

**EISNERAMPER**

**AMERICAN FRIENDS OF SHALVA ISRAEL, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 and 2018**



# AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

## Contents

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statements of financial position as of December 31, 2019 and 2018	2
Statements of activities for the years ended December 31, 2019 and 2018	3
Statements of functional expenses for the years ended December 31, 2019 and 2018	4
Statements of cash flows for the years ended December 31, 2019 and 2018	5
Notes to financial statements	6

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
American Friends of Shalva Israel, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of American Friends of Shalva Israel, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

The Organization's 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 financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 Friends of Shalva Israel, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



EISNERAMPER LLP  
New York, New York  
October 28, 2020



# AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

## Statements of Financial Position

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 449,308	\$ 340,889
Pledges receivable, net	1,854,697	2,057,427
Program-related investment	500,000	-
Prepaid expenses and other assets	<u>186,151</u>	<u>107,098</u>
Total assets	<u>\$ 2,990,156</u>	<u>\$ 2,505,414</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accrued expenses and other liabilities	\$ 49,962	\$ 59,931
Deferred revenue	54,692	414,146
Deferred rent	11,013	-
Annuity payable	<u>3,415</u>	<u>4,671</u>
Total liabilities	<u>119,082</u>	<u>478,748</u>
Commitments and contingency (Note J)		
Net assets (deficit):		
Without donor restrictions	<u>510,519</u>	<u>(417,231)</u>
With donor restrictions:		
Purpose restrictions	1,780,875	1,953,974
Time-restricted for future periods	<u>579,680</u>	<u>489,923</u>
Total net assets with donor restrictions	<u>2,360,555</u>	<u>2,443,897</u>
Total net assets	<u>2,871,074</u>	<u>2,026,666</u>
Total liabilities and net assets	<u>\$ 2,990,156</u>	<u>\$ 2,505,414</u>

See notes to financial statements.

**AMERICAN FRIENDS OF SHALVA ISRAEL, INC.**

**Statements of Activities**

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue:</b>						
Contributions (including donated services of \$64,988 in 2019 and \$434,345 in 2018)	\$ 2,220,969	\$ 861,358	\$ 3,082,327	\$ 1,408,710	\$ 1,161,249	\$ 2,569,959
Special events (net of direct benefits to donors of \$1,016,430 in 2019 and \$987,270 in 2018)	2,095,930	505,858	2,601,788	2,554,006	231,470	2,785,476
Interest income	943	-	943	898	-	898
Total support and revenue before net assets released from restrictions	4,317,842	1,367,216	5,685,058	3,963,614	1,392,719	5,356,333
Net assets released from restrictions	1,450,558	(1,450,558)	-	2,375,823	(2,375,823)	-
Total support and revenue	5,768,400	(83,342)	5,685,058	6,339,437	(983,104)	5,356,333
<b>Expenses:</b>						
Program services - grants and awards programs	3,634,577	-	3,634,577	4,077,015	-	4,077,015
Supporting services:						
Management and general	454,498	-	454,498	1,600,073	-	1,600,073
Fund-raising	751,575	-	751,575	704,670	-	704,670
Total supporting services	1,206,073	-	1,206,073	2,304,743	-	2,304,743
Total expenses	4,840,650	-	4,840,650	6,381,758	-	6,381,758
<b>Change in net assets</b>	927,750	(83,342)	844,408	(42,321)	(983,104)	(1,025,425)
Net assets (deficit), beginning of year	(417,231)	2,443,897	2,026,666	(374,910)	3,427,001	3,052,091
<b>Net assets (deficit), end of year</b>	\$ 510,519	\$ 2,360,555	\$ 2,871,074	\$ (417,231)	\$ 2,443,897	\$ 2,026,666

See notes to financial statements.

# AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

## Statements of Functional Expenses

	Year Ended December 31,									
	2019					2018				
	Program Services - Grants and Awards Programs	Supporting Services			Total	Program Services - Grants and Awards Programs	Supporting Services			Total
	Management and General	Fund- Raising	Total Supporting Services			Management and General	Fund- Raising	Total Supporting Services		
Salaries	\$ 122,030	\$ 153,552	\$ 266,789	\$ 420,341	\$ 542,371	\$ 121,914	\$ 144,155	\$ 280,417	\$ 424,572	\$ 546,486
Payroll taxes and employee benefits	10,067	12,668	22,010	34,678	44,745	9,996	11,820	22,992	34,812	44,808
Total salaries and fringe benefits	132,097	166,220	288,799	455,019	587,116	131,910	155,975	303,409	459,384	591,294
Grants to Shalva Israel	3,110,500	-	-	-	3,110,500	3,619,000	-	-	-	3,619,000
Lecture fees (Note E[1])	96,000	-	-	-	96,000	96,000	-	-	-	96,000
Catering and related expenses	-	-	534,032	534,032	534,032	-	-	475,610	475,610	475,610
Credit card processing fees	16,509	20,098	35,171	55,269	71,778	20,809	23,523	46,141	69,664	90,473
Professional and consulting fees	196,350	127,358	196,350	323,708	520,058	145,551	502,718	146,109	648,827	794,378
Insurance	1,730	2,106	3,685	5,791	7,521	2,174	2,457	5,905	8,362	10,536
Rent	32,369	39,405	68,959	108,364	140,733	28,719	32,465	63,681	96,146	124,865
Postage and delivery	8,383	10,205	23,464	33,669	42,052	6,010	6,791	17,250	24,041	30,051
Travel	23,495	28,600	514,721	543,321	566,816	10,712	12,109	521,661	533,770	544,482
Telephone	3,914	4,765	8,443	13,208	17,122	3,911	4,421	13,113	17,534	21,445
Computer maintenance	5,990	7,293	12,762	20,055	26,045	4,933	5,576	10,938	16,514	21,447
Printing and video	-	-	61,045	61,045	61,045	-	-	65,340	65,340	65,340
Website	-	-	5,050	5,050	5,050	-	-	6,628	6,628	6,628
Equipment rental and maintenance	2,917	3,551	6,215	9,766	12,683	3,114	3,520	6,904	10,424	13,538
Office and other expenses	4,323	5,263	9,309	14,572	18,895	4,172	4,716	9,251	13,967	18,139
Provision for bad debt	-	39,634	-	39,634	39,634	-	845,000	-	845,000	845,000
Depreciation	-	-	-	-	-	-	802	-	802	802
Total expenses	3,634,577	454,498	1,768,005	2,222,503	5,857,080	4,077,015	1,600,073	1,691,940	3,292,013	7,369,028
Less: direct benefits to donors	-	-	(1,016,430)	(1,016,430)	(1,016,430)	-	-	(987,270)	(987,270)	(987,270)
Total expenses per statements of activities	\$ 3,634,577	\$ 454,498	\$ 751,575	\$ 1,206,073	\$ 4,840,650	\$ 4,077,015	\$ 1,600,073	\$ 704,670	\$ 2,304,743	\$ 6,381,758

See notes to financial statements.

# AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

## Statements of Cash Flows

	Year Ended December 31,	
	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 844,408	\$ (1,025,425)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	802
Provision for allowance for bad debts	39,634	845,000
Donated securities	(10,422)	-
Proceeds from sale of donated securities	10,422	-
Changes in:		
Pledges receivable, net	163,096	335,021
Program-related investment	(500,000)	-
Prepaid expenses and other assets	(79,053)	(24,883)
Accrued expenses and other liabilities	(9,969)	787
Deferred revenue	(359,454)	(44,123)
Deferred rent	11,013	-
Annuity payable	(1,256)	(1,256)
Net cash provided by operating activities	<u>108,419</u>	<u>85,923</u>
<b>Net increase in cash and cash equivalents</b>	<b>108,419</b>	<b>85,923</b>
Cash and cash equivalents, beginning of year	<u>340,889</u>	<u>254,966</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ <u>449,308</u></b>	<b>\$ <u>340,889</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Donated services	<u>\$ 64,988</u>	<u>\$ 434,345</u>

See notes to financial statements.

## **AMERICAN FRIENDS OF SHALVA ISRAEL, INC.**

### **Notes to Financial Statements December 31, 2019 and 2018**

#### **NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **[1] Organization:**

American Friends of Shalva Israel, Inc. (the "Organization") is a not-for-profit corporation exempt under Section 501(c)(3) of the Internal Revenue Code. It was formed on July 30, 2007 under the not-for-profit statutes of the State of Delaware. The Organization commenced operations on November 1, 2009 and is a successor organization to American Friends of Shalva, Inc., an Ohio not-for-profit organization. The mission and purposes of both organizations are identical.

The Organization was established for the primary purpose of raising funds to provide grants to support the annual operations of Shalva - The Israel Association to Relieve the Handicapped Child and Family, an Israeli not-for-profit organization ("Shalva Israel"). In connection with the construction of Shalva Israel's National Children's Center in Jerusalem, Israel (the "New Center"), the Organization has also raised funds in a capital campaign to assist in the cost of such construction (the "Capital Campaign").

##### **[2] Basis of accounting:**

The financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

##### **[3] Use of estimates:**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenue and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

##### **[4] Cash and cash equivalents:**

For financial reporting purposes, the Organization considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents.

##### **[5] Property and equipment:**

Property and equipment are reported at their original costs at the dates of acquisition, or, if contributed, at their fair values at the dates of donation, net of accumulated depreciation. The Organization capitalizes property and equipment that have a cost of \$2,500 or more. Minor costs of repairs and maintenance are expensed as incurred. Depreciation of furniture and equipment and computer hardware is provided using the straight-line method over two to three years and five to seven years, respectively. As of December 31, 2019 and 2018, property and equipment with an original cost of approximately \$58,000 are fully depreciated. The assets remain in use by the Organization.



## AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

### Notes to Financial Statements December 31, 2019 and 2018

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [6] Net assets:

The net assets of the Organization and changes therein are classified and reported as follows:

(i) *Net assets without donor restrictions:*

The Organization's net assets (deficit) without donor restrictions represent those resources for which there are no restrictions by donors as to their use and are available for current operations.

(ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor imposed restrictions, such as specific purposes and/or a specific period of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions."

##### [7] Revenue recognition:

(i) *Contributions and pledges:*

Contributions made to the Organization are recognized as revenue upon the receipt of cash or other assets, or of unconditional pledges. Contributions are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of the Organization's management. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. An allowance for uncollectible pledges receivable has been provided using management's judgement of potential defaults, which considers factors such as prior collection history, the type of contributions received and the nature of the Organization's fund-raising activity.

(ii) *Special events:*

The Organization holds various fund-raising events to raise money for its operations. Gross proceeds paid by attendees at special events represent contribution revenue, as well as the payment of the direct cost of the benefits received by the attendee at the event, considered exchange revenue. Special-event income is reported net of the direct benefits to donors. The exchange portion of the cash received is recognized as revenue when the special event takes place. The exchange portion of special event proceeds for a future year's event is deferred and recognized when the event takes place. The contribution portion is considered restricted by donors for time until the event takes place.

(iii) *Donated services:*

For recognition of donated services in the financial statements, such services must: (i) create or enhance non-financial assets; and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must: (i) require specialized skills; and (ii) be provided by individuals possessing these skills. Donated services are recorded as support at their estimated fair value at the dates of donation and are reported as net assets without donor restrictions. Donated services are reported as both contributions and offsetting expenses in the statements of activities.

## AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

### Notes to Financial Statements December 31, 2019 and 2018

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [7] Revenue recognition: (continued)

###### (iv) *Donated securities:*

Donated securities are recorded at their estimated fair values, on the dates of donation. The Organization's policy is to sell donated securities immediately, and, accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

##### [8] Grants awarded to Shalva Israel:

The Organization awards grants to Shalva Israel, which provides multi-faceted programs for mentally and physically challenged children, as well as respite services for the families of these children. These unconditional grants are recorded as expenses at the time they are awarded. They are not multi-year grants.

##### [9] Functional allocation of expenses:

The cost of providing the Organization's program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by functional and natural classification. Accordingly, direct costs have been functionalized within the program and supporting services, based on the nature of the expense. Indirect costs have been allocated on the basis of time and effort.

##### [10] Income tax uncertainties:

The Organization follows the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. Because of the Organization's general tax-exempt status, ASC Topic 740 has not had, and is not expected to have, a material impact on the Organization's financial statements.

##### [11] Upcoming accounting principles:

###### (i) *Revenue from contracts with customers:*

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard permits the use of either the retrospective or cumulative effect transition method. The adoption of ASU 2014-19 is not expected to have a material effect on the Organization's financial statements but will require enhanced disclosures. As a result of recent deferrals due to the coronavirus ("COVID-19"), the new standard is effective for fiscal years beginning after December 15, 2019; accordingly, the Organization is currently evaluating the effect that this new guidance will have on the financial statements and related disclosures.

## AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

### Notes to Financial Statements December 31, 2019 and 2018

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [11] Upcoming accounting principles: (continued)

###### (ii) Leases:

In February 2016, the FASB issued its new lease accounting guidance in ASU 2016-02, *Leases*. ASU 2016-02 will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date the following: a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use-asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. As a result of recent deferrals due to COVID-19, ASU 2016-02 will be effective for private not-for-profit organizations for fiscal years beginning after December 15, 2021, including interim periods within fiscal years beginning after December 15, 2022. The Organization is currently evaluating the effect that this new guidance will have on the financial statements and related disclosures.

###### (iii) Contributed nonfinancial assets:

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, the not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period; if utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. The Organization is in the process of assessing the impact of this ASU on the financial statements.

##### [12] Subsequent events:

The Organization evaluated subsequent events through October 28, 2020, the date on which the financial statements were available to be issued.

##### [13] Reclassifications:

Certain information in the prior year's financial statements has been reclassified to conform with current year's presentation.

# AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

## Notes to Financial Statements December 31, 2019 and 2018

### NOTE B - PLEDGES RECEIVABLE

At each year-end, pledges receivable were estimated to be due as follows:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Less than one year	\$ 624,748	\$ 2,458,135
One to five years	<u>1,924,503</u>	<u>600,735</u>
	2,549,251	3,058,870
Reduction for pledges due in excess of one year, at a 2% discount rate	<u>(80,001)</u>	<u>(32,088)</u>
	2,469,250	3,026,782
Allowance for doubtful collections	<u>(614,553)</u>	<u>(969,355)</u>
Pledges receivable, net	<u>\$ 1,854,697</u>	<u>\$ 2,057,427</u>

The majority of the pledges receivable represent amounts promised to the Capital Campaign. During 2019, the Organization wrote off \$394,436 of uncollectible pledges against the allowance. During 2018, the Organization wrote off \$15,737 of uncollectible pledges against the allowance.

### NOTE C - PROGRAM-RELATED INVESTMENT

On December 23, 2019, the Board approved a loan of \$500,000 to Shalva Israel, to be repaid in full during the year ending December 31, 2020. The loan is non-interest bearing.

### NOTE D - NET ASSETS WITH DONOR RESTRICTIONS

At each year-end, net assets with donor restrictions consisted of the following:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Purpose restricted:		
Capital campaign	\$ 1,515,950	\$ 1,798,974
Legacy campaign	264,925	-
Respite program	-	100,000
Other	<u>-</u>	<u>55,000</u>
	<u>1,780,875</u>	<u>1,953,974</u>
Restricted for future periods	<u>579,680</u>	<u>489,923</u>
Total	<u>\$ 2,360,555</u>	<u>\$ 2,443,897</u>

## AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

### Notes to Financial Statements December 31, 2019 and 2018

#### NOTE D - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from restrictions during 2019 and 2018 were for the following:

	<b>Year Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
Purpose restriction satisfied:		
Capital campaign	\$ 435,672	\$ 1,346,010
Legacy campaign	18,692	-
Respite program	100,000	-
Other	<u>55,000</u>	<u>-</u>
	<u>609,364</u>	<u>1,346,010</u>
Time restrictions satisfied	<u>841,194</u>	<u>1,029,813</u>
Total	<u>\$ 1,450,558</u>	<u>\$ 2,375,823</u>

#### NOTE E - RELATED-PARTY TRANSACTIONS

- [1] During each of the years 2019 and 2018, fees of \$96,000 were paid to a company for lectures presented on topics related to individuals with severe disabilities. A founder and the director of Shalva Israel performed these services for the company.
- [2] During 2019 and 2018, the Organization received donated legal services valued at \$64,988 and \$434,345, respectively. The services were rendered by a law firm, which has a partner who also serves as a director on the Organization's Board.

#### NOTE F - ANNUITY PAYABLE

The Organization maintains a charitable gift annuity, whereby when a gift is received, the present value of the aggregate annuity payable is recorded as a liability, based upon life expectancy tables, and the remainder is recorded as a contribution in the appropriate net asset category. Periodic adjustments are made between the liability account and the net asset account for actuarial gains and losses. The actuarial liability is based on the present value of future payments, discounted at 4.2% over estimated lives using the Internal Revenue Service's 90CM mortality table.

The Organization's gift annuity obligation at December 31, 2019 and 2018 was \$3,415 and \$4,671, respectively. Annual estimated payments to be made subsequent to December 31, 2019 are as follows:

<b>Year Ending December 31,</b>	<b>Amount</b>
2020	\$ 1,256
2021	1,256
2022	<u>903</u>
Total	<u>\$ 3,415</u>

## AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

### Notes to Financial Statements December 31, 2019 and 2018

#### NOTE F - ANNUITY PAYABLE (CONTINUED)

Payments made to the beneficiaries during each of the years 2019 and 2018 were \$1,256. The annuity asset is deposited in a separate bank account.

#### NOTE G - LIQUIDITY AND AVAILABILITY OF RESOURCES

At each year-end, the Organization's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 449,308	\$ 340,889
Pledges receivable, net	1,854,697	2,057,427
Program-related investment	<u>500,000</u>	<u>-</u>
Total financial assets available within one year	<u>2,804,005</u>	<u>2,398,316</u>
Amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors with purpose restrictions	(1,780,875)	(1,953,974)
Restrictions by donors with time restrictions	<u>(579,680)</u>	<u>(489,923)</u>
	<u>(2,360,555)</u>	<u>(2,443,897)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 443,450</u>	<u>\$ (45,581)</u>

#### Liquidity policy:

The Organization's liquidity policy is to ensure that the Organization operates with an adequate level of institutional liquidity to minimize risk associated with temporary, unforeseen liquidity needs. Liquid funds that are without donor restriction will be used to satisfy the minimum liquidity target.

#### NOTE H - CONCENTRATION OF REVENUE

As of December 31, 2019, pledges receivable balances from three donors totaled approximately \$1,515,000, representing approximately 59% of the outstanding gross pledges receivable. As of December 31, 2018, pledges receivable balances from two donors totaled approximately \$1,396,000, representing approximately 45% of the outstanding pledges receivable.

#### NOTE I - CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash accounts deposited in a high-credit-quality financial institution. The balances of which, from time to time, may be in excess of federally insured limits. However, management believes that the Organization has no significant risk of loss on any of these accounts that would be due to the failure of the financial institutions.

## AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

### Notes to Financial Statements December 31, 2019 and 2018

#### NOTE J - COMMITMENTS AND CONTINGENCY

##### [1] Leases:

The Organization leases office space in New York under an operating lease agreement, which was set to expire on December 31, 2018, but during 2018, the Organization extended the lease through January 31, 2024.

At December 31, 2019, the estimated annual future minimum rental commitments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 108,056
2021	113,458
2022	119,131
2023	125,088
2024	<u>10,466</u>
	<u>\$ 476,199</u>

##### [2] Other contracts:

In the normal course of business, the Organization enters into contracts for professional and other services, which are typically renewable on a year-to-year basis.

##### [3] Other uncertainties:

The extent of the impact of the COVID-19 outbreak on the operational and financial performance of the Organization will depend on the continued future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on the overall availability of contributions toward the Organization's programs, which are highly uncertain and cannot be predicted. If contributions toward the Organization's programs are impacted for an extended period, results of operations may be materially adversely affected.

#### NOTE K - SUBSEQUENT EVENT

Subsequent to December 31, 2019, the Organization applied for and received a Paycheck Protection Program Loan under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act in the amount of approximately \$97,000.