

WeiserMazars LLP

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

**Financial Statements
December 31, 2010 and 2009**



American Committee for the Tel Aviv Foundation, Inc.

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December 31, 2010 and 2009

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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 statements of financial position of American Committee for the Tel Aviv Foundation, Inc. (the "Organization") as of December 31, 2010 and 2009, 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, 2010 and 2009, 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.

As discussed in Note 10 to the financial statements, the Company restated temporarily restricted net assets to correct errors in the recording of contributions receivable.



New York, NY
August 8, 2011

American Committee for the Tel Aviv Foundation, Inc.
Statements of Financial Position
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u> (Note 10)
Assets		
Cash and cash equivalents	\$ 278,313	\$ 487,412
Pledges and grants receivable	5,771,378	4,441,227
Property and equipment, net	4,449	5,773
Other	<u>13,731</u>	<u>86,508</u>
Total assets	<u>\$ 6,067,871</u>	<u>\$ 5,020,920</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 4,122	\$ 17,364
Due to Tel Aviv Foundation	<u>721,097</u>	<u>991,055</u>
Total liabilities	<u>725,219</u>	<u>1,008,419</u>
Commitments		
Net assets		
Unrestricted deficiency	(463,410)	(463,410)
Temporarily restricted	<u>5,806,062</u>	<u>4,475,911</u>
Total net assets	<u>5,342,652</u>	<u>4,012,501</u>
Total liabilities and net assets	<u>\$ 6,067,871</u>	<u>\$ 5,020,920</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, 2010 and 2009

	Years Ended December 31,					
	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenues						
Tel Aviv Foundation	\$ 334,929	\$ -	\$ 334,929	\$ 409,450	\$ -	\$ 409,450
Individuals	32,798	3,512,748	3,545,546	28,174	2,176,975	2,205,149
Special events, net of direct benefit costs of \$293,385 in 2009	-	-	-	-	501,834	501,834
Interest income	2,907	-	2,907	2,500	-	2,500
	<u>370,634</u>	<u>3,512,748</u>	<u>3,883,382</u>	<u>440,124</u>	<u>2,678,809</u>	<u>3,118,933</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	2,149,097	(2,149,097)	-	3,934,334	(3,934,334)	-
	<u>2,519,731</u>	<u>1,363,651</u>	<u>3,883,382</u>	<u>4,374,458</u>	<u>(1,255,525)</u>	<u>3,118,933</u>
Expenses						
Program services:						
Tel Aviv Foundation	2,337,031	-	2,337,031	4,150,044	-	4,150,044
Supporting services:						
Management and general	88,524	-	88,524	100,317	-	100,317
Fund raising	94,176	-	94,176	124,097	-	124,097
	<u>2,519,731</u>	<u>-</u>	<u>2,519,731</u>	<u>4,374,458</u>	<u>-</u>	<u>4,374,458</u>
Loss on uncollectible pledges	-	(33,500)	(33,500)	-	(18,500)	(18,500)
Change in net assets	-	1,330,151	1,330,151	-	(1,274,025)	(1,274,025)
Net assets						
Beginning, as previously reported	(463,410)	4,475,911	4,012,501	(463,410)	8,949,936	8,486,526
Prior period adjustment (Note 10)					(3,200,000)	(3,200,000)
Beginning, as restated				(463,410)	5,749,936	5,286,526
Ending	<u>\$ (463,410)</u>	<u>\$ 5,806,062</u>	<u>\$ 5,342,652</u>	<u>\$ (463,410)</u>	<u>\$ 4,475,911</u>	<u>\$ 4,012,501</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Change in net assets	\$ 1,330,151	\$ (1,274,025)
Adjustments to reconcile change in net assets to cash flows used in operating activities:		
Pledge discount amortization	(281,625)	(115,312)
Depreciation and amortization	1,499	1,151
Loss on uncollectible pledges	33,500	18,500
Deferred rent	-	(9,953)
Changes in operating assets and liabilities:		
Pledges receivable	(1,082,026)	1,140,208
Other assets	72,777	10,689
Accounts payable and accrued expenses	(13,242)	(4,017)
Due to Tel Aviv Foundation	(269,958)	143,235
Security deposit	-	(3,950)
Net cash flows used in operating activities	<u>(208,924)</u>	<u>(93,474)</u>
Cash flows used in investing activity		
Purchase of equipment	<u>(175)</u>	<u>(3,466)</u>
Net decrease in cash and cash equivalents	(209,099)	(96,940)
Cash and cash equivalents		
Beginning	<u>487,412</u>	<u>584,352</u>
Ending	<u>\$ 278,313</u>	<u>\$ 487,412</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, 2010 and 2009

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.

American Committee for the Tel Aviv Foundation, Inc.

Notes to Financial Statements

Years Ended December 31, 2010 and 2009

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 28% and 36% in 2010 and 48% and 24% in 2009, of the Organization's gross pledges receivables, respectively.

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 2007.

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:

	December 31,	
	2010	2009
Receivable in less than one year	\$ 3,939,496	\$ 1,659,491
Receivable in one to five years	2,147,050	3,290,529
Receivable after five years	-	60,000
	<u>6,086,546</u>	<u>5,010,020</u>
Less: Discount to present value	(159,168)	(440,793)
Less: Allowance for doubtful accounts	<u>(156,000)</u>	<u>(128,000)</u>
	<u>\$ 5,771,378</u>	<u>\$ 4,441,227</u>

American Committee for the Tel Aviv Foundation, Inc.
Notes to Financial Statements
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Pledges and grants receivable have been discounted over the payment period using a discount rate of 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 \$1,600,000 and \$934,000 in 2010 and 2009, 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 amount outstanding under the note at December 31, 2009 amounted to \$33,000. In December 2010, the balance of the loan of \$22,000 plus accrued interest approximating \$4,300 was forgiven as part of the Executive Director's severance benefit. Interest income on the note amounted to approximately \$1,300 and \$2,000, respectively, for the years ended December 31, 2010 and 2009.

5. Property and Equipment, Net

Property and equipment are summarized as follows:

	December 31,		Estimated
	2010	2009	Useful Life
Furniture and fixtures	\$ 16,390	\$ 16,390	5 years
Equipment	<u>25,704</u>	<u>25,529</u>	5 years
	42,094	41,919	
Less: Accumulated depreciation and amortization	<u>37,645</u>	<u>36,146</u>	
	<u>\$ 4,449</u>	<u>\$ 5,773</u>	

6. Temporarily Restricted Net Assets

At December 31, 2010 and 2009, temporarily restricted net assets are available for capital improvement projects in Israel in the amount of \$5,806,062 and \$4,475,911, respectively.

American Committee for the Tel Aviv Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2010 and 2009

7. Due to Tel Aviv Foundation

The balance due to Tel Aviv Foundation ("Tel Aviv") amounted to \$721,097 and \$991,055 as of December 31, 2010 and 2009, 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 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, 2010 are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2011	\$ 31,209
2012	<u>21,218</u>
Total	<u>\$ 52,427</u>

Rent expense approximated \$30,000 in 2010 and \$74,000 in 2009, net of sublease income of approximately \$54,000 in 2009.

American Committee for the Tel Aviv Foundation, Inc.
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9. Functional Expenses

Expenses were incurred as follows:

	Years Ended December 31,				
	2010				2009
	Program Services	Management and General	Fund- Raising	Total Expenses	Summarized Comparative Total
Salaries	\$ 104,871	\$ 26,218	\$ 70,586	\$ 201,675	\$ 169,303
Payroll taxes	11,365	2,841		14,206	13,594
Employee benefits	24,611	6,153		30,764	27,123
Grants - Tel Aviv	2,149,097			2,149,097	3,934,334
Occupancy	26,614	6,654		33,268	80,938
Telephone and other	8,325	2,081		10,406	14,664
Office supplies and printing	6,028	1,507		7,535	15,961
Tel Aviv Centennial Campaign				-	23,778
Database			4,181	4,181	4,456
Postage and delivery	3,208	802		4,010	3,359
Accounting		25,300		25,300	24,700
Insurance		7,409		7,409	8,033
Repairs and maintenance		555		555	3,273
Promotion and advertising			4,249	4,249	4,970
Travel and entertainment			15,160	15,160	31,628
Computer	2,912	728		3,640	3,962
Depreciation and amortization		1,499		1,499	1,151
Miscellaneous		6,777		6,777	9,231
Total expenses	<u>\$ 2,337,031</u>	<u>\$ 88,524</u>	<u>\$ 94,176</u>	<u>\$2,519,731</u>	<u>\$4,374,458</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, 2009, from which the summarized information was derived.

American Committee for the Tel Aviv Foundation, Inc.
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10. Prior-Period Adjustment

The Organization's temporarily restricted net assets at December 31, 2008 have been retroactively restated to correct errors in the recording of contributions receivable in the amount of \$3,200,000. These contributions were conditional as the donor had the option of making the donation directly to Tel Aviv Foundation in Israel. Conditional contributions should not be recorded as pledges receivable until the conditions are met. These conditions have not been met as the donor has not chosen to give the money to the Organization. Additionally, temporarily restricted contributions amounting to \$1,950,000 originally recorded in 2009 have also been restated for the same reasons. Accordingly, pledges and grants receivable at December 31, 2009 have been reduced by \$4,550,000 and the change in net assets for the year ended December 31, 2009 has been decreased by \$1,350,000.

11. Subsequent Events

The Organization has evaluated subsequent events through August 8, 2011, the date the financial statements were available for issuance.

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