

JEWISH WORLD WATCH

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

**As of and for the
Year Ended**

December 31, 2011

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CERTIFIED
PUBLIC ACCOUNTANTS
& ADVISORS

Independent Auditors' Report

To the Board of Directors
Jewish World Watch
Encino, California

We have audited the accompanying statement of financial position of Jewish World Watch (JWW) as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of JWW's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether 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 management, as well as evaluating the overall financial 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 Jewish World Watch as of December 31, 2011, and changes in its net assets, functional expenses and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gursey | Schneider LLP

June 26, 2012
Los Angeles, California

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JEWISH WORLD WATCH
Statement of Financial Position
December 31, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,013,976
Certificate of deposit, 0.95%, matures on 1/23/2012	240,060
Contributions receivable	151,965
Prepaid expenses	<u>14,653</u>

TOTAL CURRENT ASSETS	<u>1,420,654</u>
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OTHER ASSETS

Property and equipment, at cost	
net of accumulated depreciation of \$25,075	28,664
Deposits	<u>3,800</u>

TOTAL ASSETS	<u><u>\$ 1,453,118</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Grants payable	\$ 255,570
Accounts payable	<u>6,406</u>

TOTAL CURRENT LIABILITIES	<u>261,976</u>
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NET ASSETS

Unrestricted	517,189
Temporarily restricted	<u>673,953</u>

TOTAL NET ASSETS	<u>1,191,142</u>
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TOTAL LIABILITIES NET ASSETS	<u><u>\$ 1,453,118</u></u>
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JEWISH WORLD WATCH
Statement of Activities
For the Year Ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Contributions and voluntary membership dues	\$ 456,270	\$ 602,716	\$ 1,058,986
Grants	-	45,000	45,000
Interest income	3,944	-	3,944
Special event, net of expenses of \$160,044	285,051	-	285,051
In-kind donations	39,200	-	39,200
Net realized and unrealized losses	(380)	-	(380)
Insurance proceeds	7,023	-	7,023
Net assets released from restrictions	<u>1,134,184</u>	<u>(1,134,184)</u>	<u>-</u>
 TOTAL REVENUES	 <u>1,925,292</u>	 <u>(486,468)</u>	 <u>1,438,824</u>
EXPENSES			
Program services	1,680,164	-	1,680,164
Management and general	190,308	-	190,308
Fundraising	<u>134,624</u>	<u>-</u>	<u>134,624</u>
 TOTAL EXPENSES	 <u>2,005,096</u>	 <u>-</u>	 <u>2,005,096</u>
 CHANGE IN NET ASSETS	 <u>(79,804)</u>	 <u>(486,468)</u>	 <u>(566,272)</u>
 NET ASSETS, Beginning of year	 <u>596,993</u>	 <u>1,160,421</u>	 <u>1,757,414</u>
 NET ASSETS, End of year	 <u><u>\$ 517,189</u></u>	 <u><u>\$ 673,953</u></u>	 <u><u>\$ 1,191,142</u></u>

JEWISH WORLD WATCH
Statement of Functional Expenses
For the Year Ended December 31, 2011

	Program Services	Management and General	Fundraising	Total
Grants and allocations	\$ 843,269	\$ -	\$ -	\$ 843,269
Salaries	319,550	60,459	20,182	400,191
Consultants and contract services	234,174	8,511	18,477	261,162
Printing	51,247	538	49,141	100,926
Advertising	18,101	26,190	3,000	47,291
Payroll taxes and employee benefits	53,335	11,474	2,601	67,410
Rent	34,774	5,772	1,649	42,195
Travel and meals	12,785	10,988	16,633	40,406
Event production costs	30,304	618	-	30,922
Accounting fees	-	24,043	-	24,043
Equipment rental	17,510	5,378	848	23,736
Web maintenance	19,253	3,449	507	23,209
Postage	7,585	526	12,381	20,492
Bank charges	-	18,703	-	18,703
Design fees	10,351	185	7,290	17,826
Office	7,786	5,608	343	13,737
Depreciation	7,654	4,414	957	13,025
Telephone	5,843	1,286	284	7,413
Automobile	2,255	1,335	117	3,707
Insurance	3,240	304	158	3,702
Utilities	962	145	47	1,154
Dues and subscriptions	186	202	9	397
Taxes and licenses	-	180	-	180
	<u>\$ 1,680,164</u>	<u>\$ 190,308</u>	<u>\$ 134,624</u>	<u>\$ 2,005,096</u>

JEWISH WORLD WATCH
Statement of Cash Flows
For the Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (566,272)
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation expense	13,025
Non-cash donation of fixed assets	(12,700)
Non-cash donation of stock	(4,903)
Net realized and unrealized investment loss	380
Changes in assets and liabilities:	
Contributions receivable	601
Prepaid expenses	4,711
Rent deposit	(1,100)
Deferred revenue	(261,185)
Grants payable	188,188
Accounts payable	(1,690)
Accrued payroll	<u>(6,968)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(647,913)</u>

CASH FLOWS PROVIDED BY INVESTING ACTIVITIES

Maturity of certificates of deposit	238,978
Sale of common stock	6,286
Purchase of property and equipment	<u>(15,327)</u>

NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>229,937</u>
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NET DECREASE IN CASH	(417,976)
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CASH AT BEGINNING OF YEAR	<u>1,431,952</u>
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CASH AT END OF YEAR	<u><u>\$ 1,013,976</u></u>
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JEWISH WORLD WATCH
Notes to Financial Statements
For the Year Ended December 31, 2011

NOTE 1 — NATURE OF ORGANIZATION

Jewish World Watch (JWW), a California nonprofit public benefit corporation, was incorporated in 2005. Jewish World Watch (JWW) is a leading organization in the fight against genocide and mass atrocities. JWW bears witness to first-hand accounts in conflict regions, partners with on-the-ground organizations to develop high-impact projects that improve the lives of survivors and help build the foundation for a safer world, and mobilizes its communities to support tangible projects and advocate for political change. JWW has raised more than six million dollars for relief and development projects that impact tens of thousands of people in Sudan and Congo.

CURRENT PRIORITIES:

- **Sudan:** The Darfur genocide is now in its 10th year. Up to 400,000 civilians have been murdered by the Sudanese government and allied Janjaweed militias since February 2003. More than 3 million people are internally displaced or living as refugees in neighboring countries.
- **Congo:** Raging since 1996, the conflict in Congo is the deadliest since WWII. At least 5.4 million people have been killed. More than 1,100 women and girls are brutally raped each day. Over 2 million people are displaced by constant insecurity.

LOCAL ACTION:

- **Student Activism:** From the innovative Activist Certification and Training (ACT) program, which teaches students the skills of effective activism, to its work with area schools and summer camps, JWW empowers young leaders with the tools and skills they need to advocate for positive change.
- **Political Action:** Whether JWW is taking to the streets at rallies, vigils or the annual Walk to End Genocide or meeting with national and international political leaders, JWW works to remind our leaders that ending the crises in Sudan and Congo are priorities they must share.
- **Community Events and JWW Speakers:** JWW has been an integral player in educating the public about Sudan and Congo. JWW's annual events build awareness about the crises in Sudan and Congo and mobilize thousands of community members each year towards action.

ON THE GROUND PROJECTS

- **Women in Crisis:** JWW works to help women survivors rebuild their lives through projects that not only provide relief but restore dignity, build skills, and provide an opportunity for economic development.
- **Children in Conflict:** JWW projects support the health and well-being of children in conflict zones, providing them with the supplies that meet their basic needs and programs that provide for their future growth.
- **Health and Safety:** JWW works to maintain the health of survivors through projects that both provide much-needed medical aid and supplies and further develop the knowledge and skills of the survivors themselves to maintain their own health and sanitation.

JWW's support comes primarily from individual donor contributions, voluntary membership dues from affiliated synagogues, and grants.

JWW's principal office is located in Encino, California.

JEWISH WORLD WATCH
Notes to Financial Statements
For the Year Ended December 31, 2011

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation — The accompanying financial statements have been prepared on the accrual basis of accounting.

Recognition of Restricted Contributions — JWW recognizes contributions, including unconditional promises to give, as revenue in the period received, at fair value. JWW reports amounts in the accompanying financial statements for each of two classes of net assets, unrestricted net assets and temporarily restricted assets.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. Temporarily restricted net assets become available once the restriction has been satisfied. Once satisfied, these are reclassified to unrestricted net asset and reported in the accompanying financial statements as net assets released from restrictions.

Contributions Receivable — Contributions receivables are recorded when accrued and are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. At December 31, 2011, no valuation allowance was deemed necessary.

Contributed Services — Contributed services are recognized if the services received (a) increase or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

JWW receives a significant amount of contributed time from volunteers that does not meet the two recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

JWW recognized \$39,200 of in-kind contribution revenue for the year ended December 31, 2011. These amounts consist of a donated service grant totaling \$25,000, donated fixed assets totaling \$12,700, and donated expendable goods totaling \$1,500.

Grant Expenditures — Grant expenditures are recognized in the period the grant is approved provided the grant is not subject to future contingencies.

Cash and Cash Equivalents — Cash and cash equivalents consist of cash and money market funds.

Investments — JWW carries investments in marketable securities with readily determinable fair values and certificates of deposits with maturity dates greater than three months. Purchases and sales of investments are recorded on the trade date. Dividend income is recorded based on the record date. Interest income is recorded as earned on an accrual basis. Bond premiums and discounts are amortized to the first call date using a method that approximates the effective interest method. Realized gains and losses are recorded upon disposition of securities. Investment income and realized and unrealized gains and losses are recognized as unrestricted net assets, unless their use is temporarily or permanently restricted by donors to a specified purpose or future period.

JEWISH WORLD WATCH
Notes to Financial Statements
For the Year Ended December 31, 2011

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (CONTINUED)

Property and Equipment — Property and equipment are stated at cost. Repairs and maintenance are charged to operations as incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period.

Depreciation expense for computer equipment is calculated on straight-line method over 5 years.

Office equipment	\$ 34,351
Leasehold improvements	<u>19,388</u>
	53,739
Less accumulated depreciation	<u>(25,075)</u>
Total property and equipment	<u><u>\$ 28,664</u></u>

Depreciation expense for the year ended December 31, 2011 was \$13,025. Depreciation expense includes \$635 of net fixed assets that were stolen and therefore written off.

Functional Expenses — The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising — Advertising costs are recognized in the period incurred. Advertising costs were \$47,291 for the year ended December 31, 2011. This amount includes \$50,000 of donated in-kind advertising and promotion services.

Income Taxes — JWW is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. JWW is required to evaluate its tax positions and recognize a liability for any positions that would not be considered "more likely than not" to be upheld under a tax authority examination. If such issues exist, JWW's policy will be to recognize any tax liability so recorded, including applicable interest and penalties, as a component of income tax expense.

JWW's federal income tax and informational returns for tax years 2008 and subsequent remain subject to examination by the Internal Revenue Service. The returns for California remain subject to examination by the California Franchise Tax Board for years 2007 and subsequent.

Concentrations of Risk — The Foundation maintains its cash in bank deposit accounts which, at times may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2011, JWW had approximately \$603,000 in money market accounts which are not insured by the FDIC.

Use of Estimates — The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses.

Subsequent Events — Management has evaluated subsequent events through June 26, 2012, the date the financial statements were available to be issued.

JEWISH WORLD WATCH
Notes to Financial Statements
For the Year Ended December 31, 2011

NOTE 3 — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted contributions (both purpose and time restrictions) comprise approximately 44% of total contributions received in 2011. At December 31, 2011, JWW had temporarily restricted net assets of \$673,953 available for the following three specific projects:

Solar Cooker Project: JWW, partnered with KoZon Foundation and Solar Cookers International (two humanitarian aid organizations), provides portable solar cookers to women of the refugee camps in Chad. The Solar Cooker Project improves the safety and survival of women in refugee camps in Chad, by reducing the need to leave the camps in order to find firewood.

Sister School Project: JWW, in partnership with the Enough Project and the Darfur Dream Team, is sponsoring the building, staffing and equipping of schools in the Djabal and Goz Amer refugee camps in Chad. Each school will serve 2000 Darfuri refugee students.

Recycled Water Gardens: JWW, partnered with the KoZon Foundation, has supported the installation of innovative yet inexpensive water reclamation systems in refugee family "shower stalls" at the Iridimi and Touloum camps in Chad. The systems allow the collection of wastewater to be used for the irrigation of vegetable gardens.

During the year ended December 31, 2011, net assets released from donor restrictions by incurring expenses satisfying the following restricted purposes (or time restriction):

Solar Cooker Project	\$ 717,874
Chambucha Rape & Crisis Center	216,720
Sister School Project	81,703
Heal Africa - Congo Project	29,427
Bialik-Rogosin School	23,000
All Other Projects < \$10,000	17,125
Outreach and Advocacy Fellowship	<u>13,335</u>
	1,099,184
Lapse of time restrictions	<u>35,000</u>
	<u><u>\$ 1,134,184</u></u>

NOTE 4 – COMMITMENTS AND CONTINGENCIES

On May 1, 2011, JWW moved offices and entered into a non-cancelable operating lease that expires on April 30, 2014. Future minimum rental payments under this lease are summarized as follows:

Year Ending December 31,	Amount
2012	\$ 46,512
2013	47,904
2014	<u>16,124</u>
	<u><u>\$ 110,540</u></u>

Total rent expense for the year ended December, 2011 was \$42,195.