

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

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**TABLE OF CONTENTS**

	<b><u>Page No.</u></b>
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7 - 10



**CYWIAK & COMPANY LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

19 WEST 44TH STREET - SUITE 510  
NEW YORK, NEW YORK 10036  
(212) 764-3884  
FAX (212) 764-2170

6202 20TH AVENUE  
BROOKLYN, NEW YORK 11204  
(718) 837-8550  
FAX (718) 259-7225

## **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, 2018 and 2017 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, 2018 and 2017 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 cursive script that reads "Offit & Company LLP".

CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
June 17, 2019

**American Committee for the Tel Aviv Foundation, inc.**  
**Statement of Financial Position**  
**December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 916,651	\$ 1,161,291
Pledges and grants receivable - net	861,800	2,577,366
Security deposits and other	8,895	8,895
	1,787,346	3,747,552
Total current assets		
Pledges and grants receivable - noncurrent - net	80,000	1,458,361
	<b>1,867,346</b>	<b>5,205,913</b>
<b>TOTAL ASSETS</b>		
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	6,833	2,869
Due to Tel Aviv Foundation	1,342,986	1,600,328
	1,349,819	1,603,197
Total liabilities		
Commitments		
<b>NET ASSETS</b>		
Without donor restrictions	(463,410)	(463,410)
With donor restrictions	980,937	4,066,126
	517,527	3,602,716
Total net assets		
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,867,346</b>	<b>\$ 5,205,913</b>

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

**American Committee for the Tel Aviv Foundation, Inc.**  
**Statement of Activities**  
**Years Ended December 31, 2018 and 2017**

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES:</b>						
Tel Aviv Foundation	\$ 287,004	\$ -	\$ 287,004	\$ 182,466	\$ -	\$ 182,466
Individuals	51,213	1,269,604	1,320,817	69,753	5,384,204	5,453,957
Interest income	12,115		12,115	6,196		6,196
	<u>350,332</u>	<u>1,269,604</u>	<u>1,619,936</u>	<u>258,415</u>	<u>5,384,204</u>	<u>5,642,619</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	<u>1,269,604</u>	<u>(1,269,604)</u>	<u>-</u>	<u>3,537,915</u>	<u>(3,537,915)</u>	<u>-</u>
	1,619,936	-	1,619,936	3,796,330	1,846,289	5,642,619
<b>EXPENSES:</b>						
Program services	4,461,172		4,461,172	3,659,356		3,659,356
Management and general	85,596		85,596	85,925		85,925
Fundraising	158,357		158,357	51,049		51,049
<b>Total Expenses</b>	<u>4,705,125</u>	<u>-</u>	<u>4,705,125</u>	<u>3,796,330</u>	<u>-</u>	<u>3,796,330</u>
<b>CHANGE IN NET ASSETS</b>	-	(3,085,189)	(3,085,189)	0	1,846,289	1,846,289
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>(463,410)</u>	<u>4,066,126</u>	<u>3,602,716</u>	<u>(463,410)</u>	<u>2,219,837</u>	<u>1,756,427</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ (463,410)</u>	<u>\$ 980,937</u>	<u>\$ 517,527</u>	<u>\$ (463,410)</u>	<u>\$4,066,126</u>	<u>\$3,602,716</u>

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

**American Committee for the Tel Aviv Foundation, Inc.**  
**Statement of Cash Flows**  
**Years Ended December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (3,085,189)	\$ 1,846,289
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Pledge discount amortization		40,346
Changes in operating assets and liabilities		
Pledges and grants receivable	3,093,927	(1,883,766)
Security deposit and other	0	(258)
Accounts payable and accrued expenses	3,964	(289)
Due to Tel Aviv Foundation	(257,342)	61,862
	<b>(244,640)</b>	<b>64,184</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES AND NET INCREASE IN CASH</b>	<b>(244,640)</b>	<b>64,184</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>1,161,291</b>	<b>1,097,107</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 916,651</b>	<b>\$ 1,161,291</b>

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

**American Committee for the Tel Aviv Foundation, Inc.**  
**Statement of Functional Expenses**  
**Years Ended December 31, 2018 and 2017**

	2018				2017			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 46,245	\$ 13,091	\$ 22,385	\$ 81,721	\$ 38,632	\$ 10,936	\$ 18,699	\$ 68,267
Payroll taxes	5,205	1,473	2,518	9,196	4,432	1,254	2,144	7,830
Employee benefits	1,020	289	494	1,803	568	161	275	1,004
Grants - Tel Aviv	4,354,793			4,354,793	3,537,915			3,537,915
Occupancy	34,220	8,555		42,775	38,812	9,703		48,515
Telephone and other	3,204	801		4,005	6,570	1,642		8,212
Office supplies and printing	10,116	2,529		12,645	10,725	2,681		13,406
Database			10,118	10,118			10,639	10,639
Postage and delivery	2,275	569		2,844	4,540	1,134		5,674
Professional fees		18,827		18,827	9,068	36,270		45,338
Insurance		5,824		5,824		5,726		5,726
Repairs and maintenance				-		2,920		2,920
Bank charges and brokerage fees		10,507		10,507				-
Promotion and Advertising			61,776	61,776			18,430	18,430
Public relations			59,957	59,957				-
Travel and entertainment			1,109	1,109			862	862
Computer	4,094	1,024		5,118	8,094	2,025		10,119
Filing fees		3,652		3,652		3,290		3,290
Event expenses		14,440		14,440				-
Miscellaneous		4,015		4,015		8,183		8,183
<b>Total Expenses</b>	<u>\$4,461,172</u>	<u>\$ 85,596</u>	<u>\$ 158,357</u>	<u>\$ 4,705,125</u>	<u>\$3,659,356</u>	<u>\$ 85,925</u>	<u>\$ 51,049</u>	<u>\$3,796,330</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, 2018 AND 2017**

**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 and charitable assistance to improve the quality of life of the residents of Tel Aviv-Jaffa, Israel. Support is provided to schools, social services, daycare centers, cultural and educational institutions and sport centers 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 follows the Presentation of Financial Statements for Not-for-Profit Entities topic of the FASB Accounting Statements Codification. This pronouncement sets standards for the financial statement presentation for not-for-profit organizations. The Organization is required to report information regarding its financial position and activities according to two (2) classes of net assets: without donor restrictions and with donor restrictions based on the existence or absence of donor imposed restrictions. New assets with donor restrictions consists of assets whose use is limited by donor imposed time and/or purpose restrictions.

*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, 2018 AND 2017**

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

***Revenue Recognitions:***

The Organization has adopted the Revenue Recognition for Not-for-Profit Entities topic of the FASB Accounting Standards Codification. In accordance with this standard, contributions received are recorded as without donor restrictions or with donor restrictions. All contributions are considered to be available without restrictions unless specifically restricted by the donor.

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.

***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 2015 through 2017 are open to examination by the IRS as of December 31, 2018.

***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.

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

**Note 2 - Pledges and Grant Receivables:**

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

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$ 948,567	\$ 1,458,361
Receivable in one to five years	<u>80,000</u>	<u>2,921,374</u>
	1,028,567	4,379,735
Less: Discount to present value	(1,767)	(88,008)
Less: allowance for doubtful accounts	<u>(85,000)</u>	<u>(256,000)</u>
	<u>\$ ,941,800</u>	<u>\$ 4,035,727</u>

**Note 3 - Related Party Transactions;**

Contributions received from members of the Organization's Board of Directors, its officers or entities affiliated with these individuals, were approximately \$16,000 for 2018 and \$ 34,000 for 2017.

**Note 4 - Due to Tel Aviv Foundation;**

The balance due to Tel Aviv Foundation amounted to \$1,342,986 for 2018 and \$1,600,328 for 2017. 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 5 - Commitments;**

The Organization leases its office facilities under a non-cancelable operating lease which expires on August 31, 2019. 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;

2018	\$51,360
2019	52,901
2020	52,901
2021	52,901
2022	<u>52,901</u>
	<u>\$ 262,964</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

Note 6 - Subsequent Events;

Management has reviewed and evaluated all events and transactions from December 31, 2018 through June 17, 2019, 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.