

**AMERICAN COMMITTEE FOR THE
TEL AVIV FOUNDATION, INC.**

FINANCIAL STATEMENTS

December 31, 2014



CYWIAK & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying statement of financial position of American Committee for the Tel Aviv Foundation, Inc. as of December 31, 2014 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 American Committee for the Tel Aviv Foundation, Inc. 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.

A handwritten signature in black ink, appearing to read "G. J. G. LLP", is centered on the page.

CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
June 10, 2015

American Committee for the Tel Aviv Foundation, inc.
Statement of Financial Position
December 31, 2014

CURRENT ASSETS

Cash and cash equivalents	\$ 641,405
Pledges and grants receivable - net	2,013,461
Property and equipment - net	-
Security deposits and other	<u>7,923</u>

Total current assets 2,662,789

Pledges and grant receivable - noncurrent - net 490,528

TOTAL ASSETS **3,153,317**

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	11,864
Due to Tel Aviv Foundation	1,080,697

Total liabilities 1,092,561

Commitments

NET ASSETS

Unrestricted	(463,410)
Temporarily restricted	2,524,166

Total net assets 2,060,756

TOTAL LIABILITIES AND NET ASSETS **\$ 3,153,317**

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

American Committee for the Tel Aviv Foundation, Inc.
Statement of Activities
December 31, 2014

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES:			
Tel Aviv Foundation	\$ 123,661	\$ -	\$ 123,661
Individuals	143,108	3,343,942	3,487,050
Loss on sale of securities	(9,024)		(9,024)
Interest income	31		31
	<u>257,776</u>	<u>3,343,942</u>	<u>3,601,718</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	<u>3,839,449</u>	<u>(3,839,449)</u>	<u>-</u>
	4,097,225	(495,507)	3,601,718
EXPENSES:			
Program services	3,955,104		3,955,104
Management and general	82,904		82,904
Fundraising	59,217		59,217
	<u>4,097,225</u>	<u>-</u>	<u>4,097,225</u>
CHANGE IN NET ASSETS	-	(495,507)	(495,507)
NET ASSETS, BEGINNING OF YEAR	<u>(463,410)</u>	<u>3,019,673</u>	<u>2,556,263</u>
NET ASSETS , END OF YEAR	<u><u>\$ (463,410)</u></u>	<u><u>\$ 2,524,166</u></u>	<u><u>\$ 2,060,756</u></u>

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

American Committee for the Tel Aviv Foundation, Inc.
Statement of Cash Flows
December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (495,507)
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Pledge discount amortization	(7,805)
Depreciation	636
Changes in operating assets and liabilities	
Pledges and grants receivable	520,052
Security deposit and other	1,919
Accounts payable and accrued expenses	(511)
Due to Tel Aviv Foundation	<u>437,271</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES AND NET INCREASE IN CASH	<u>456,055</u>
CASH AT BEGINNING OF YEAR	<u>185,350</u>
CASH AT END OF YEAR	<u><u>\$ 641,405</u></u>

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

American Committee for the Tel Aviv Foundation, Inc.
Statement of Functional Expenses
December 31, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 51,597	\$ 14,606	\$ 24,975	\$ 91,178
Payroll taxes	5,314	1,504	2,571	9,389
Employee benefits	7,441	2,107	3,601	13,149
Grants - Tel Aviv	3,839,449			3,839,449
Occupancy	35,440	8,860		44,300
Telephone and other	4,064	1,016		5,080
Office supplies and printing	5,844	1,461		7,305
Database			4,785	4,785
Postage and delivery	2,685	671		3,356
Accounting		29,800		29,800
Insurance		8,179		8,179
Repairs and maintenance		813		813
Promotion and Advertising			4,474	4,474
Travel and entertainment			18,811	18,811
Computer	3,270	818		4,088
Depreciation		636		636
Miscellaneous		12,433		12,433
Total Expenses	<u><u>\$ 3,955,104</u></u>	<u><u>\$ 82,904</u></u>	<u><u>\$ 59,217</u></u>	<u><u>\$ 4,097,225</u></u>

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

AMERICAN COMMITTEE FOR THE TEL AVIV FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 1 - Nature of the Organization and Summary of Significant Accounting Policies:

Nature of the Organization - 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.

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.

Pledges and Grants Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimate future cash flows. The discounts on those amounts are computed using a 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. Pledges and grant receivable are shown net of an allowance for doubtful accounts.

On a periodic basis, the Organization evaluates its receivables and establishes an allowance for doubtful accounts, based on history of past write-offs, collections and current credit conditions. Receivables are written off when management determines that a sufficient period of time has elapsed without receiving payment and the donors do not exhibit ability to meet their obligations.

Estimates and Uncertainties - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

AMERICAN COMMITTEE FOR THE TEL AVIV FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

**Note 1 - Nature of the Organization and Summary of Significant Accounting Policies:
(continued)**

Support and Revenues:

Unrestricted Net Assets: All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the support is recognized. Interest income is recognized when earned.

Temporarily Restricted Net Assets: Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently Restricted Net Assets: Amounts received that are to be held in perpetuity are reported as permanently restricted support that increases that net asset class. The Organization had no permanently restricted net assets.

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 23% of the Organization's revenue. Two donors accounted for 15% and 11% of the Organization's gross pledges receivable.

Functional Allocation of Expenses - The costs of providing the various programs and other 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 benefited. Expenses charged to restricted funds have been specifically charged to the grants/contracts in accordance with their terms and conditions.

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for Federal or State income taxes in the accompanying financial statements. The Organization has been determined by the Internal Revenue Service not to be a "Private Foundation" within the meaning of Section 509(a)(J) of the Internal Revenue Code. All significant tax positions have been considered by management and it has been determined that all tax positions would be sustained upon examination by taxing authorities. The Organization is required to file form 990 (Return of Organization Exempt from Income Tax), which is subject to examination by the Internal Revenue Services (IRS) up to three years from the extended due date of the tax return. The forms 990 for 2011 through 2013 are open to examination by the IRS as of December 31, 2014.

AMERICAN COMMITTEE FOR THE TEL AVIV FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 30, 2014

**Note 1 - Nature of the Organization and Summary of Significant Accounting Policies:
(continued)**

Cash Equivalents and Credit Risk - Cash equivalents consist of short-term, highly liquid investments, which mature within one year of purchase. The balances in these financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash in bank deposit accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash equivalents.

Note 2 - Pledges and Grant Receivables:

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

Receivable in less than one year	\$ 2,289,795
Receivable in one to five years	<u>490,528</u>
	2,780,323
Less: Discount to present value	(20,334)
Less: allowance for doubtful accounts	<u>(256,000)</u>
	<u>\$ 2,503,989</u>

Note 3 - 401(k) Plan Profit Sharing Plan:

The Organization maintains a defined contribution plan (the "Plan") under Section 401(k) of the Code covering all eligible employees as defined in the Plan. An officer of the Organization serves as trustee of the Plan. The Plan provides for matching contributions and discretionary contributions, as defined in the Plan. For the year ended December 31, 2014 the Organization's matching contributions amounted to \$2,004. For 2014 no discretionary contributions were made by the Organization.

Note 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 \$1,104,000.

AMERICAN COMMITTEE FOR THE TEL AVIV FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 30, 2014

Note 5 - Due to Tel Aviv Foundation;

The balance due to Tel Aviv Foundation amounted to \$1,080,697. The amount represents funds that have been designated by donors for specific projects in Israel which were not remitted prior to the end of the year.

Note 6 - Commitments;

The Organization leases its office facilities under a non-cancelable operating lease which expires on August 31, 2017. The lease is subject to escalations for the Organization's pro-rata share of increases in real estate taxes.

Future minimum rental payments at December 31, are as follows;

2015	\$ 40,982
2016	42,212
2017	<u>28,698</u>
	<u>\$111,892</u>

Note 7 - Subsequent Events;

Management has reviewed and evaluated all events and transactions from December 31, 2014 through June 10, 2015, the date that the financial statements are available for issuance. The effects of those events and transactions that provide additional pertinent information about conditions that existed at the statement of financial position date have been recognized in the accompanying financial statements.