

**American Friends of Beit Ruth Inc.**

**Financial Statements  
as of December 31, 2022**

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## **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, 2022 and 2021 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, 2022 and 2021 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.

A handwritten signature in blue ink that reads 'Somekh Chaikin'.

Somekh Chaikin  
Certified Public Accountants (Isr.)

September 9, 2023

**Statements of Financial Position as at December 31**

	2022	2021
Note	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	1,016,046	1,072,904
Traded stock	3,553,840	3,041,112
Contributions receivable - short-term	1,512,137	774,409
Prepaid expenses	-	25,000
	<u>6,082,023</u>	<u>4,913,425</u>
<b>Contributions receivable - long-term</b>	3 <u>2,179,270</u>	<u>2,779,775</u>
	<u>8,261,293</u>	<u>7,693,200</u>
<b>Current liabilities</b>		
Accounts payable and accrued expenses	<u>23,476</u>	<u>3,265</u>
	<u>23,476</u>	<u>3,265</u>
<b>Net assets</b>		
Without donor restrictions	<u>8,237,817</u>	<u>7,689,935</u>
	<u>8,261,293</u>	<u>7,693,200</u>

Michael Ashner  
 Name  
 Signature  
 September 9, 2023  
 Date

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

**Statements of Activities**

	Without donor restrictions	With donor restrictions	Total
Note	Accumulated surplus		
	\$	\$	\$
<b>For the year ended December 31, 2022</b>			
<b>Revenues</b>			
Revenues from donors	2,863,817	243,225	3,107,042
Released from restrictions for operations	243,225	(243,225)	-
Total revenues	<u>3,107,042</u>	<u>-</u>	<u>3,107,042</u>
<b>Expenses</b>			
Transfers to Beit Ruth for operations	4 772,755	-	772,755
Transfers to Beit Ruth for projects	4 624,000	-	624,000
Development, programs and fundraising	4 833,891	-	833,891
General and administrative	4 132,732	-	132,732
Financing expenses	5 195,783	-	195,783
Total expenses	<u>2,559,161</u>	<u>-</u>	<u>2,559,161</u>
Total change in net assets	547,882	-	547,882
<b>Net assets as of January 1, 2022</b>	<u>7,689,935</u>	<u>-</u>	<u>7,689,935</u>
<b>Net assets as of December 31, 2022</b>	<u>8,237,817</u>	<u>-</u>	<u>8,237,817</u>

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

**Statements of Activities**

	<b>Note</b>	<b>Without donor restrictions Accumulated surplus</b>	<b>With donor restrictions</b>	<b>Total</b>
		<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>For the year ended December 31, 2021</b>				
<b>Revenues</b>				
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	5	66,177	-	66,177
Total revenues		<u>2,788,706</u>	<u>-</u>	<u>2,788,706</u>
<b>Expenses</b>				
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	546,201	-	546,201
General and administrative	4	83,897	-	83,897
Total expenses		<u>3,184,847</u>	<u>-</u>	<u>3,184,847</u>
Total change in net assets		(396,141)	-	(396,141)
<b>Net assets as at January 1, 2021</b>		<u>8,086,076</u>	<u>-</u>	<u>8,086,076</u>
<b>Net assets as at December 31, 2021</b>		<u>7,689,935</u>	<u>-</u>	<u>7,689,935</u>

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

**Statements of Cash Flows**

	<b>For the year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Change in net assets	547,882	(396,141)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Increase in contributions receivable and prepaid expenses	(112,223)	(679,220)
Change in accounts payable and accrued expenses	20,211	(8,742)
Revaluation of investments	75,033	(52,801)
Net cash provided by (used in) operating activities	<u>530,903</u>	<u>(1,136,904)</u>
<b>Cash flows from investing activities</b>		
Purchase of securities	(587,761)	(55,877)
Proceeds from sale of securities	-	1,762,848
Net cash provided by (used in) investing activities	<u>(587,761)</u>	<u>1,706,971</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(56,858)</b>	<b>570,067</b>
Balance of cash and cash equivalents at beginning of year	<u>1,072,904</u>	<u>502,837</u>
<b>Balance of cash and cash equivalents at end of year</b>	<u><b>1,016,046</b></u>	<u><b>1,072,904</b></u>

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

**Notes to the Financial Statements as at December 31, 2022**

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**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.

**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 of December 31, 2022 were considered to be net assets without donor restrictions.



**Notes to the Financial Statements as at December 31, 2022**

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**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 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 at their fair value determined using the discounted present value of estimated future cash flows technique and recognized as revenue in the period pledged.

Capitalization costs are recognized in the income statement as financing expenses or income on the basis of the long term pledges to be received.

**Notes to the Financial Statements as at December 31, 2022****Note 3 - Contributions Receivable**

	2022	2021
	\$	\$
Less than one year	1,512,137	774,409
One to five years	2,343,000	2,779,775
Less change in fair value of pledges receivable	(163,730)	-
	<u>3,691,407</u>	<u>3,554,184</u>

**Note 4 - Details of Functional Expenses**

	For the year ended December 31, 2022				
	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	772,755	-	-	-	772,755
Beit Ruth projects support	-	624,000	-	-	624,000
Professional fees	-	-	217,583	54,396	271,979
Salaries	-	-	369,087	37,676	406,764
Gala costs	-	-	210,601	-	210,601
Advertising	-	-	2,388	796	3,184
Computer and software	-	-	-	22,926	22,926
Communication	-	-	827	-	827
Travel and transportation	-	-	24,427	8,142	32,569
Meals and entertainments	-	-	6,597	-	6,597
Office and postal expenses	-	-	2,381	-	2,381
Others	-	-	-	8,796	8,796
	<u>772,755</u>	<u>624,000</u>	<u>833,891</u>	<u>132,732</u>	<u>2,363,378</u>

**Notes to the Financial Statements as at December 31, 2022****Note 4 - Details of Functional Expenses (cont'd)**

	For the year ended December 31, 2021				Total
	Transfer to Beit Ruth for Operations	Transfer to Beit Ruth for Projects	Development, programs and fundraising	General and administrative	
	\$	\$	\$	\$	\$
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	-	-	289,664	28,852	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>546,201</u>	<u>83,897</u>	<u>3,184,847</u>

**Note 5 – Financing Expenses (Income)**

	2022	2021
	\$	\$
Dividends from securities	(42,980)	(13,377)
Revaluation of securities	75,033	(52,800)
Change in fair value of pledges receivable	163,730	-
	<u>195,783</u>	<u>(66,177)</u>

**Notes to the Financial Statements as at December 31, 2022**

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**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.