

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

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

AMERICAN COMMITTEE FOR THE TEL AVIV FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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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, 2017 and 2016 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, 2016 and 2015, 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
March 2, 2018

American Committee for the Tel Aviv Foundation, inc.
Statement of Financial Position
December 31, 2017 and 2016

	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,161,291	\$ 1,097,107
Pledges and grants receivable - net	2,577,366	1,335,969
Security deposits and other	8,895	8,637
	3,747,552	2,441,713
Total current assets	3,747,552	2,441,713
Pledges and grants receivable - noncurrent - net	1,458,361	856,338
	5,205,913	3,298,051
TOTAL ASSETS	5,205,913	3,298,051
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	2,869	3,158
Due to Tel Aviv Foundation	1,600,328	1,538,466
	1,603,197	1,541,624
Total liabilities	1,603,197	1,541,624
Commitments		
NET ASSETS		
Unrestricted	(463,410)	(463,410)
Temporarily restricted	4,066,126	2,219,837
	3,602,716	1,756,427
Total net assets	3,602,716	1,756,427
TOTAL LIABILITIES AND NET ASSETS	\$ 5,205,913	\$ 3,298,051

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, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES:						
Tel Aviv Foundation	\$ 182,466	\$ -	\$ 182,466	\$ 59,993	\$ -	\$ 59,993
Individuals	69,753	5,384,204	5,453,957	171,156	1,721,594	1,892,750
Interest income	6,196		6,196	3,836		3,836
	<u>258,415</u>	<u>5,384,204</u>	<u>5,642,619</u>	<u>234,985</u>	<u>1,721,594</u>	<u>1,956,579</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	<u>3,537,915</u>	<u>(3,537,915)</u>	<u>-</u>	<u>3,041,046</u>	<u>(3,041,046)</u>	<u>-</u>
	3,796,330	1,846,289	5,642,619	3,276,031	(1,319,452)	1,956,579
EXPENSES:						
Program services	3,659,356		3,659,356	3,147,088		3,147,088
Management and general	85,925		85,925	77,162		77,162
Fundraising	51,049		51,049	51,781		51,781
	<u>3,796,330</u>	<u>-</u>	<u>3,796,330</u>	<u>3,276,031</u>	<u>-</u>	<u>3,276,031</u>
Total Expenses	<u>3,796,330</u>	<u>-</u>	<u>3,796,330</u>	<u>3,276,031</u>	<u>-</u>	<u>3,276,031</u>
CHANGE IN NET ASSETS	0	1,846,289	1,846,289	-	(1,319,452)	(1,319,452)
NET ASSETS, BEGINNING OF YEAR	<u>(463,410)</u>	<u>2,219,837</u>	<u>1,756,427</u>	<u>(463,410)</u>	<u>3,539,289</u>	<u>3,075,879</u>
NET ASSETS , END OF YEAR	<u>\$ (463,410)</u>	<u>\$ 4,066,126</u>	<u>\$ 3,602,716</u>	<u>\$(463,410)</u>	<u>#####</u>	<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
Years Ended December 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,846,289	\$ (1,319,452)
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Pledge discount amortization	40,346	(11,230)
Changes in operating assets and liabilities		
Pledges and grants receivable	(1,883,766)	1,834,079
Security deposit and other	(258)	
Accounts payable and accrued expenses	(289)	(1,267)
Due to Tel Aviv Foundation	61,862	377,540
NET CASH PROVIDED BY OPERATING ACTIVITIES AND NET INCREASE IN CASH	64,184	879,670
CASH AT BEGINNING OF YEAR	1,097,107	217,437
CASH AT END OF YEAR	\$ 1,161,291	\$ 1,097,107

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, 2017 and 2016

	2017				2016			
	<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	\$ 38,632	\$ 10,936	\$ 18,699	\$ 68,267	\$ 44,966	\$ 12,729	\$ 21,765	\$ 79,460
Payroll taxes	4,432	1,254	2,144	7,830	4,956	1,403	2,398	8,757
Employee benefits	568	161	275	1,004	8,015	2,269	3,879	14,163
Grants - Tel Aviv	3,537,915			3,537,915	3,041,046			3,041,046
Occupancy	38,812	9,703		48,515	28,986	7,246		36,232
Telephone and other	6,570	1,642		8,212	1,202	301		1,503
Office supplies and printing	10,725	2,681		13,406	7,232	1,808		9,040
Database			10,639	10,639			5,663	5,663
Postage and delivery	4,540	1,134		5,674	2,015	504		2,519
Professional fees	9,068	36,270		45,338		28,400		28,400
Insurance		5,726		5,726		5,616		5,616
Repairs and maintenance		2,920		2,920		1,043		1,043
Promotion and Advertising			18,430	18,430			1,623	1,623
Travel and entertainment			862	862			16,453	16,453
Computer	8,094	2,025		10,119	8,670	2,169		10,839
Filing fees		3,290		3,290				-
Miscellaneous		8,183		8,183		13,674		13,674
Total Expenses	<u>\$3,659,356</u>	<u>\$ 85,925</u>	<u>\$ 51,049</u>	<u>\$ 3,796,330</u>	<u>\$3,147,088</u>	<u>\$ 77,162</u>	<u>\$ 51,781</u>	<u>\$3,276,031</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, 2017 AND 2016

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 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, 2017 AND 2016

**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.

For 2017 two donors accounted for 73% of the Organization's revenue and two donors accounted for 46% of the Organization's gross pledges receivable. For 2016 one donor accounted for 20% of the Organization's revenue and one donor accounted for 50% 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

AMERICAN COMMITTEE FOR THE TEL AVIV FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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

Revenue Services (IRS) up to three years from the extended due date of the tax return. The forms 990 for 2014 through 2016 are open to examination by the IRS as of December 31, 2017.

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;

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 1,458,361	\$ 1,639,631
Receivable in one to five years	<u>2,921,374</u>	<u>856,338</u>
	4,379,735	2,495,969
Less: Discount to present value	(88,008)	(47,662)
Less: allowance for doubtful accounts	<u>(256,000)</u>	<u>(256,000)</u>
	<u>\$ 4,035,727</u>	<u>\$ 2,192,307</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 \$34,000 for 2017 and \$ 171,156 for 2016.

Note 4 - Due to Tel Aviv Foundation;

The balance due to Tel Aviv Foundation amounted to \$1,782,794 for 2016 and \$1,538,466 for 2015. 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.

AMERICAN COMMITTEE FOR THE TEL AVIV FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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>

Note 6 - Subsequent Events;

Management has reviewed and evaluated all events and transactions from December 31, 2017 through March 2, 2018, 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.