

WeiserMazars LLP

**American Committee  
for the Tel Aviv  
Foundation, Inc.**  
Financial Statements  
December 31, 2012 and 2011



**American Committee for the Tel Aviv Foundation, Inc.**

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**December 31, 2012 and 2011**

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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 financial statements of American Committee for the Tel Aviv Foundation, Inc., which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years 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 these 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 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 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, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Weiser Mazars LLP*

July 8, 2013

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# American Committee for the Tel Aviv Foundation, Inc.

## Statements of Financial Position

December 31, 2012 and 2011

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	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,073,236	\$ 535,882
Pledges and grants receivable	3,922,680	3,796,104
Property and equipment, net	1,613	2,915
Security deposit and other	8,268	11,484
	<u>5,005,797</u>	<u>4,346,385</u>
Total assets	<u>\$ 5,005,797</u>	<u>\$ 4,346,385</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 4,401	\$ 4,140
Due to Tel Aviv Foundation	1,538,193	975,765
Deferred income - special events	-	2,880
Total liabilities	<u>1,542,594</u>	<u>982,785</u>
<b>Commitments</b>		
Net assets		
Unrestricted deficiency	(463,410)	(463,410)
Temporarily restricted	3,926,613	3,827,010
Total net assets	<u>3,463,203</u>	<u>3,363,600</u>
Total liabilities and net assets	<u>\$ 5,005,797</u>	<u>\$ 4,346,385</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, 2012 and 2011**

	Years Ended December 31,					
	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenues</b>						
Tel Aviv Foundation	\$ 143,482	\$ -	\$ 143,482	\$ 246,355	\$ -	\$ 246,355
Individuals	85,428	4,566,252	4,651,680	22,302	2,714,530	2,736,832
Special events, net of direct benefit costs of \$25,931 in 2012	-	146,449	146,449	-	-	-
Interest income	44	-	44	61	-	61
	<u>228,954</u>	<u>4,712,701</u>	<u>4,941,655</u>	<u>268,718</u>	<u>2,714,530</u>	<u>2,983,248</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	4,613,098	(4,613,098)	-	4,593,582	(4,593,582)	-
	<u>4,842,052</u>	<u>99,603</u>	<u>4,941,655</u>	<u>4,862,300</u>	<u>(1,879,052)</u>	<u>2,983,248</u>
<b>Expenses</b>						
Program services:						
Tel Aviv Foundation	4,726,592	-	4,726,592	4,714,818	-	4,714,818
Supporting services:						
Management and general	72,847	-	72,847	74,781	-	74,781
Fund raising	42,613	-	42,613	72,701	-	72,701
	<u>4,842,052</u>	<u>-</u>	<u>4,842,052</u>	<u>4,862,300</u>	<u>-</u>	<u>4,862,300</u>
Loss on uncollectible pledges	-	-	-	-	(100,000)	(100,000)
Change in net assets	-	99,603	99,603	-	(1,979,052)	(1,979,052)
Net assets						
Beginning	(463,410)	3,827,010	3,363,600	(463,410)	5,806,062	5,342,652
Ending	<u>\$ (463,410)</u>	<u>\$ 3,926,613</u>	<u>\$ 3,463,203</u>	<u>\$ (463,410)</u>	<u>\$ 3,827,010</u>	<u>\$ 3,363,600</u>

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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets	\$ 99,603	\$ (1,979,052)
Adjustments to reconcile change in net assets to cash flows provided by operating activities:		
Pledge discount amortization	(67,097)	(16,662)
Depreciation	1,302	1,534
Loss on uncollectible pledges	-	100,000
Changes in operating assets and liabilities:		
Pledges receivable	(59,479)	1,891,936
Security deposit and other	3,216	2,247
Accounts payable and accrued expenses	261	18
Due to Tel Aviv Foundation	562,428	254,668
Deferred income - special events	(2,880)	2,880
Net cash flows provided by operating activities	<u>537,354</u>	<u>257,569</u>
Net increase in cash and cash equivalents	537,354	257,569
Cash and cash equivalents		
Beginning	<u>535,882</u>	<u>278,313</u>
Ending	<u>\$ 1,073,236</u>	<u>\$ 535,882</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, 2012 and 2011

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### 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 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.

# American Committee for the Tel Aviv Foundation, Inc.

## Notes to Financial Statements

Years Ended December 31, 2012 and 2011

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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.

Two donors accounted for an aggregate of 37% of the Organization's revenue for the year ended December 31, 2012. Two donors accounted for an aggregate of 34% of the Organization's revenue for the year ended December 31, 2011. Two donors accounted for 24% and 20% of the Organization's gross pledges receivables at December 31, 2012. One donor accounted for 36% of the Organization's gross pledges receivables at December 31, 2011.

### 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 2009.

### 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>2012</u>	<u>2011</u>
Receivable in less than one year	\$ 2,732,141	\$ 2,221,616
Receivable in one to five years	<u>1,521,948</u>	<u>1,972,994</u>
	4,254,089	4,194,610
Less: discount to present value	(75,409)	(142,506)
Less: allowance for doubtful accounts	<u>(256,000)</u>	<u>(256,000)</u>
	<u>\$ 3,922,680</u>	<u>\$ 3,796,104</u>

Pledges and grants receivable have been discounted over the payment period using discount rates ranging from 1.5% to 4%.

## 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 \$129,000 and \$352,000 in 2012 and 2011, respectively.



**American Committee for the Tel Aviv Foundation, Inc.**  
**Notes to Financial Statements**  
**Years Ended December 31, 2012 and 2011**

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**5. Property and Equipment, Net**

Property and equipment are summarized as follows:

	Estimated Useful Life	December 31,	
		2012	2011
Furniture and fixtures	5 years	\$ 16,390	\$ 16,390
Equipment	5 years	25,704	25,704
		42,094	42,094
Less: Accumulated depreciation		40,481	39,179
		<u>\$ 1,613</u>	<u>\$ 2,915</u>

**6. Temporarily Restricted Net Assets**

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

	December 31,	
	2012	2011
Capital improvements in Israel	\$ 3,926,613	\$ 3,811,890
Special events	-	15,120
	<u>\$ 3,926,613</u>	<u>\$ 3,827,010</u>

**7. Due to Tel Aviv Foundation**

The balance due to Tel Aviv Foundation (“Tel Aviv”) amounted to \$1,538,193 and \$975,765 as of December 31, 2012 and 2011, 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, 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, 2012 are as follows:

2013	\$ 38,629
2014	39,788
2015	40,982
2016	42,212
2017	28,698
	<u>\$ 190,309</u>

# American Committee for the Tel Aviv Foundation, Inc.

## Notes to Financial Statements

Years Ended December 31, 2012 and 2011

Rent expense approximated \$34,000 and \$32,000 for the years ended December 31, 2012 and 2011, respectively.

### 9. Functional Expenses

Expenses were incurred as follows:

	Years Ended December 31,				2011 Summarized Comparative Total
	2012			Total Expenses	
Program Services	Management and General	Fund- Raising			
Salaries	\$ 49,011	\$ 14,653	\$ 28,148	\$ 91,812	\$ 112,800
Payroll taxes	8,802	2,201		11,003	12,169
Employee benefits	9,490	2,372		11,862	11,317
Grants - Tel Aviv	4,613,098			4,613,098	4,593,582
Occupancy	29,714	7,429		37,143	34,370
Telephone and other	5,823	1,456		7,279	7,801
Office supplies and printing	5,153	1,288		6,441	13,723
Database			8,221	8,221	4,452
Postage and delivery	2,914	728		3,642	3,217
Accounting		24,800		24,800	25,150
Insurance		7,402		7,402	7,430
Repairs and maintenance		759		759	343
Promotion and advertising			500	500	3,942
Travel and entertainment			5,744	5,744	11,243
Computer	2,587	647		3,234	12,700
Depreciation		1,302		1,302	1,534
Miscellaneous		7,810		7,810	6,527
Total expenses	<u>\$4,726,592</u>	<u>\$ 72,847</u>	<u>\$ 42,613</u>	<u>\$4,842,052</u>	<u>\$ 4,862,300</u>

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, 2011, from which the summarized information was derived.

### 10. Subsequent Events

The Organization has evaluated subsequent events through July 8, 2013, the date the financial statements were available for issuance.

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