

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

Financial Statements

December 31, 2009 and 2008

American Committee for the Tel Aviv Foundation, Inc.

Contents

December 31, 2009 and 2008

| | Page(s) |
|-------------------------------------------|----------------|
| Independent Auditors' Report | 1 |
| Financial Statements | |
| Statements of Financial Position | 2 |
| Statements of Activities..... | 3 |
| Statements of Cash Flows..... | 4 |
| Notes to Financial Statements | 5-10 |



135 West 50th Street
New York, NY 10020-1299
Tel 212.812.7000
Fax 212.375.6888

www.weiserLLP.com

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, 2009 and 2008, 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, 2009 and 2008, 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.

Weiser LLP

New York, N.Y.
July 22, 2010

American Committee for the Tel Aviv Foundation, Inc.
Statements of Financial Position
December 31, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|-----------------------------------------|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$ 487,412 | \$ 584,352 |
| Pledges and grants receivable | 8,991,227 | 8,684,623 |
| Property and equipment, net | 5,773 | 3,458 |
| Other | <u>86,508</u> | <u>97,197</u> |
| Total assets | <u>\$ 9,570,920</u> | <u>\$ 9,369,630</u> |
| Liabilities and Net Assets | | |
| Accounts payable and accrued expenses | \$ 17,364 | \$ 21,381 |
| Due to Tel Aviv Foundation | 991,055 | 847,820 |
| Deferred rent | - | 9,953 |
| Security deposit | <u>-</u> | <u>3,950</u> |
| Total liabilities | <u>1,008,419</u> | <u>883,104</u> |
| Commitments | | |
| Net assets | | |
| Unrestricted deficiency | (463,410) | (463,410) |
| Temporarily restricted | <u>9,025,911</u> | <u>8,949,936</u> |
| Total net assets | <u>8,562,501</u> | <u>8,486,526</u> |
| Total liabilities and net assets | <u>\$ 9,570,920</u> | <u>\$ 9,369,630</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, 2009 and 2008

| | Years Ended December 31, | | | | | |
|--------------------------------------------------------------------------------------------------|--------------------------|---------------------------|---------------------|---------------------|---------------------------|---------------------|
| | 2009 | | | 2008 | | |
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| Support and Revenues | | | | | | |
| Tel Aviv Foundation | \$ 409,450 | \$ - | \$ 409,450 | \$ 614,303 | \$ - | \$ 614,303 |
| Individuals | 28,174 | 4,126,975 | 4,155,149 | 44,523 | 3,392,803 | 3,437,326 |
| Special events, net | - | 501,834 | 501,834 | - | 105,230 | 105,230 |
| Interest income | 2,500 | - | 2,500 | 9,962 | - | 9,962 |
| | <u>440,124</u> | <u>4,628,809</u> | <u>5,068,933</u> | <u>668,788</u> | <u>3,498,033</u> | <u>4,166,821</u> |
| Net assets released from restrictions due to satisfaction of program and time restrictions | 3,934,334 | (3,934,334) | - | 3,583,179 | (3,583,179) | - |
| | <u>4,374,458</u> | <u>694,475</u> | <u>5,068,933</u> | <u>4,251,967</u> | <u>(85,146)</u> | <u>4,166,821</u> |
| Expenses | | | | | | |
| Program services: | | | | | | |
| Tel Aviv Foundation | 4,150,044 | - | 4,150,044 | 3,764,286 | - | 3,764,286 |
| Supporting services: | | | | | | |
| Management and general | 100,317 | - | 100,317 | 243,799 | - | 243,799 |
| Fund raising | 124,097 | - | 124,097 | 243,882 | - | 243,882 |
| | <u>4,374,458</u> | <u>-</u> | <u>4,374,458</u> | <u>4,251,967</u> | <u>-</u> | <u>4,251,967</u> |
| Loss on uncollectible pledges | <u>-</u> | <u>(618,500)</u> | <u>(618,500)</u> | <u>-</u> | <u>(938,000)</u> | <u>(938,000)</u> |
| Change in net assets | <u>-</u> | <u>75,975</u> | <u>75,975</u> | <u>-</u> | <u>(1,023,146)</u> | <u>(1,023,146)</u> |
| Net assets | | | | | | |
| Beginning | (463,410) | 8,949,936 | 8,486,526 | (463,410) | 9,973,082 | 9,509,672 |
| Ending | <u>\$ (463,410)</u> | <u>\$ 9,025,911</u> | <u>\$ 8,562,501</u> | <u>\$ (463,410)</u> | <u>\$ 8,949,936</u> | <u>\$ 8,486,526</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, 2009 and 2008

| | <u>2009</u> | <u>2008</u> |
|---------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 75,975 | \$ (1,023,146) |
| Adjustments to reconcile change in net assets to cash flows (used in) provided by operating activities: | | |
| Depreciation and amortization | 1,151 | 2,115 |
| Loss on uncollectible pledges | 618,500 | 938,000 |
| Deferred rent | (9,953) | (14,840) |
| Changes in operating assets and liabilities: | | |
| Pledges receivable | (925,104) | 74,005 |
| Other assets | 10,689 | (52,932) |
| Accounts payable and accrued expenses | (4,017) | 18,113 |
| Due to Tel Aviv Foundation | 143,235 | 385,722 |
| Security deposit | (3,950) | - |
| Net cash flows (used in) provided by operating activities | <u>(93,474)</u> | <u>327,037</u> |
| Cash flows used in investing activity | | |
| Purchase of equipment | <u>(3,466)</u> | <u>(1,038)</u> |
| Net (decrease) increase in cash and cash equivalents | (96,940) | 325,999 |
| Cash and cash equivalents | | |
| Beginning | <u>584,352</u> | <u>258,353</u> |
| Ending | <u>\$ 487,412</u> | <u>\$ 584,352</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, 2009 and 2008

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.

The Organization is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Use of Estimates

In its preparing of the financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support 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. Leasehold improvements are being amortized over the shorter of the lease term or estimated useful life.

American Committee for the Tel Aviv Foundation, Inc.

Notes to Financial Statements

Years Ended December 31, 2009 and 2008

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.

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 48% and 24% in 2009 and 23% and 20% in 2008, of the Organization's gross pledges receivables, respectively.

3. Pledges and Grant Receivable

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

| | December 31, | |
|---------------------------------------|---------------------|---------------------|
| | 2009 | 2008 |
| Receivable in less than one year | \$ 3,859,491 | \$ 3,890,394 |
| Receivable in one to five years | 5,640,529 | 5,328,334 |
| Receivable after five years | 60,000 | 150,000 |
| | <u>9,560,020</u> | <u>9,368,728</u> |
| Less: Discount to present value | (440,793) | (556,105) |
| Less: Allowance for doubtful accounts | <u>(128,000)</u> | <u>(128,000)</u> |
| | <u>\$ 8,991,227</u> | <u>\$ 8,684,623</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, 2009 and 2008

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 \$934,000 and \$553,000 in 2009 and 2008, respectively.

On July 31, 2008, the Organization issued a note receivable to its Executive Director in the amount of \$50,000. The note bears interest at the rate of 5% per annum and the principal is payable in monthly installments of \$1,000 through August 2011. The terms for the repayment of interest will be determined at the time when the principal is repaid in full. The amount outstanding under the note at December 31, 2009 and 2008 amounted to \$33,000 and \$45,000, respectively, and is included in other assets in the accompanying statement of financial position. Interest income on the note amounted to approximately \$2,000 and \$1,000, respectively, for the years ended December 31, 2009 and 2008.

5. Property and Equipment, Net

Property and equipment are summarized as follows:

| | December 31, | | Estimated |
|----------------------------------------------------|-----------------|-----------------|----------------|
| | 2009 | 2008 | Useful Life |
| Furniture and fixtures | \$ 16,390 | \$ 16,390 | 5 years |
| Equipment | 25,529 | 22,063 | 5 years |
| Leasehold improvements | - | 12,298 | Term of lease |
| | <u>41,919</u> | <u>50,751</u> | |
| Less: Accumulated depreciation and amortization | <u>36,146</u> | <u>47,293</u> | |
| | <u>\$ 5,773</u> | <u>\$ 3,458</u> | |

6. Temporarily Restricted Net Assets

At December 31, 2009 and 2008, temporarily restricted net assets are available for capital improvement projects in Israel in the amount of \$9,025,911 and \$8,949,936, respectively.

7. Due to Tel Aviv Foundation

The balance due to Tel Aviv Foundation ("Tel Aviv") amounted to \$991,055 and \$847,820 as of December 31, 2009 and 2008, 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.

American Committee for the Tel Aviv Foundation, Inc.

Notes to Financial Statements

Years Ended December 31, 2009 and 2008

8. Commitments

The Organization previously leased its office facilities under a non-cancelable operating lease which expired on August 31, 2009, a portion of which was sublet to unaffiliated entities on a month-to-month basis. In September 2009, the Organization entered into a new lease expiring on August 31, 2012. There are no sublets in the new lease agreement. 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, 2009 are as follows:

| Year Ending December 31, | |
|-----------------------------|------------------|
| 2010 | \$ 30,300 |
| 2011 | 31,209 |
| 2012 | <u>21,218</u> |
| Total | <u>\$ 82,727</u> |

Rent expense approximated \$74,000 in 2009 and \$23,000 in 2008, net of sublease income of approximately \$54,000 in 2009 and \$136,000 in 2008.

9. Special Events

Income from the Organization's special events is shown, net of direct expenses, as follows:

| | December 31, | |
|----------------------------|-------------------|-------------------|
| | <u>2009</u> | <u>2008</u> |
| Benefit receipts | \$ 795,219 | \$ 131,700 |
| Less: direct benefit costs | <u>(293,385)</u> | <u>(26,470)</u> |
| | <u>\$ 501,834</u> | <u>\$ 105,230</u> |

American Committee for the Tel Aviv Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2009 and 2008

10. Functional Expenses

Expenses were incurred as follows:

| | Years Ended December 31, | | | | |
|----------------------------------|-----------------------------|---------------------------------------|--------------------------|---------------------------|---------------------------------------------|
| | 2009 | | | | 2008 |
| | <u>Program Services</u> | <u>Management and General</u> | <u>Fund- Raising</u> | <u>Total Expenses</u> | <u>Summarized Comparative Total</u> |
| Salaries | \$ 88,030 | \$ 22,008 | \$ 59,265 | \$ 169,303 | \$ 182,555 |
| Payroll taxes | 10,875 | 2,719 | | 13,594 | 15,704 |
| Employee benefits | 21,698 | 5,425 | | 27,123 | 19,288 |
| Grants - Tel Aviv | 3,934,334 | | | 3,934,334 | 3,583,179 |
| Occupancy | 64,750 | 16,188 | | 80,938 | 44,441 |
| Telephone and other | 11,731 | 2,933 | | 14,664 | 10,063 |
| Office supplies and printing | 12,769 | 3,192 | | 15,961 | 8,673 |
| Tel Aviv Centennial Campaign | | | 23,778 | 23,778 | 264,495 |
| Database | | | 4,456 | 4,456 | 28,340 |
| Postage and delivery | 2,687 | 672 | | 3,359 | 3,596 |
| Accounting | | 24,700 | | 24,700 | 24,200 |
| Insurance | | 8,033 | | 8,033 | 7,903 |
| Repairs and maintenance | | 3,273 | | 3,273 | 3,594 |
| Promotion and advertising | | | 4,970 | 4,970 | 2,006 |
| Travel and entertainment | | | 31,628 | 31,628 | 37,883 |
| Computer | 3,170 | 792 | | 3,962 | 5,959 |
| Depreciation and amortization | | 1,151 | | 1,151 | 2,115 |
| Miscellaneous | | 9,231 | | 9,231 | 7,973 |
| Total expenses | <u>\$ 4,150,044</u> | <u>\$ 100,317</u> | <u>\$ 124,097</u> | <u>\$4,374,458</u> | <u>\$4,251,967</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, 2008, from which the summarized information was derived.

American Committee for the Tel Aviv Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2009 and 2008

11. Subsequent Events

The Organization has evaluated subsequent events through July 22, 2010, the date the financial statements were available for issuance.