

American Friends of Beit Ruth Inc.

**Financial Statements
as of December 31, 2020**

Financial Statements as at December 31, 2020

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Auditors' Report to the Members of American Friends of Beit Ruth Inc.

We have audited the accompanying balance sheets of American Friends of Beit Ruth Inc. as of December 31, 2020 and 2019 and the related statements of activities, and cash flows for each of the years then ended. These financial statements are the responsibility of the board and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditors Regulations (Manner of Auditor's Performance) 1973. Such standards require that we plan and perform the audit to obtain reasonable assurance that 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 the Board and by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Friends of Beit Ruth Inc. as at December 31, 2020 and 2019 and its results of operations, and its cash flows for each of the years then ended, in accordance with generally accepted accounting principles in the United States of America.


Somekh Chaikin
Certified Public Accountants (Isr.)

October 20, 2021

Balance Sheet as at December 31

	2020	2019
Note	\$	\$
Current assets		
Cash and cash equivalents	502,837	595,948
Traded Stock	4,695,282	4,117,140
Contributions receivable - short-term	4 732,324	744,862
Prepaid expenses	54,000	-
	<u>5,984,443</u>	<u>5,457,950</u>
Contributions receivable - long-term	4 <u>2,113,640</u>	<u>1,962,500</u>
	<u>8,098,083</u>	<u>7,420,450</u>
Current liabilities		
Accounts payable and accrued expenses	12,006	18,059
	<u>12,006</u>	<u>18,059</u>
Net assets		
Without donor restrictions	<u>8,086,076</u>	<u>7,402,391</u>
	<u>8,098,082</u>	<u>7,420,450</u>

Michael Ashner
 Name
 Signature
 10/20/21
 Date

The accompanying notes are an integral part of these financial statements.

Statement of Activities

	Note	Without donor restrictions Accumulated surplus \$	With donor restrictions \$	Total \$
For the year ended December 31, 2020				
Revenues				
Without donor restrictions	3	1,523,265	-	1,523,265
With donor restrictions	3	-	137,094	137,094
Released from restrictions for operations		137,094	(137,094)	-
Total revenues		<u>1,660,359</u>	<u>-</u>	<u>1,660,359</u>
Expenses				
Loss on securities and other finance expense		74,277		74,277
Transfers to Beit Ruth for operations	5	507,336	-	507,336
Development, programs and fundraising	5	222,045	-	222,045
General and administrative	5	173,016	-	173,016
Total expenses		<u>976,674</u>	<u>-</u>	<u>976,674</u>
Total change in net assets		683,685		683,685
Net assets as at January 1, 2020		<u>7,402,391</u>	<u>-</u>	<u>7,402,391</u>
Net assets as at December 31, 2020		<u>8,086,076</u>	<u>-</u>	<u>8,086,076</u>

*Accompanying notes are an integral part of these financial statements.

Statement of Activities

	Note	Without donor restrictions Accumulated surplus \$	With donor restrictions \$	Total \$
For the year ended December 31, 2019				
Revenues				
Without donor restrictions	3	1,940,314	-	1,940,314
With donor restrictions	3		1,185,750	1,185,750
Released from restrictions for operations		392,601	(392,601)	-
Released from restrictions for projects		793,149	(793,149)	-
Gains on securities and other finance income		106,863	-	106,863
Total revenues		<u>3,232,927</u>	<u>-</u>	<u>3,232,927</u>
Expenses				
Transfers to Beit Ruth for operations	5	391,562	-	391,562
Development, programs and fundraising	5	299,910	-	299,910
General and administrative	5	78,972	-	78,972
Total expenses		<u>770,444</u>	<u>-</u>	<u>770,444</u>
Total change in net assets		2,462,483	-	2,462,483
Net assets as at January 1, 2019		<u>4,939,908</u>	<u>-</u>	<u>4,939,908</u>
Net assets as at December 31, 2019		<u>7,402,391</u>	<u>-</u>	<u>7,402,391</u>

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

	For the year ended December 31,	
	2020	2019
	\$	\$
Cash flows from operating activities		
Change in net assets	683,685	2,462,483
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Increase in contributions receivable and prepaid expenses	(192,602)	(495,847)
Increase (decrease) in accounts payable and accrued expenses	(6,053)	4,813
Revaluation of investments	(105,822)	(103,551)
Net cash provided by operating activities	379,208	1,867,898
Cash flows from investing activities		
Purchase of securities	(472,319)	(1,613,000)
Net cash provided by investing activities	(472,319)	(1,613,000)
Increase (decrease) in cash and cash equivalents	(93,111)	254,898
Balance of cash and cash equivalents at beginning of year	595,948	341,050
Balance of cash and cash equivalents at end of year	502,837	595,948

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements as at December 31, 2020

Note 1 - General

American Friends of Beit Ruth Inc. (hereinafter: “The Organization”) was established in February 2012 as a not-for-profit organization in the State of New York and obtained its 501(c)3 status. The Organization commenced operations in September 2013 and supports the programs and activities of Beit Ruth for Young Women and Girls At-Risk (hereinafter: “Beit Ruth” or “The Village”). Beit Ruth is a separate independent non profit organization in Israel and as such, has not been consolidated in the accompanying financial statements.

Support for Beit Ruth is a key priority of the Organization. The Beit Ruth Village is a campus approximately 93 kilometers north of Tel Aviv. It is a unique and visionary long-term residential community and school that provides therapeutic, enrichment, and educational programs for abused and at-risk girls in Israel. The Village is a safe and structured family-like environment with on-site residential homes; a high school; volunteer quarters; gardens; and grounds where every day activities and events take place throughout the year. Within the Village, once-vulnerable girls receive full-time critical care, loving support, a high school education, health care, life skills, and an opportunity for a better future. Beit Ruth’s Advocacy & Outreach Initiative leverages the Village’s direct services and allows Beit Ruth to effect greater change at the systemic level; mobilize stakeholders; and partner with community, state, and international leaders. Beit Ruth’s Village programs and services and Advocacy & Outreach Initiative both help to end the cycle of abuse and violence against women and girls.

In March 2020, in light of the Corona virus outbreak (COVID-19) around the world, there was a decline in economic activity in many regions of the world and in Israel. The spread of the virus has caused, among other things, employment restrictions declared by the Israeli government and other governments around the world, as well as the decline in the value of financial assets. The Organization’s management instructed its employees to work from home beginning mid-march 2020. Management is working to regulate the continuation of its activities optimally, subject to these restrictions. Nevertheless, management cannot estimate and quantify the effect of the continued development of the Corona virus on the Organization’s future activities at this stage.

Note 2 - Significant Reporting and Accounting Policies

A. Basis of accounting

The Organization’s financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America.

B. Accounting for non-profit entities

Net assets are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net assets without donor restrictions – Amounts that are not subject to usage restrictions based on

Notes to the Financial Statements as at December 31, 2020

donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net assets with donor restrictions – Assets subject to usage limitations based on donor imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization.

All net assets of the Organization at December 31, 2020 were considered to be net assets without donor restrictions.

C. Cash and cash equivalents

Cash equivalents include highly liquid investments with an original maturity of three months or less.

D. Accrual basis

These financial statements have been prepared on the accrual basis.

Donations and project expenses are recorded when a commitment has been made and other expenses are expensed when the activity takes place.

E. 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 as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from such estimates.

F. Investments

Investments are stated at their market value as of the balance sheet date. Changes in the value of securities are fully recognized on a current basis in the statement of activities as an addition to the temporarily restricted net assets.

G. Pledges receivable

Pledges are unconditional promises to make future payments. Pledges, including promises to give cash and other assets are included in the financial statements as contributions receivable and recognized as revenue in the period pledged.

H. Reclassification

Certain prior year figures have been reclassified to conform to current year presentations.

Notes to the Financial Statements as at December 31, 2020

Note 3 – Donations

	For the year ended December 31,	
	2020	2019
	\$	\$
Restricted	137,094	1,185,750
Unrestricted	1,523,265	1,940,314
	<u>1,660,359</u>	<u>3,126,064</u>

Note 4 - Contributions Receivable

	2020	2019
	\$	\$
Less than one year	732,324	744,862
One to five years	2,113,640	1,962,500
	<u>2,845,964</u>	<u>2,707,362</u>

Notes to the Financial Statements as at December 31, 2020

Note 5 - Details of Functional Expenses

	For the year ended December 31, 2020			
	Transfer to Beit Ruth for Operations	Development, programs and fundraising	General and administrative	Total
	\$	\$	\$	\$
Beit Ruth operations	507,336	-	-	507,336
Professional fees	-	64,643	16,161	80,804
Salaries	-	144,572	144,572	289,144
Advertising	-	4,179	1,393	5,572
Computer and software	-	-	7,233	7,233
Communication	-	833	-	833
Travel and transportation	-	4,915	1,638	6,553
Meals and Entertainments	-	2,060	-	2,060
Office and postal expenses	-	843	-	843
Others	-	-	2,019	2,019
	<u>507,336</u>	<u>222,045</u>	<u>173,016</u>	<u>902,397</u>

	For the year ended December 31, 2019			
	Transfer to Beit Ruth for Operations	Development, programs and fundraising	General and administrative	Total
	\$	\$	\$	\$
Beit Ruth operations	391,562	-	-	391,562
Professional fees	-	61,007	15,252	76,259
Salaries	-	216,560	36,452	253,012
Advertising	-	4,705	1,570	6,275
Computer and software	-	-	12,403	12,403
Travel and transportation	-	13,112	4,371	17,483
Office and postal expenses	-	2,294	1,198	3,492
Others	-	2,232	7,726	9,958
	<u>391,562</u>	<u>299,910</u>	<u>78,972</u>	<u>770,444</u>

Notes to the Financial Statements as at December 31, 2020

Note 6 - Liquidity and Availability

The Organization regularly monitors liquidity required to meet its operating needs and other financial commitments. The Organization maintains a financial resources policy that outlines acceptable investment vehicles for working capital, which includes reserves to be spent in the short-term on current activities, donor restricted funds meant to be spent down over a relatively short period of time to fund programs, and operating cash, which includes gifts without donor restrictions and with restriction or funds for operating needs. Per the policy, the Organization invests available cash needed for its general expenditures, liabilities, and other obligations in short-term investments, specifically interest bearing checking accounts, money market funds, and money market mutual funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities, as well as the conduct of activities to support those service operations to be general expenditures. In addition to the financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient funds to cover general expenditures not covered by donor-restricted resources. American Friends of Beit Ruth believes that its current financial assets are sufficient to support its operations on an ongoing basis.