

American Friends of Beit Ruth Inc.

**Financial Statements
as of December 31, 2021**

Financial Statements as at December 31, 2021

Contents

	Page
Auditors' Report	2
statements of financial position	3
Statements of Activities	4
Statements of Cash Flows	6
Notes to the Financial Statements	7



Somekh Chaikin
8 Hartum Street, Har Hotzvim
PO Box 212
Jerusalem 9100102, Israel
+ 972 2 531 2000

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

We have audited the accompanying statements of financial position of American Friends of Beit Ruth Inc. as of December 31, 2021 and 2020 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, 2021 and 2020 and its results of operations and its cash flows for each of the years then ended, in accordance with U.S. generally accepted accounting principles.


Somekh Chaikin
Certified Public Accountants (Isr.)

October 6th, 2022

Statements of Financial Position as at December 31

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents		1,072,904	502,837
Traded stock		3,041,112	4,695,282
Contributions receivable - short-term	3	774,409	732,324
Prepaid expenses		25,000	54,000
		<u>4,913,425</u>	<u>5,984,443</u>
Contributions receivable - long-term			
	3	<u>2,779,775</u>	<u>2,113,640</u>
		<u>7,693,200</u>	<u>8,098,083</u>
Current liabilities			
Accounts payable and accrued expenses		<u>3,265</u>	<u>12,006</u>
		<u>3,265</u>	<u>12,006</u>
Net assets			
Without donor restrictions		<u>7,689,935</u>	<u>8,086,076</u>
		<u>7,693,200</u>	<u>8,098,082</u>

Michael Ashner
Name


Signature

10-6-2022
Date

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

Statement of Activities

	Without donor restrictions	With donor restrictions	Total
Note	\$	\$	\$
For the year ended December 31, 2021			
Revenues			
Revenues from donors	2,344,242	378,287	2,722,529
Released from restrictions for operations	378,287	(378,287)	-
Revaluation of securities and other finance income	66,177	-	66,177
Total revenues	<u>2,788,706</u>	<u>-</u>	<u>2,788,706</u>
Expenses			
Transfers to Beit Ruth for operations	4 791,901	-	791,901
Transfers to Beit Ruth for projects	4 1,762,848	-	1,762,848
Development, programs and fundraising	4 406,316	-	406,316
General and administrative	4 223,782	-	223,782
Total expenses	<u>3,184,847</u>	<u>-</u>	<u>3,184,847</u>
Total change in net assets	(396,141)	-	(396,141)
Net assets as at January 1, 2021	<u>8,086,076</u>	<u>-</u>	<u>8,086,076</u>
Net assets as at December 31, 2021	<u>7,689,935</u>	<u>-</u>	<u>7,689,935</u>

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

Statement of Activities

	Without donor restrictions	With donor restrictions	Total
<u>Note</u>	<u>Accumulated surplus</u>	<u>restrictions</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
For the year ended December 31, 2020			
Revenues			
Revenues from donors	1,523,265	137,094	1,660,359
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	4 507,336	-	507,336
Development, programs and fundraising	4 222,045	-	222,045
General and administrative	4 173,016	-	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>

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

Statement of Cash Flows

	For the year ended December 31,	
	2021	2020
	\$	\$
Cash flows from operating activities		
Change in net assets	(396,141)	683,685
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Increase in contributions receivable and prepaid expenses	(679,220)	(192,602)
Decrease in accounts payable and accrued expenses	(8,742)	(6,053)
Revaluation of investments	(52,801)	(105,822)
Net cash provided by (used in) operating activities	<u>(1,136,904)</u>	<u>379,208</u>
Cash flows from investing activities		
Purchase of securities	(55,877)	(472,319)
Proceeds from sale of securities	<u>1,762,848</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>1,706,971</u>	<u>(472,319)</u>
Increase (decrease) in cash and cash equivalents	570,067	(93,111)
Balance of cash and cash equivalents at beginning of year	<u>502,837</u>	<u>595,948</u>
Balance of cash and cash equivalents at end of year	<u>1,072,904</u>	<u>502,837</u>

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

Notes to the Financial Statements as at December 31, 2021

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. Although, Covid-19 had an effect on the operations and development of the organization, the organization has still been able to effectively continue operations and raise funds during the year (see Note 5).

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

Notes to the Financial Statements as at December 31, 2021

Note 2 - Significant Reporting and Accounting Policies (cont'd)

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, 2021 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 date of the statement of financial position. 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.

Notes to the Financial Statements as at December 31, 2021**Note 3 - Contributions Receivable**

	<u>2021</u>	<u>2020</u>
	\$	\$
Less than one year	774,409	732,324
One to five years	<u>2,779,775</u>	<u>2,113,640</u>
	<u>3,554,184</u>	<u>2,845,964</u>

Note 4 - Details of Functional Expenses

	For the year ended December 31, 2021				
	Transfer to Beit Ruth for Operations	Transfer to Beit Ruth for Projects	Development, programs and fundraising	General and administrative	Total
	\$	\$	\$	\$	\$
Contributions to support Beit Ruth operations	791,901	-	-	-	791,901
Beit Ruth projects support	-	1,762,848	-	-	1,762,848
Professional fees	-	-	143,640	35,910	179,550
Salaries	-	-	159,258	159,258	318,516
Gala costs	-	-	100,790	-	100,790
Advertising	-	-	1,116	372	1,488
Computer and software	-	-	-	16,088	16,088
Communication	-	-	596	-	596
Travel and transportation	-	-	3,752	1,251	5,003
Meals and entertainments	-	-	3,021	-	3,021
Office and postal expenses	-	-	3,622	-	3,622
Others	-	-	-	1,424	1,424
	<u>791,901</u>	<u>1,762,848</u>	<u>415,795</u>	<u>214,303</u>	<u>3,184,847</u>

Notes to the Financial Statements as at December 31, 2021**Note 4 - Details of Functional Expenses (cont'd)**

	For the year ended December 31, 2020			
	Transfer to Beit Ruth for Operations	Development, programs and fundraising	General and administrative	Total
	\$	\$	\$	\$
Contributions to support 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>

Note 5 - 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.

Notes to the Financial Statements as at December 31, 2021
