

JEWISH WORLD WATCH

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

December 31, 2012



Gurseley | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

C O N T E N T S

	<u>Page</u>
REPORT OF INDEPENDENT AUDITORS	1 - 2
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 10



CERTIFIED
PUBLIC ACCOUNTANTS
& ADVISORS

PARTNERS

David E. Blumenthal, CPA^{*†}

David J. Swan, CPA^{*†}

Stephan H. Wasserman, CPA^{*†}

Robert O. Watts, CPA[†]

Tracy Farryl Katz, ESQ., CPA[†]

Nazfar B. Afshar, CPA[†]

Marie Ambrosino

Gary L. Krausz, CPA[†]

Keith S. Dolabson, CPA

James M. Good, CPA[†]

DIRECTORS

Brian J. Gray, CPA

FOUNDERS

Donald L. Gursey, (1936-2007)

Stanley B. Schneider, CPA



1888

Century Park East

Suite 900

Los Angeles

CA

90067-1735

310 552 0960 ph

310 557 3468 fx



www.gursey.com

Report of Independent Auditors

To the Board of Directors
Jewish World Watch
Encino, California

We have audited the accompanying financial statements of Jewish World Watch, which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit 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.

^{*}Accredited in Business Valuation

[†]Certified in Financial Forensics

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, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Lursey | Schneider LLP

June 18, 2013
Los Angeles, California

JEWISH WORLD WATCH
Statement of Financial Position
December 31, 2012

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,083,326
Contributions receivable	77,571
Prepaid event costs	24,382
Prepaid expenses	<u>5,736</u>

TOTAL CURRENT ASSETS	<u>1,191,015</u>
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OTHER ASSETS

Property and equipment, at cost	
net of accumulated depreciation of \$38,750	19,138
Deposits	<u>3,914</u>

TOTAL ASSETS	<u><u>\$ 1,214,067</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Grants payable	\$ 201,883
Accounts payable	20,509
Deferred event income	<u>196,241</u>

TOTAL CURRENT LIABILITIES	<u>418,633</u>
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NET ASSETS

Unrestricted	256,236
Temporarily restricted	<u>539,198</u>

TOTAL NET ASSETS	<u>795,434</u>
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TOTAL LIABILITIES NET ASSETS	<u><u>\$ 1,214,067</u></u>
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See Accompanying Notes to Financial Statements

JEWISH WORLD WATCH
Statement of Activities
For the Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Contributions and voluntary membership dues	\$ 693,475	\$ 544,444	\$ 1,237,919
Grants	-	97,324	97,324
Interest income	1,159	-	1,159
Special event, net of expenses of	-	-	-
In-kind donations	-	-	-
Net realized and unrealized losses	(677)	-	(677)
Net assets released from restrictions	<u>776,523</u>	<u>(776,523)</u>	<u>-</u>
 TOTAL REVENUES	 <u>1,470,480</u>	 <u>(134,755)</u>	 <u>1,335,725</u>
EXPENSES			
Program services	1,498,272	-	1,498,272
Management and general	179,357	-	179,357
Fundraising	<u>53,804</u>	<u>-</u>	<u>53,804</u>
 TOTAL EXPENSES	 <u>1,731,433</u>	 <u>-</u>	 <u>1,731,433</u>
 CHANGE IN NET ASSETS	 <u>(260,953)</u>	 <u>(134,755)</u>	 <u>(395,708)</u>
 NET ASSETS, Beginning of year	 <u>517,189</u>	 <u>673,953</u>	 <u>1,191,142</u>
 NET ASSETS, End of year	 <u><u>\$ 256,236</u></u>	 <u><u>\$ 539,198</u></u>	 <u><u>\$ 795,434</u></u>

See Accompanying Notes to Financial Statements

JEWISH WORLD WATCH
Statement of Functional Expenses
For the Year Ended December 31, 2012

	Program Services	Management and General	Fundraising	Total
Grants and allocations	\$ 571,803	\$ -	\$ -	\$ 571,803
Salaries	449,261	84,236	28,078	561,575
Consultants and contract services	80,284	5,374	12,341	97,999
Payroll taxes and employee benefits	73,798	13,837	4,612	92,247
Event production costs	78,592	-	-	78,592
Printing	73,804	352	233	74,389
Rent	39,485	7,403	2,468	49,356
Travel and meals	31,528	3,188	1,063	35,779
Accounting fees	-	31,616	-	31,616
Postage	23,027	648	216	23,891
Advertising	14,727	2,762	920	18,409
Bank charges	-	18,172	-	18,172
Design fees	12,164	2,281	760	15,205
Web maintenance	12,072	2,263	754	15,089
Depreciation	10,941	2,051	684	13,676
Equipment rental	10,585	1,985	662	13,232
Office	6,574	1,233	411	8,218
Telephone	4,647	872	291	5,810
Insurance	3,367	632	211	4,210
Automobile	1,317	247	82	1,646
Dues and subscriptions	296	55	18	369
Taxes and licenses	-	150	-	150
	<u>\$ 1,498,272</u>	<u>\$ 179,357</u>	<u>\$ 53,804</u>	<u>\$ 1,731,433</u>

See Accompanying Notes to Financial Statements

JEWISH WORLD WATCH
Statement of Cash Flows
For the Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (395,708)
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation expense	13,676
Non-cash donation of stock	(14,284)
Net realized and unrealized investment loss	677
Changes in assets and liabilities:	
Contributions receivable	74,394
Prepaid expenses	(15,465)
Rent deposit	(114)
Deferred revenue	196,241
Grants payable	(53,687)
Accounts payable	<u>14,102</u>

NET CASH USED IN OPERATING ACTIVITIES (180,168)

CASH FLOWS PROVIDED BY INVESTING ACTIVITIES

Maturity of certificates of deposit	240,060
Proceeds from sale of common stock	13,607
Purchase of property and equipment	<u>(4,149)</u>

NET CASH PROVIDED BY INVESTING ACTIVITIES 249,518

NET INCREASE IN CASH 69,350

CASH AT BEGINNING OF YEAR 1,013,976

CASH AT END OF YEAR \$ 1,083,326

JEWISH WORLD WATCH
Notes to Financial Statements
For the Year Ended December 31, 2012

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 eleven million dollars for relief and development projects that impact hundreds 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 middle and high schools and youth programs, 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 its annual Walks 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

- **Economic Development:** JWW works to help survivors of genocide and mass atrocities rebuild their lives through projects that not only provide relief but restore dignity, develop vocational skills and support opportunities to improve their communities' economies.
- **Education:** The futures of Sudan and Congo are in jeopardy unless we can provide for their children. JWW projects support children from Sudan and Congo with the supplies and educational opportunities that provide for their future growth.
- **Health:** JWW works to maintain the health of survivors through projects that both provide much needed medical aid and supplies and further empower them to maintain their own health and sanitation.
- **Safety:** The experience of genocide and mass atrocities leaves long lasting trauma that can hamper future growth and development. JWW projects provide safe, protected spaces for children and adults in Sudan and Congo where they can grow, learn and play.

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

JWW is located in Encino, California.

JEWISH WORLD WATCH
Notes to Financial Statements
For the Year Ended December 31, 2012

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, 2012, 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 did not receive any in-kind contribution revenue for the year ended December 31, 2012.

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.

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.

JEWISH WORLD WATCH
Notes to Financial Statements
For the Year Ended December 31, 2012

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

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

Office equipment	\$ 38,500
Leasehold improvements	<u>19,388</u>
	57,888
Less accumulated depreciation	<u>(38,750)</u>
Total property and equipment	<u><u>\$ 19,138</u></u>

Depreciation expense for the year ended December 31, 2012 was \$13,676.

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 \$18,409 for the year ended December 31, 2012.

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 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 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, 2012, 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 18, 2013, the date the financial statements were available to be issued.

JEWISH WORLD WATCH
Notes to Financial Statements
For the Year Ended December 31, 2012

NOTE 3 — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted contributions (both purpose and time restrictions) comprise approximately 48% of total contributions received in 2012. At December 31, 2012, JWW had temporarily restricted net assets of \$539,198 available for the following specific projects:

Solar Cooker	\$ 439,846
Sister School Project	28,996
Schulweis Institute	20,250
All other < \$20,000	50,106
	<hr/>
	<u>\$ 539,198</u>

During the year ended December 31, 2012, net assets released from donor restrictions by incurring expenses satisfying the following restricted purposes (or time restriction):

Solar Cooker Project	\$ 465,173
Chambucha Rape & Crisis Center	78,851
Generation Hope	58,824
Animal Husbandry	51,971
All Other Projects < \$20,000	77,189
Safe Motherhood	22,265
University Fellowship	22,250
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	<u>\$ 776,523</u>

NOTE 4 – COMMITMENTS AND CONTINGENCIES

JWW leases office space under 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,	
2013	\$ 47,904
2014	16,124
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	<u>\$ 64,028</u>

Total rent expense for the year ended December, 2012 was \$49,356.