inc. and Affiliated Organizations: The former employees of American ORT, Inc. ("AOI") and its affiliates are covered by the Employees Pension Plan of American ORT, Inc. and Affiliated Organizations. The plan was frozen as a result of the cessation of benefit accruals effective August 31, 2006.
- C. Defined Contribution Pension Plan: OAI established a defined contribution pension plan covering substantially all of its employees. Pension expense under this plan was \$68,289 for the year ended December 31, 2014.

The following table summarizes the benefit obligation, fair value of assets and the funded status for the year ended December 31, 2014:

	WAO	AOI
Benefit obligation	\$ (6,533,059)	\$ (9,221,876)
Fair value of plan assets	5,241,557	6,878,633
Funded status at end of year	\$ (1,291,502)	\$ (2,343,243)
Amounts recognized as liabilities in the consolidated statement of financial position	\$ (1,291,502)	\$ (2,343,243)
Amounts recognized as cumulative changes in pension other than net periodic costs		
Net loss	\$ (2,827,160)	\$ (5,208,328)
Cumulative employer contributions in excess of net periodic benefit cost	1,535,658	2,865,085
Net amount recognized	\$ (1,291,502)	\$ (2,343,243)
Components of net periodic benefit costs		
Interest cost	\$ 256,778	\$ 358,263
Expected return on assets	(365,689)	(474,512)
Amortization net loss	89,830	183,029
Net periodic benefit cost	\$ (19,081)	\$ 66,780

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9 - ACCRUED PENSION PAYABLE (Continued)

Changes in pension costs other than net periodic costs at December 31, 2014:

	WAO	AOI
Net loss	\$ 400,635	\$ 869,346
Amortization of net loss	(89,830)	(183,029)
Net other than periodic costs	\$ 310,805	\$ 686,317
Accumulated benefit obligation	\$ 6,533,059	\$ 9,221,876
Employer contributions	480,009	735,124
Benefits paid	505,592	550,317

Weighted average assumptions to determine benefit obligations at December 31, 2014:

	WAO	AOI
Discount rate	3.50%	3.50%

Weighted average assumptions to determine net periodic cost at December 31, 2014:

	WAO	AOI
Discount rate	4.25%	4.25%
Expected return on plan assets	7.50%	7.50%
Rate of compensation increase	N/A	N/A

The following benefit payments, which reflect the expected future service, as appropriate, are expected to be paid as follows:

Year Ending December 31,	WAO	AOI
2015	\$ 535,254	\$ 612,886
2016	523,687	644,621
2017	509,800	661,289
2018	492,614	646,432
2019	477,611	637,058
2020 - 2024	2,147,769	2,937,796

WAO expects to contribute \$449,900 and AOI expects to contribute \$741,200 in 2015.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9 - ACCRUED PENSION PAYABLE (Continued)

The fair value of the plans' investments at December 31, 2014 (all of which are Level 1 - see Note 2), by asset category, are as follows:

	Fair Value Using Quoted Prices in Active Markets for Identical Assets (All Level 1)			
	WAO		AOI	
	2014	%	2014	%
Cash equivalents	\$ 51,911	.9%	\$ 76,320	1.1%
Mutual funds				
Small cap	155,597	2.9	204,088	2.9
Mid cap	274,696	5.3	360,050	5.2
Large value	1,753,243	33.5	2,298,234	33.4
International	1,059,019	20.2	1,388,917	20.2
Fixed income	1,475,038	28.1	1,933,297	28.1
Emerging markets	97,645	1.9	127,871	1.9
Real estate	374,408	7.2	489,856	7.2
	5,189,646	99.1	6,802,313	98.9
	\$ 5,241,557	100.0%	\$ 6,878,633	100.0%

The plans' investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. Taking into account the expected long-term rate of return on plan assets, plan managers, with advice from the Pension Committee of the Board of Directors, formulate an investment portfolio composed of a combination of equity and debt securities.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 - POSTRETIREMENT BENEFIT COSTS

OAI has accrued for postretirement benefit costs of former AOI employees. Former AOI employees have a contributory postretirement medical and life insurance benefit plan which covers specified nonunion employees, and their spouses and dependents, who retire after the attainment of age 60 with 15 or more years of service.

The following table sets forth the plan's combined unfunded status and amounts recognized in the consolidated statement of financial position as of December 31, 2014:

Benefit obligation	\$	(534,031)
Fair value of plan assets		-
Funded status at end of year	\$	(534,031)
Amounts recognized as liability in the consolidated statement of financial position	\$	(534,031)
Components of net periodic benefit cost		
Interest cost	\$	19,579
Amortization of transition obligation		24,205
Net periodic benefit cost	\$	43,784
Changes in pension costs other than net periodic costs		
Actuarial loss	\$	55,724
Transition obligation		(24,205)
Net other than periodic cost	\$	31,519
Employer contributions	\$	29,126
Plan participants' contributions		3,600
Benefits paid		(32,726)

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 - POSTRETIREMENT BENEFIT COSTS (Continued)

Weighted-average assumptions to determine benefit obligations at December 31, 2014:

Discount rate	3.41%
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Weighted average assumptions to determine net periodic benefit cost for the year ended December 31, 2014

Discount rate	4.17%
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The following benefit payments, which reflect the expected future service, as appropriate, are expected to be paid as follows:

<u>Year Ending</u> <u>December 31,</u>	
2015	\$ 35,846
2016	37,072
2017	40,652
2018	41,758
2019	40,480
2020 - 2024	182,169

OAI expects to contribute \$35,846 to the plan in 2015.

The assumed health care trend rate at December 31, 2014 is as follows:

Health care cost trend rate assumed for next year	7.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.886
Year that the rate reaches the ultimate trend rate	2075

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10 - POSTRETIREMENT BENEFIT COSTS (Continued)

Assumed health care cost trend rates have significant effect on the amounts reported for the health care plans. A one-percentage-point change in the health care cost trend rate would have the following effects:

	One-Percentage- Point Increase	One-Percentage- Point Decrease
Effect on total of service and interest cost components	\$ 273	\$ (250)
Effect on postretirement benefit obligation	7,175	(6,560)

11 - EMPLOYEES' SEVERANCE PAYABLE

OAI has accrued the present value of severance pay for former AOI employees, which provides for a maximum of 24 months for nonunion employees based upon the current year's salary. On March 31, 2004, AOI froze severance benefits for employees. The severance liability as of December 31, 2014 was \$163,842.

12 - SPLIT-INTEREST AGREEMENTS OBLIGATIONS

The Organization has numerous split-interest agreements that include charitable remainder trusts and gift annuities where the Organization serves as trustee for the benefit of the individual beneficiaries. Under these agreements, the Organization controls the donated assets and distributes to the donor or the donor's designee the income generated from those assets or set payments as stated in the agreements.

At the time of the gift, and adjusted annually, the Organization records contribution revenue and a liability for amounts payable to beneficiaries using an actuarial calculation based on estimated mortality rates and other assumptions. Gains and 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. The discount rates used in the calculation range from 1.2% to 10.0%.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12 - SPLIT-INTEREST AGREEMENTS OBLIGATIONS (Continued)

The consolidated financial statements include various split-interest agreements as of December 31, 2014:

	Total	OAI	WAOF
Statement of activities			
Contributions	\$ 87,099	\$ 87,099	\$ -
Change in value of split-interest agreements	56,710	108,344	(51,634)
Statement of financial position			
Investments	3,533,363	3,041,273	492,090
Liabilities under split-interest agreements	1,755,830	1,564,519	191,311

The asset balance at December 31, 2014 exceeded the reserve requirements of the New York State Insurance Commission as well as the reserve requirements of the relevant regulatory bodies in all other states that require a reserve fund and in which the Organization issues gift annuities. Reserves are included in liabilities under split-interest agreements on the accompanying consolidated statement of financial position.

13 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2014 are available for educational assistance and scholarships.

During the year ended December 31, 2014, temporarily restricted net assets were released from restrictions by satisfying the restricted purposes for education.

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support general operations or educational programs (donor designated).

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14 - LOCAL REGIONS AND CHAPTERS-AT-LARGE

Assets and liabilities of local regions and chapters-at-large are presented in the consolidated statement of financial position as of December 31, 2014 in the following classifications:

<u>Assets</u>	
Cash and cash equivalents	\$ 554,417
Property and equipment, net	152,434
Prepaid expenses and other assets	61,701
	<hr/>
	\$ 768,552
<u>Liabilities</u>	
Accounts payable and accrued expenses	\$ 266,169
	<hr/>

Local regions and chapters-at-large expenses are reported on the consolidated statement of functional expenses, and consist of the following for the year ended December 31, 2014:

Salaries and related benefits	\$ 529,288
Occupancy	189,846
Office expense	157,389
Other	23,074
	<hr/>
	\$ 899,597

Depreciation expense of \$5,019 from local regions and chapters-at-large was included in the depreciation and amortization expense on the consolidated statement of functional expenses.

15 - ENDOWMENT AND BOARD-DESIGNATED FUNDS

The Endowment: The Organization's endowment consists of approximately 170 individual special-purpose funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: NYPMIFA became law in September 2010. The Board of Directors will continue to adhere to NYPMIFA's requirement relating to the Organization's seeking to maintain the purchasing power of the endowment.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15 - ENDOWMENT AND BOARD-DESIGNATED FUNDS (Continued)

Return Objectives and Risk Parameters: The Organization has adopted investment and spending policies for endowment and board-designated assets that attempt to provide a relatively predictable stream of funding to programs supported by its endowment while seeking to maintain the long-term, real purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to achieve a balanced return of current income and modest growth of principal, consistent with preservation of the purchasing power of the funds after satisfying any liquidity needs and expenses.

The Endowment: The Organization's endowment consists of approximately 170 individual special-purpose funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: NYPMIFA became law in September 2010. The Board of Directors will continue to adhere to NYPMIFA's requirement relating to the Organization's seeking to maintain the purchasing power of the endowment.

Return Objectives and Risk Parameters: The Organization has adopted investment and spending policies for endowment and board-designated assets that attempt to provide a relatively predictable stream of funding to programs supported by its endowment while seeking to maintain the long-term, real purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a balanced return of current income and modest growth of principal, consistent with preservation of the purchasing power of the funds after satisfying any liquidity needs and expenses.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments specific to each investment pool to achieve its long-term return objectives within prudent risk constraints. Returns are compared to a blended benchmark for the overall portfolio and category-specific benchmarks corresponding to investment strategies used.

Spending Policy and How Investment Objectives Relate to Spending Policy: Expenditures from the board-designated net assets are released as approved by the Organization's Board of Directors. The earnings on the permanently restricted net assets are released from restricted funds and are used in accordance with donor stipulations described in Note 13.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15 - ENDOWMENT AND BOARD-DESIGNATED FUNDS (Continued)

The Organization's endowment net assets had the following activity for the year ended December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, January 1, 2014, as restated	\$ 4,617,331	\$ 8,397,413	\$ 9,220,567	\$ 22,235,311
Investment return				
Investment income	23,858	62,891	-	86,749
Investment fee	(19,140)	(50,173)	-	(69,313)
Real estate partnership income	-	194,734	-	194,734
Net change in asset value (realized and unrealized)	-	-	-	-
	141,931	370,098	-	512,029
Total investment return	146,649	577,550	-	724,199
Contributions	32,374	142,826	102,202	277,402
Appropriation of endowment assets for expenditure	(411,749)	(303,508)	-	(715,257)
Changes in net assets	(232,726)	416,868	102,202	286,344
Endowment net assets, December 31, 2014	\$ 4,384,605	\$ 8,814,281	\$ 9,322,769	\$ 22,521,655

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16 - CONTINGENCIES

On March 21, 2007, American ORT (hereafter ORT America, Inc.) filed a civil complaint against ORT Israel in the United States District Court for the Southern District of New York ("New York Lawsuit") requesting that the court enjoin ORT Israel from using the ORT trademark in the United States. In this lawsuit, ORT America, Inc. claimed federal statutory trademark infringement and related federal and New York State claims. On May 10, 2007, ORT Israel filed a counterclaim against ORT America, Inc. for unspecified damages claiming federal and common-law advertising violations and contract and equitable relief, including the cancellation of ORT America, Inc.'s federal trademark registration in the trademark "ORT."

In July 2009, ORT America, Inc. and ORT Israel agreed to settle the New York Lawsuit. ORT America, Inc. or its licensees can use the ORT mark for fund-raising in the United States, while ORT Israel will have to introduce itself under a different name. ORT Israel can raise money in the United States through Friends of Israel Sci-Tech Schools, another 501(c)(3) organization.

On January 22, 2008, ORT Israel filed an action in the District Court of Tel Aviv, Israel, ORT Israel versus World ORT and ORT America, Inc. ("Tel Aviv Lawsuit"), whereby ORT Israel seeks damages in the amount of approximately \$4.6 million jointly and severally from each defendant. The action involves contract and implied contract claims. The case is still pending.

The final outcome of ORT Israel's Tel Aviv Lawsuit is uncertain. On the advice of their attorney, OAI management has concluded that some probable loss will result from the lawsuit and OAI has accrued approximately \$461,000 on the basis that such loss, while still being contested by OAI, is probable.

17 - RELATED PARTY TRANSACTIONS

On August 11, 2011, WAOF entered into an endowment transfer agreement with OAI whereby the two organizations agreed that all rights, title and interest to certain endowment funds had been transferred from OAI to WAOF. It was further stipulated that WAOF agrees to abide by any restrictions or conditions that were imposed on any transferred endowments, whether imposed by the endowment grantor or otherwise. The agreement formalized previously recorded transfers between the two organizations and did not have an effect on the recording of entity funds.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18 - COMMITMENTS PAYABLE, WORLD ORT

As of December 31, 2014, the Organization received \$976,074 in contributions that are restricted to World ORT. Amounts received that are restricted to World ORT are deemed a commitment and paid to World ORT.

In addition, an amount of \$10,660,914 (stated at net of present value) to be received from a donor for the Anieres Program will be transferred to World ORT when collected.

19 - CORRECTION OF AN ERROR

The Organization's net assets at January 1, 2014 have been restated as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets at January 1, 2014, as previously reported	\$ 3,094,973	\$ 11,516,832	\$ 7,943,383	\$ 22,555,188
Adjustments				
To adjust fair value of beneficial interest in perpetual trust held by third parties	-	-	1,277,184	1,277,184
Net assets, January 1, 2014, as restated	\$ 3,094,973	\$ 11,516,832	\$ 9,220,567	\$ 23,832,372

20 - SUBSEQUENT EVENTS

On August 18, 2015, the Organization sold a building in Philadelphia, Pennsylvania, for \$1,000,000, realizing net proceeds of approximately \$974,000.

CONSOLIDATING SUPPLEMENTARY INFORMATION

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

	ORT America, Inc.	Women's American ORT Foundation	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 3,551,131	\$ 325,766	\$ -	\$ 3,876,897
Investments, at fair value	10,421,034	13,396,290	-	23,817,324
Investments in real estate partnerships, at cost	450,231	-	-	450,231
Contributions receivable, net				
Anieres Program	10,705,682	-	-	10,705,682
Other	1,827,840	-	-	1,827,840
Other receivable	375,000	-	-	375,000
Due from WAOF	1,186,637	-	(1,186,637)	-
Prepaid expenses and other assets	291,158	-	-	291,158
Beneficial interests in perpetual trusts held by third parties	1,569,321	-	-	1,569,321
Property and equipment, net	199,840	-	-	199,840
Copyright and trade name, less accumulated amortization	-	1,621,525	(1,621,525)	-
	<u>\$ 30,577,874</u>	<u>\$ 15,343,581</u>	<u>\$ (2,808,162)</u>	<u>\$ 43,113,293</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Due to OAI	\$ -	\$ 1,186,637	\$ (1,186,637)	\$ -
Accounts payable and accrued expenses	1,421,956	893	-	1,422,849
Accrued pension payable	3,634,745	-	-	3,634,745
Accrued postretirement benefit costs	534,031	-	-	534,031
Employees' severance payable	163,842	-	-	163,842
Grants payable - World ORT				
Anieres Program	10,660,914	-	-	10,660,914
Other	1,103,393	-	-	1,103,393
Split-interest agreement obligations	1,564,519	191,311	-	1,755,830
	<u>19,083,400</u>	<u>1,378,841</u>	<u>(1,186,637)</u>	<u>19,275,604</u>
Net assets				
Unrestricted	(741,073)	5,233,896	(1,621,525)	2,871,298
Temporarily restricted	7,280,624	4,362,998	-	11,643,622
Permanently restricted	4,954,923	4,367,846	-	9,322,769
	<u>11,494,474</u>	<u>13,964,740</u>	<u>(1,621,525)</u>	<u>23,837,689</u>
	<u>\$ 30,577,874</u>	<u>\$ 15,343,581</u>	<u>\$ (2,808,162)</u>	<u>\$ 43,113,293</u>

See Independent Auditors' Report.

ORT AMERICA, INC. AND WOMEN'S AMERICAN ORT FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	ORT America, Inc.			Women's American ORT Foundation			Eliminations	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted		
Revenue, public support and other support								
Contributions	\$ 7,755,947	\$ 938,691	\$ 102,202	\$ 9,625	\$ 3,500	\$ -	\$ -	\$ 8,809,965
Grant income	2,461,155	-	-	-	-	-	-	2,461,155
Membership dues	396,491	-	-	-	-	-	-	396,491
Legacies	2,443,649	-	-	2,516	-	-	-	2,446,165
Investment income	223,965	37,245	-	138,357	247,289	-	-	646,856
Income from real estate partnerships	1,095,340	194,734	-	-	-	-	-	1,290,074
Change in value of split-interest agreements	-	(108,344)	-	-	51,634	-	-	(56,710)
Special events	3,450	140,050	-	-	-	-	-	143,500
Royalty income	-	-	-	170,000	-	-	(170,000)	-
Miscellaneous	277,165	-	-	-	-	-	(85,722)	191,443
Net assets released from restrictions	1,206,322	(1,206,322)	-	171,687	(171,687)	-	-	-
Total revenue, public support and other support	15,863,484	(3,946)	102,202	492,185	130,736	-	(255,722)	16,328,939
Expenses								
Program services								
ORT schools and grants	7,656,679	-	-	293,061	-	-	-	7,949,740
National activities	2,808,821	-	-	-	-	-	-	2,808,821
Communications and marketing	549,551	-	-	-	-	-	-	549,551
Total program services	11,015,051	-	-	293,061	-	-	-	11,308,112
Supporting services								
Management and general	2,247,850	-	-	150,057	-	-	(299,547)	2,098,360
Fund-raising	1,888,509	-	-	-	-	-	-	1,888,509
Total supporting services	4,136,359	-	-	150,057	-	-	(299,547)	3,986,869
Total expenses before other items	15,151,410	-	-	443,118	-	-	(299,547)	15,294,981
Change in net assets before other items	712,074	(3,946)	102,202	49,067	130,736	-	43,825	1,033,958
Other items								
Pension and other postretirement-related charges other than net periodic costs	(1,028,641)	-	-	-	-	-	-	(1,028,641)
Change in net assets	(316,567)	(3,946)	102,202	49,067	130,736	-	43,825	5,317
Net assets								
Beginning of year, as restated (Note 19)	(424,506)	7,284,570	4,852,721	5,184,829	4,232,262	4,367,846	(1,665,350)	23,832,372
End of year	\$ (741,073)	\$ 7,280,624	\$ 4,954,923	\$ 5,233,896	\$ 4,362,998	\$ 4,367,846	\$ (1,621,525)	\$ 23,837,689

See Independent Auditors' Report.