

WeiserMazars LLP

**American Committee
for the Tel Aviv
Foundation, Inc.**
Financial Statements
December 31, 2011 and 2010



American Committee for the Tel Aviv Foundation, Inc.

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December 31, 2011 and 2010

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Independent Auditors' Report

To the Board of Directors
American Committee for the Tel Aviv Foundation, Inc.

We have audited the accompanying statements of financial position of American Committee for the Tel Aviv Foundation, Inc. (the "Organization") as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Committee for the Tel Aviv Foundation, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

WeiserMazars LLP

July 12, 2012

American Committee for the Tel Aviv Foundation, Inc.

Statements of Financial Position

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents	\$ 535,882	\$ 278,313
Pledges and grants receivable	3,796,104	5,771,378
Property and equipment, net	2,915	4,449
Security deposit and other	11,484	13,731
	<u> </u>	<u> </u>
Total assets	<u><u>\$ 4,346,385</u></u>	<u><u>\$ 6,067,871</u></u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 4,140	\$ 4,122
Due to Tel Aviv Foundation	975,765	721,097
Deferred income - special events	2,880	-
	<u> </u>	<u> </u>
Total liabilities	<u><u>982,785</u></u>	<u><u>725,219</u></u>
Commitments		
Net assets		
Unrestricted deficiency	(463,410)	(463,410)
Temporarily restricted	3,827,010	5,806,062
	<u> </u>	<u> </u>
Total net assets	<u><u>3,363,600</u></u>	<u><u>5,342,652</u></u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u><u>\$ 4,346,385</u></u>	<u><u>\$ 6,067,871</u></u>

The accompanying notes are an integral part of these financial statements.

American Committee for the Tel Aviv Foundation, Inc.
Statements of Activities
Years Ended December 31, 2011 and 2010

	Years Ended December 31,					
	2011		2010			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenues						
Tel Aviv Foundation	\$ 246,355	\$ -	\$ 246,355	\$ 334,929	\$ -	\$ 334,929
Individuals	22,302	2,714,530	2,736,832	32,798	3,512,748	3,545,546
Interest income	61	-	61	2,907	-	2,907
	268,718	2,714,530	2,983,248	370,634	3,512,748	3,883,382
Net assets released from restrictions due to satisfaction of program and time restrictions	4,593,582	(4,593,582)	-	2,149,097	(2,149,097)	-
	4,862,300	(1,879,052)	2,983,248	2,519,731	1,363,651	3,883,382
Expenses						
Program services:						
Tel Aviv Foundation	4,714,819	-	4,714,819	2,337,031	-	2,337,031
Supporting services:						
Management and general	74,780	-	74,780	88,524	-	88,524
Fund raising	72,701	-	72,701	94,176	-	94,176
	4,862,300	-	4,862,300	2,519,731	-	2,519,731
Loss on uncollectible pledges	-	(100,000)	(100,000)	-	(33,500)	(33,500)
Change in net assets	-	(1,979,052)	(1,979,052)	-	1,330,151	1,330,151
Net assets						
Beginning	(463,410)	5,806,062	5,342,652	(463,410)	4,475,911	4,012,501
Ending	\$ (463,410)	\$ 3,827,010	\$ 3,363,600	\$ (463,410)	\$ 5,806,062	\$ 5,342,652

The accompanying notes are an integral part of these financial statements.

American Committee for the Tel Aviv Foundation, Inc.
Statements of Cash Flows
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Change in net assets	\$ (1,979,052)	\$ 1,330,151
Adjustments to reconcile change in net assets to cash flows provided by (used in) operating activities:		
Pledge discount amortization	(16,662)	(281,625)
Depreciation and amortization	1,534	1,499
Loss on uncollectible pledges	100,000	33,500
Changes in operating assets and liabilities:		
Pledges receivable	1,891,936	(1,082,026)
Security deposit and other	2,247	72,777
Accounts payable and accrued expenses	18	(13,242)
Due to Tel Aviv Foundation	254,668	(269,958)
Deferred income - special events	2,880	-
Net cash flows provided by (used in) operating activities	<u>257,569</u>	<u>(208,924)</u>
Cash flows used in investing activity		
Purchase of equipment	<u>-</u>	<u>(175)</u>
Net increase (decrease) in cash and cash equivalents	257,569	(209,099)
Cash and cash equivalents		
Beginning	<u>278,313</u>	<u>487,412</u>
Ending	<u>\$ 535,882</u>	<u>\$ 278,313</u>

The accompanying notes are an integral part of these financial statements.

American Committee for the Tel Aviv Foundation, Inc.

Notes to Financial Statements

Years Ended December 31, 2011 and 2010

1. Organization and Nature of Activities

American Committee for the Tel Aviv Foundation, Inc. (the “Organization”) is a not-for-profit organization that provides humanitarian, charitable assistance and overall improvement of quality of life to the residents of Tel Aviv-Jaffa, Israel. Support is provided to daycare centers, cultural and educational institutions, sport centers and medical facilities located throughout the city but mostly in disadvantaged areas.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with principles generally accepted in the United States of America. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

The Organization maintains cash in bank accounts which, at times, may exceed federally-insured limits. The Organization has not experienced any losses in such accounts.

Pledges and Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Property and Equipment

Property and equipment are stated at cost. Depreciation of furniture and fixtures and equipment is provided using the straight-line method over the estimated useful lives of the related asset.

Support and Revenues

The Organization reports gifts of cash and other assets as considered to be available for unrestricted use unless received with donor stipulations designating them for future periods or that limit the use of the donated assets. Assets with donor stipulations are recorded as temporarily restricted. When a

American Committee for the Tel Aviv Foundation, Inc.

Notes to Financial Statements

Years Ended December 31, 2011 and 2010

donor restriction expires, that is, when a stipulated time restriction ends or purpose restricted 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.

A number of volunteers have made a contribution of their time to the Organization to develop its programs and serve on the board of directors. The value of this contributed time is not reflected in these financial statements since it does not meet the criteria for recognition.

One donor accounted for 36% of the Organization's gross pledges receivables at December 31, 2011. Two donors accounted for 28% and 36% of the Organization's gross pledges receivables at December 31, 2010.

Deferred Income – Special Events

Revenue received in advance of special events is deferred until the event is held.

Income Taxes

The Internal Revenue Service has determined that the Foundation is exempt from Federal income tax pursuant to section 501(c)(3) and is clarified as a publicly-supported organization described in section 509(a)(1) of the Internal Revenue Code.

The Organization is no longer subject to federal and state tax examinations by the respective taxing authorities for the years prior to 2008.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services.

3. Pledges and Grant Receivable

Pledges and grant receivable include unconditional promises to give as follows:

	<u>2011</u>	<u>2010</u>
Receivable in less than one year	\$ 2,221,616	\$ 3,939,496
Receivable in one to five years	1,972,994	2,147,050
	<u>4,194,610</u>	<u>6,086,546</u>
Less: discount to present value	(142,506)	(159,168)
Less: allowance for doubtful accounts	<u>(256,000)</u>	<u>(156,000)</u>
	<u>\$ 3,796,104</u>	<u>\$ 5,771,378</u>

Pledges and grants receivable have been discounted over the payment period using a discount rate of 4%.

American Committee for the Tel Aviv Foundation, Inc.

Notes to Financial Statements

Years Ended December 31, 2011 and 2010

4. Related Party Transactions

Contributions received from members of the Organization's Board of Directors, its officers or entities affiliated with these individuals, were approximately \$352,000 and \$1,600,000 in 2011 and 2010, respectively.

On July 31, 2008, the Organization issued a note receivable to its Executive Director in the amount of \$50,000. The note bore interest at the rate of 5% per annum and the principal was payable in monthly installments of \$1,000 through August 2011. In December 2010, the balance of the loan of \$22,000 plus accrued interest approximating \$4,300 was forgiven as part of the Executive Director's severance benefit. Interest income on the note amounted to approximately \$1,300 for the year ended December 31, 2010.

5. Property and Equipment, Net

Property and equipment are summarized as follows:

	December 31,		Estimated Useful Life
	2011	2010	
Furniture and fixtures	\$ 16,390	\$ 16,390	5 Years
Equipment	25,704	25,704	5 years
	<u>42,094</u>	<u>42,094</u>	
Less: Accumulated depreciation and amortization	<u>39,179</u>	<u>37,645</u>	
	<u>\$ 2,915</u>	<u>\$ 4,449</u>	

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	December 31,	
	2011	2010
Capital improvements in Israel	\$3,811,890	\$ 5,806,062
Special events	<u>15,120</u>	<u>-</u>
	<u>\$3,827,010</u>	<u>\$ 5,806,062</u>

American Committee for the Tel Aviv Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010

7. Due to Tel Aviv Foundation

The balance due to Tel Aviv Foundation (“Tel Aviv”) amounted to \$975,765 and \$721,097 as of December 31, 2011 and 2010, respectively. The amounts represent funds that have been designated by donors for specific projects in Israel which were not remitted prior to their respective year end dates.

8. Commitments

The Organization leases its office facilities under a non-cancelable operating lease which expires on August 31, 2012. The lease is subject to escalations for the Organization’s pro-rata share of increases in real estate taxes. Future minimum rental payments are \$21,218 for the year ended December 31, 2012.

Rent expense approximated \$32,000 and \$30,000 for the years ended December 31, 2011 and 2010, respectively.

American Committee for the Tel Aviv Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2011 and 2010

9. Functional Expenses

Expenses were incurred as follows:

	Years Ended December 31,				2010 Summarized Comparative Total
	2011			Total Expenses	
	Program Services	Management and General	Fund- Raising	Total Expenses	
Salaries	\$ 53,010	\$ 16,740	\$ 43,050	\$ 112,800	\$ 201,675
Payroll taxes	9,735	2,434		12,169	14,206
Employee benefits	9,054	2,263		11,317	30,764
Grants - Tel Aviv	4,593,582			4,593,582	2,149,097
Occupancy	27,496	6,874		34,370	33,268
Telephone and other	6,241	1,560		7,801	10,406
Office supplies and printing	10,978	2,745		13,723	7,535
Database			4,452	4,452	4,181
Postage and delivery	2,574	643		3,217	4,010
Accounting		25,150		25,150	25,300
Insurance		7,430		7,430	7,409
Repairs and maintenance		343		343	555
Promotion and advertising			3,942	3,942	4,249
Travel and entertainment			11,243	11,243	15,160
Computer	2,149	537	10,014	12,700	3,640
Depreciation and amortization		1,534		1,534	1,499
Miscellaneous		6,527		6,527	6,777
Total expenses	\$4,714,819	\$ 74,780	\$ 72,701	\$4,862,300	\$ 2,519,731

The functional expenses above include certain prior-year summarized comparative information in total but not by functional expense. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

10. Subsequent Events

The Organization has evaluated subsequent events through July 12, 2012, the date the financial statements were available for issuance.

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