American Friends of Beit Ruth Inc.

Financial Statements
as of December 31, 2019

Financial Statements as at December 31, 2019

Contents

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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, 2019 and 2018 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, 2019 and 2018 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.)

November 9, 2020

Balance Sheet as at December 31

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents		**595,948**	341,050
Investments		**4,117,140**	2,400,589
Contributions receivable - short-term	4	**744,862**	724,015
		5,457,950	3,465,654
Contributions receivable - long-term	4	**1,962,500**	1,487,500
		7,420,450	4,953,154
Current liabilities			
Accounts payable and accrued expenses	5	**18,059**	13,246
		18,059	13,246
Net assets			
Without donor restrictions		**7,402,391**	4,939,908
		7,420,450	4,953,154

Michael Ashner

Name

Signature

11-9-2020

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, 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		**3,232,927**	**-**	**3,232,927**
Expenses				
Transfers to Beit Ruth for operations	6	**391,562**	**-**	**391,562**
Development, programs and fundraising	6	**299,910**	**-**	**299,910**
General and administrative	6	**78,972**	**-**	**78,972**
Total expenses		**770,444**	**-**	**770,444**
Total change in net assets		**2,462,483**	**-**	**2,462,483**
Net assets as at January 1, 2019		**4,939,908**	**-**	**4,939,908**
Net assets as at December 31, 2019		**7,402,391**	**-**	**7,402,391**

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, 2018				
Revenues				
Without donor restrictions	3	2,813,633	-	2,813,633
With donor restrictions	3	-	1,879,500	1,879,500
Released from restrictions for operations		799,097	(799,097)	-
Released from restrictions for projects		1,080,403	(1,080,403)	-
Gains on securities and other finance income		77,101	-	77,101
Total revenues		4,770,234	-	4,770,234
Expenses				
Transfers to Beit Ruth for operations	6	299,105	-	299,105
Development, programs and fundraising	6	391,557	-	391,557
General and administrative	6	60,378	-	60,378
Total expenses		751,040	-	751,040
Total change in net assets		4,019,194	-	4,019,194
Net assets as at January 1, 2018		920,714	-	920,714
Net assets as December 31, 2018		4,939,908	-	4,939,908

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

Statement of Cash Flows

	For the year ended December 31,	
	2019	**2018**
	$	**$**
Cash flows from operating activities		
Change in net assets	**2,462,483**	4,019,194
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Decrease (increase) in contributions and other receivables	**(495,847)**	(1,721,080)
Increase (decrease) in accounts payable and accrued expenses	**4,813**	(601,224)
Revaluation of investments	**(103,551)**	(209,606)
Net cash provided by (used in) operating activities	**1,867,898**	1,487,284
Cash flows from investing activities		
Purchase of securities	**(1,613,000)**	(1,490,347)
Net cash provided by investing activities	**(1,613,000)**	(1,490,347)
Decrease (increase) in cash and cash equivalents	**254,898**	(3,063)
Balance of cash and cash equivalents at beginning of year	**341,050**	1,116,637
Balance of cash and cash equivalents at end of year	**595,948**	341,050

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

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 non-governmental 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

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.

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, 2019 were considered to be net assets without donor restrictions.

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

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.

I. New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about liquidity and

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

I. New Accounting Pronouncements (cont'd)

availability of resources and increased disclosures on functional expenses. The new standard is effective for the Organization's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

Note 3 – Donations

	For the year ended December 31,	
	2019	**2018**
	$	**$**
Restricted	**1,185,750**	1,879,500
Unrestricted	**1,940,314**	2,813,633
	3,126,064	4,693,133

Note 4 - Contributions Receivable

	2019	**2018**
	$	**$**
Less than one year	**744,862**	724,015
One to five years	**1,962,500**	1,487,500
	2,707,362	2,211,515

Note 5 - Accounts Payable and Accrued Expenses

At December 31, 2017, includes a provision related to the Women's International Zionist Organization (WIZO) for $100,000. During 2013, the Organization entered into an agreement with WIZO to fund the construction of a new building on one of WIZO's properties in exchange for the full ownership of another WIZO's property which was transferred to Beit Ruth For Young Women and Girls at Risk upon the execution of the agreement. The full amount has been paid as of December 31, 2018.

Note 6 - Details of Functional Expenses

	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**
	391,562	**299,910**	**78,972**	**770,444**

	For the year ended December 31, 2018			
	Transfer to Beit Ruth for Operations	**Development, programs and fundraising**	**General and administrative**	**Total**
	$	$	$	$
Beit Ruth operations	299,105	-	-	299,105
Professional fees	-	18,463	4,615	23,078
Salaries	-	193,004	32,295	225,299
Advertising	-	1,056	352	1,408
Computer and software	-	-	14,127	14,127
Travel and transportation	-	8,235	2,745	10,980
Office and postal expenses	-	6,139	787	6,926
Others	-	164,660	5,457	170,117
	299,105	391,557	60,378	751,040

Note 7 - 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.

Note 8 – Subsequent Events

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.