

JEWISH WORLD WATCH

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

December 31, 2013



Gursey | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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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, 2013, 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.

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, 2013, 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.

Gursey | Schneider LLP

July 17, 2014
Los Angeles, California

JEWISH WORLD WATCH
Statement of Financial Position
December 31, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,089,199
Contributions receivable, current	355,304
Prepaid expenses	<u>10,161</u>

TOTAL CURRENT ASSETS	<u>1,454,664</u>
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OTHER ASSETS

Property and equipment, at cost	
net of accumulated depreciation of \$51,158	7,753
Deposits	4,031
Contributions receivable, non-current	<u>100,016</u>

TOTAL ASSETS	<u>\$ 1,566,464</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Grants payable	\$ 136,957
Accounts payable	15,410
Deferred event income	<u>22,523</u>

TOTAL CURRENT LIABILITIES	<u>174,890</u>
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NET ASSETS

Unrestricted	377,006
Temporarily restricted	<u>1,014,568</u>

TOTAL NET ASSETS	<u>1,391,574</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,566,464</u>
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See Accompanying Notes to Financial Statements

JEWISH WORLD WATCH
Statement of Activities
For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Contributions and voluntary membership dues	\$ 647,917	\$ 1,053,792	\$ 1,701,709
Interest income	76	-	76
Special event, net of expenses of \$204,256	256,174	-	256,174
Net realized and unrealized losses	(232)	-	(232)
Net assets released from restrictions	578,422	(578,422)	-
	<u>1,482,357</u>	<u>475,370</u>	<u>1,957,727</u>
TOTAL REVENUES	<u>1,482,357</u>	<u>475,370</u>	<u>1,957,727</u>
EXPENSES			
Program services	1,096,928	-	1,096,928
Management and general	165,112	-	165,112
Fundraising	99,546	-	99,546
	<u>1,361,587</u>	<u>-</u>	<u>1,361,587</u>
TOTAL EXPENSES	<u>1,361,587</u>	<u>-</u>	<u>1,361,587</u>
CHANGE IN NET ASSETS	<u>120,770</u>	<u>475,370</u>	<u>596,140</u>
NET ASSETS, Beginning of year	<u>256,236</u>	<u>539,198</u>	<u>795,434</u>
NET ASSETS, End of year	<u>\$ 377,006</u>	<u>\$ 1,014,568</u>	<u>\$ 1,391,574</u>

See Accompanying Notes to Financial Statements

JEWISH WORLD WATCH
Statement of Functional Expenses
For the Year Ended December 31, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 346,284	\$ 69,073	\$ 57,142	\$ 472,499
Grants and program allocations	387,227	-	-	387,227
Event production costs	62,578	-	-	62,578
Printing	70,756	4,162	8,324	83,242
Payroll taxes and employee benefits	58,191	11,957	9,566	79,714
Rent	36,327	7,464	5,972	49,763
Consultants and contract services	40,858	-	7,700	48,558
Accounting fees	-	29,893	-	29,893
Travel and meals	22,077	6,540	-	28,617
Bank charges	-	24,294	-	24,294
Design fees	11,331	667	1,333	13,330
Equipment rental and maintenance	12,444	2,557	2,046	17,047
Postage and shipping	12,163	715	1,431	14,309
Office	9,599	1,972	1,578	13,149
Depreciation	9,057	1,861	1,489	12,407
Web maintenance	6,601	1,356	1,085	9,043
Telephone	4,222	867	696	5,785
Insurance	3,151	648	518	4,317
Advertising	1,102	226	181	1,509
Dues and subscriptions	1,933	397	318	2,648
Automobile	1,028	211	169	1,408
Taxes and licenses	-	250	-	250
	<u>\$ 1,096,928</u>	<u>\$ 165,112</u>	<u>\$ 99,546</u>	<u>\$ 1,361,587</u>

See Accompanying Notes to Financial Statements

JEWISH WORLD WATCH
Statement of Cash Flows
For the Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 596,140
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation expense	12,407
Non-cash donation of stock	(8,271)
Net realized and unrealized investment loss	232
Changes in assets and liabilities:	
Contributions receivable	(377,749)
Prepaid expenses	19,957
Rent deposit	(117)
Deferred revenue	(173,718)
Grants payable	(64,926)
Accounts payable	(5,099)

NET CASH USED IN OPERATING ACTIVITIES (1,144)

CASH FLOWS PROVIDED BY INVESTING ACTIVITIES

Proceeds from sale of common stock	8,039
Purchase of property and equipment	<u>(1,022)</u>

NET CASH PROVIDED BY INVESTING ACTIVITIES 7,017

NET INCREASE IN CASH 5,873

CASH AT BEGINNING OF YEAR 1,083,326

CASH AT END OF YEAR \$ 1,089,199

JEWISH WORLD WATCH
Notes to Financial Statements
For the Year Ended December 31, 2013

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 \$12.5 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 11th 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, 2013

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, 2013, no valuation allowance was deemed necessary.

Contributions receivable are expected to be received as follows:

Year Ending December 31,	
2014	\$ 355,304
2015	<u>100,016</u>
	<u>\$ 455,320</u>

Contributions receivable are not discounted for present value as such amounts are not material.

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, 2013.

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, 2013

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

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

Office equipment	\$ 39,523
Leasehold improvements	<u>19,388</u>
	58,911
Less accumulated depreciation	<u>(51,158)</u>
Total property and equipment	<u><u>\$ 7,753</u></u>

Depreciation expense for the year ended December 31, 2013 was \$12,407.

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 \$1,509 for the year ended December 31, 2013.

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 2010 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 2009 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, 2013, JWW had \$847,004 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 July 17, 2014, the date the financial statements were available to be issued.

JEWISH WORLD WATCH
Notes to Financial Statements
For the Year Ended December 31, 2013

NOTE 3 — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted contributions (both purpose and time restrictions) comprise approximately 49% of total contributions received in 2013. At December 31, 2013, JWW had temporarily restricted net assets of \$1,014,568 available for the following specific projects:

Solar Cooker	\$ 832,893
Reintegration of Child Soldiers	40,000
University Fellow - Valley Beth Shalom	28,500
Children in Conflict	29,502
Outreach and Advocacy Associate	20,000
Heal Africa - Safe Motherhood	20,000
All other < \$20,000	43,673
	<u>\$ 1,014,568</u>

During the year ended December 31, 2013, net assets released from donor restrictions by incurring expenses satisfying the following restricted purposes (or time restriction):

Solar Cooker	\$ 268,964
Children in Conflict	66,853
Women in Crisis	50,210
Africa New Day - Generation Hope	42,500
Little Ripples (Sister School/BackPack)	42,166
Chambucha Rape and Crisis Center	31,353
Educational Assistance - Year 2	20,750
All other < \$20,000	55,626
	<u>\$ 578,422</u>

NOTE 4 – COMMITMENTS AND CONTINGENCIES

JWW leases office space under a non-cancelable operating lease that expires on April 30, 2017. Future minimum rental payments under this lease are summarized as follows:

Year Ending December 31,	
2014	\$ 51,596
2015	56,752
2016	60,476
2017	20,484
	<u>\$ 189,308</u>

Total rent expense for the year ended December, 2013 was \$49,763.