

WeiserMazars LLP

**American Committee
for the Tel Aviv
Foundation, Inc.**
Financial Statements
December 31, 2013 and 2012



American Committee for the Tel Aviv Foundation, Inc.

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December 31, 2013 and 2012

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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, 2013 and 2012, 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, 2013 and 2012, 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.

WeiserMazars LLP

June 10, 2014

WEISERMAZARS LLP

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American Committee for the Tel Aviv Foundation, Inc.

Statements of Financial Position

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and cash equivalents	\$ 185,350	\$ 1,073,236
Pledges and grants receivable, net	3,016,235	3,922,680
Property and equipment, net	637	1,613
Security deposit and other	9,842	8,268
	<u> </u>	<u> </u>
Total assets	<u>\$ 3,212,064</u>	<u>\$ 5,005,797</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 12,375	\$ 4,401
Due to Tel Aviv Foundation	643,426	1,538,193
Total liabilities	<u>655,801</u>	<u>1,542,594</u>
Commitments		
Net assets		
Unrestricted deficiency	(463,410)	(463,410)
Temporarily restricted	3,019,673	3,926,613
Total net assets	<u>2,556,263</u>	<u>3,463,203</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 3,212,064</u>	<u>\$ 5,005,797</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, 2013 and 2012

	Years Ended December 31,					
	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenues						
Tel Aviv Foundation	\$ 208,998	\$ -	\$ 208,998	\$ 143,482	\$ -	\$ 143,482
Individuals	42,190	4,891,123	4,933,313	85,428	4,566,252	4,651,680
Special events, net of direct benefit costs of \$25,931 in 2012	-	-	-	-	146,449	146,449
Interest income	68	-	68	44	-	44
	<u>251,256</u>	<u>4,891,123</u>	<u>5,142,379</u>	<u>228,954</u>	<u>4,712,701</u>	<u>4,941,655</u>
Net assets released from restrictions due to satisfaction of program and time restrictions	<u>5,798,063</u>	<u>(5,798,063)</u>	<u>-</u>	<u>4,613,098</u>	<u>(4,613,098)</u>	<u>-</u>
	<u>6,049,319</u>	<u>(906,940)</u>	<u>5,142,379</u>	<u>4,842,052</u>	<u>99,603</u>	<u>4,941,655</u>
Expenses						
Program services:						
Tel Aviv Foundation	5,912,058	-	5,912,058	4,726,592	-	4,726,592
Supporting services:						
Management and general	70,249	-	70,249	72,847	-	72,847
Fund raising	67,012	-	67,012	42,613	-	42,613
	<u>6,049,319</u>	<u>-</u>	<u>6,049,319</u>	<u>4,842,052</u>	<u>-</u>	<u>4,842,052</u>
Change in net assets	-	(906,940)	(906,940)	-	99,603	99,603
Net assets						
Beginning	<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>
Ending	<u>\$ (463,410)</u>	<u>\$ 3,019,673</u>	<u>\$ 2,556,263</u>	<u>\$ (463,410)</u>	<u>\$ 3,926,613</u>	<u>\$ 3,463,203</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ (906,940)	\$ 99,603
Adjustments to reconcile change in net assets to cash flows provided by operating activities:		
Pledge discount amortization	(47,270)	(67,097)
Depreciation	976	1,302
Changes in operating assets and liabilities:		
Pledges and grants receivable	953,715	(59,479)
Security deposit and other	(1,574)	3,216
Accounts payable and accrued expenses	7,974	261
Due to Tel Aviv Foundation	(894,767)	562,428
Deferred income - special events	-	(2,880)
Net cash flows (used in) provided by operating activities	<u>(887,886)</u>	<u>537,354</u>
Net (decrease) increase in cash and cash equivalents	(887,886)	537,354
Cash and cash equivalents		
Beginning	<u>1,073,236</u>	<u>535,882</u>
Ending	<u>\$ 185,350</u>	<u>\$ 1,073,236</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, 2013 and 2012

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 one bank 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 restriction 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, 2013 and 2012

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.

One donor accounted for 28% of the Organization's revenue for the year ended December 31, 2013. Two donors accounted for an aggregate of 37% of the Organization's revenue for the year ended December 31, 2012. Two donors accounted for 15% and 14% of the Organization's gross pledges receivables at December 31, 2013. Two donors accounted for 24% and 20% of the Organization's gross pledges receivables at December 31, 2012.

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 classified 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 2010.

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>2013</u>	<u>2012</u>
Receivable in less than one year	\$ 2,484,648	\$ 2,732,141
Receivable in one to five years	815,726	1,521,948
	<u>3,300,374</u>	<u>4,254,089</u>
Less: discount to present value	(28,139)	(75,409)
Less: allowance for doubtful accounts	<u>(256,000)</u>	<u>(256,000)</u>
	<u>\$ 3,016,235</u>	<u>\$ 3,922,680</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 \$1,104,000 and \$129,000 in 2012 and 2011, respectively.

American Committee for the Tel Aviv Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012

5. Property and Equipment, Net

Property and equipment are summarized as follows:

	Estimated Useful Life	December 31,	
		2013	2012
Furniture and fixtures	5 years	\$ 16,390	\$ 16,390
Equipment	5 years	25,704	25,704
		42,094	42,094
Less: Accumulated depreciation		41,457	40,481
		<u>\$ 637</u>	<u>\$ 1,613</u>

6. Temporarily Restricted Net Assets

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

	December 31,	
	2013	2012
Capital improvements in Tel Aviv-Jaffa, Israel	<u>\$ 3,019,673</u>	<u>\$ 3,926,613</u>

7. Due to Tel Aviv Foundation

The balance due to Tel Aviv Foundation (“Tel Aviv”) amounted to \$645,658 and \$1,538,193 as of December 31, 2013 and 2012, 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. 401(k) Plan Profit Sharing Plan

The Organization maintains a defined contribution plan (the “Plan”) under Section 401(k) of the Code covering all eligible employees, as defined in the Plan. An officer of the Organization serves as trustee of the Plan. The Plan provides for matching contributions and discretionary contributions, as defined in the Plan. For the years ended December 31, 2013 and 2012, the Organization’s matching contributions amounted to \$1,985 and \$1,898, respectively. For the years ended December 31, 2013 and 2012, no discretionary contributions were made by the Organization.

9. 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.

American Committee for the Tel Aviv Foundation, Inc.

Notes to Financial Statements

Years Ended December 31, 2013 and 2012

Future minimum rental payments at December 31, are as follows:

2014	\$ 39,788
2015	40,982
2016	42,212
2017	28,698
	<u>\$ 151,680</u>

Rent expense approximated \$41,000 and \$34,000 for the years ended December 31, 2013 and 2012, respectively.

10. Functional Expenses

Expenses were incurred as follows:

	Years Ended December 31,				2012 Summarized Comparative Total
	2013			Total Expenses	
Program Services	Management and General	Fund- Raising	Total Expenses		
Salaries	\$ 49,245	\$ 13,941	\$ 23,837	\$ 87,023	\$ 91,812
Payroll taxes	7,464	1,866		9,330	11,003
Employee benefits	9,569	2,392		11,961	11,862
Grants - Tel Aviv	5,798,063			5,798,063	4,613,098
Occupancy	34,249	8,562		42,811	37,143
Telephone and other	4,437	1,109		5,546	7,279
Office supplies and printing	4,699	1,175		5,874	6,441
Database			9,047	9,047	8,221
Postage and delivery	2,210	553		2,763	3,642
Accounting		24,800		24,800	24,800
Insurance		7,424		7,424	7,402
Repairs and maintenance		386		386	759
Promotion and advertising			18,718	18,718	500
Travel and entertainment			15,410	15,410	5,744
Computer	2,122	531		2,653	3,234
Depreciation		976		976	1,302
Miscellaneous		6,534		6,534	7,810
Total expenses	<u>\$5,912,058</u>	<u>\$ 70,249</u>	<u>\$ 67,012</u>	<u>\$6,049,319</u>	<u>\$ 4,842,052</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, 2012, from which the summarized information was derived.

American Committee for the Tel Aviv Foundation, Inc.
Notes to Financial Statements
Years Ended December 31, 2013 and 2012

11. Subsequent Events

The Organization has evaluated subsequent events through June 10, 2014, the date the financial statements were available for issuance.

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