

JEWISH WORLD WATCH

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

December 31, 2015



Gursey | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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An Independent Member of
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Independent Auditor's Report

To the Board of Directors
Jewish World Watch
Encino, California

We have audited the accompanying financial statements of Jewish World Watch (a California nonprofit public benefit corporation), which comprises the statement of financial position as of December 31, 2015, 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, 2015, 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

June 22, 2016
Los Angeles, California

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
December 31, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,395,593
Contributions receivable, current	255,242
Prepaid expenses	<u>27,290</u>

TOTAL CURRENT ASSETS	<u>1,678,125</u>
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OTHER ASSETS

Property and equipment, net	4,375
Rent deposit	4,434
Contributions receivable, non-current	<u>44,250</u>

TOTAL OTHER ASSETS	<u>53,059</u>
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TOTAL ASSETS	<u>\$ 1,731,184</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 50,332
Deferred event income	14,004
Grants payable	<u>217,481</u>

TOTAL CURRENT LIABILITIES	<u>281,817</u>
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NET ASSETS

Unrestricted	487,915
Temporarily restricted	<u>961,452</u>

TOTAL NET ASSETS	<u>1,449,367</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,731,184</u>
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See Accompanying Notes to Financial Statements

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Statement of Activities
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Contributions and voluntary membership dues	\$ 1,143,366	\$ 578,328	\$ 1,721,694
Interest income	90	-	90
Net assets released from restrictions	<u>539,494</u>	<u>(539,494)</u>	<u>-</u>
 TOTAL REVENUES	 <u>1,682,950</u>	 <u>38,834</u>	 <u>1,721,784</u>
EXPENSES			
Program services	1,186,591	-	1,186,591
Management and general	199,388	-	199,388
Fundraising	<u>112,493</u>	<u>-</u>	<u>112,493</u>
 TOTAL EXPENSES	 <u>1,498,472</u>	 <u>-</u>	 <u>1,498,472</u>
 CHANGE IN NET ASSETS	 <u>184,478</u>	 <u>38,834</u>	 <u>223,312</u>
 NET ASSETS, BEGINNING OF YEAR	 <u>303,437</u>	 <u>922,618</u>	 <u>1,226,055</u>
 NET ASSETS, END OF YEAR	 <u>\$ 487,915</u>	 <u>\$ 961,452</u>	 <u>\$ 1,449,367</u>

See Accompanying Notes to Financial Statements

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Statement of Functional Expenses
For the Year Ended December 31, 2015

	Program Services	Management and General	Fundraising	Total
Accounting fees	\$ -	\$ 28,427	\$ -	\$ 28,427
Advertising	3,688	747	233	4,668
Automobile	2,797	566	177	3,540
Bank charges	-	21,475	-	21,475
Consultants and contract services	156,731	25,054	72,299	254,084
Depreciation	1,635	331	104	2,070
Design fees	9,556	-	-	9,556
Dues and subscriptions	2,494	505	158	3,157
Equipment rental and maintenance	13,220	2,677	837	16,734
Events	73,783	-	-	73,783
Grants and program allocations	313,634	-	-	313,634
Insurance	3,805	771	241	4,817
Miscellaneous	12,545	2,541	795	15,881
Office	7,093	1,436	449	8,978
Payroll taxes and employee benefits	55,905	11,323	3,538	70,766
Postage and shipping	17,588	3,562	1,113	22,263
Printing	46,210	9,359	2,925	58,494
Rent	45,773	9,270	2,897	57,940
Salaries	367,090	73,431	25,512	466,033
Taxes and licenses	-	264	-	264
Telephone	5,718	1,158	362	7,238
Travel and meals	33,849	3,761	-	37,610
Web maintenance	13,477	2,730	853	17,060
	<u>\$ 1,186,591</u>	<u>\$ 199,388</u>	<u>\$ 112,493</u>	<u>\$ 1,498,472</u>
<i>% of Total Expenses</i>	<u>79.2%</u>	<u>13.3%</u>	<u>7.5%</u>	<u>100.0%</u>

See Accompanying Notes to Financial Statements

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 223,312
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	2,070
(Increase) decrease in assets:	
Contributions receivable	223,695
Prepaid expenses	10,944
Rent deposit	-
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	16,845
Deferred event income	(10,896)
Grants payable	(24,720)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	441,250
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(3,211)
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NET CASH USED IN INVESTING ACTIVITIES	(3,211)
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NET INCREASE IN CASH AND CASH EQUIVALENTS	438,039
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	957,554
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,395,593</u>

See Accompanying Notes to Financial Statements

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2015

NOTE 1 — NATURE OF ORGANIZATION

Jewish World Watch (JWW), a California nonprofit public benefit corporation, was incorporated in 2005. JWW is a leading organization which works to end genocide and mass atrocities worldwide by educating and mobilizing individuals, advocating for policy changes, and funding projects to support and rebuild conflict-affected communities. Since inception JWW has raised more than \$17.5 million for relief and development projects that impact hundreds of thousands of people in Sudan and Congo. JWW's support comes primarily from individual donor contributions, voluntary membership dues from affiliated synagogues, and grants.

CURRENT PRIORITIES:

Sudan: Sudan's series of wars since independence have killed an estimated 2 million civilians in the South and hundreds of thousands in the western region of Darfur. An estimated 4.5 – 5.2 million people are internally displaced in Sudan, 1.9 million of which are in Darfur. Hundreds of thousands live in refugee camps beyond Sudan's borders as well.

Congo: Raging since 1996, the conflict in Congo is the deadliest since WWII. There were 5.4 million civilians killed by war-related violence, hunger and disease and up to 45,000 civilians continue to die each month. Hundreds of thousands of women and girls have reportedly been raped in a systematic campaign to destroy entire communities. Over 2.9 million people are displaced by various warring factions.

LOCAL ACTION:

Student Activism: JWW empowers young leaders with the tools and skills they need to advocate for positive change through various programs and activism opportunities.

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, Congo, and other areas affected by genocide and mass atrocities 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 and mobilize thousands of community members to take 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 their youth can be provided for. JWW projects support children and young people 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 provide much needed medical aid and supplies and further offers the resources for them to maintain their own health and sanitation.

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2015

NOTE 1 — NATURE OF ORGANIZATION – (CONTINUED)

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 gather as a community.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation — The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Net Asset Accounting — To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of JWW are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted — These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Temporarily Restricted — JWW reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from purpose or time restrictions. JWW has \$961,452 of temporarily restricted net assets at December 31, 2015.

Permanently Restricted — These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit JWW to expend part of the income (or other economic benefits) derived from the donated assets. JWW has no permanently restricted net assets at December 31, 2015.

Cash and Cash Equivalents – For financial statement purposes, JWW considers cash on hand, deposits in bank, money market accounts and certificates of deposit with original maturities of three months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents approximates its fair value at December 31, 2015.

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, 2015, no valuation allowance was deemed necessary. Management does not discount the non-current portion of contributions receivable as such amounts reflecting the discount for net present value discount are not materials.

Prepaid Event Costs and Expenses — Prepaid event costs and expenses consist of event costs for the walks to end genocide, office rent and insurance premiums. These prepaid expenses are expensed in the period the services or goods are used.

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2015

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

Property and Equipment — Property and equipment are stated at cost if purchased or at fair value at the date of donation if donated. Depreciation is provided over the estimated useful lives of the related assets on a straight-line basis as follows:

Office equipment	3 – 5 Years
Leasehold improvements	Lesser of lease term or useful life

Expenditures for repairs and maintenance are charged to operations as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$1,000 and the useful life is greater than one year. 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.

JWW reviews its long-lived assets such as property and equipment for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flow is less than the carrying amount of the assets, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended December 31, 2015.

Deferred Event Income — Deferred event income represents contributions received for the 2015 walks to end genocide. The event income will be recognized when the walks to end genocide take place in 2016.

Grants Payable and Expenditures — Unconditional grants are charged against operations when authorized by JWW's Grant Committee and when the grant agreement is executed. The actual payment of the grant may not necessarily occur in the year of authorization. Cancellations of grants occur when the grantees do not meet the terms under which the grants were awarded.

Contributed Goods and Services — Contributions of donated non-cash assets are recorded at fair value in the period received. 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, 2015.

Functional Expenses — The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. JWW uses proportional salary dollars to allocate indirect costs.

Advertising — Advertising costs are recognized in the period incurred. Advertising costs were \$4,668 for the year ended December 31, 2015.

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2015

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

Use of Estimates — The preparation of financial statements in accordance with 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. Accordingly, actual results could differ from those estimates.

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 2012 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 2011 and subsequent.

Concentrations of Risk — JWW 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, 2015, JWW had \$1,119,334 in one money market accounts which is not insured by the FDIC.

As of and for the year ended December 31, 2015, two donors comprised approximately 16% of current year contributions and five donors comprised approximately 79% of contributions receivable. JWW considers these two concentrations to be a low risk. These are recurring donors and the Organization has not experienced any problems with collecting contributions from these donors.

Related Parties — JWW's board members are actively involved in raising funds for the Organization. During the year ended December 31, 2015, JWW received approximately \$475,941 in contributions from board members and their own foundations.

Subsequent Events — Management has evaluated subsequent events through June 22, 2016, the date the financial statements were available to be issued.

NOTE 3 — PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2015:

Office equipment	\$ 42,734
Leasehold improvements	<u>19,388</u>
	62,122
Less: accumulated depreciation	<u>(57,747)</u>
Total property and equipment	<u><u>\$ 4,375</u></u>

Depreciation expense for the year ended December 31, 2015 was \$2,070.

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2015

NOTE 4 — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted contributions comprise approximately 34% of total contributions received in 2015. At December 31, 2015, JWW had temporarily restricted net assets available for the following specific projects:

Children in Conflict Programs	\$ 105,083
Solar Cooker	707,484
Staffing - Advocacy Manager	25,000
Staffing - Field Representative	21,250
University Fellowships	60,440
Women in Crisis Programs	17,828
All other < \$20,000	<u>24,367</u>
	<u><u>\$ 961,452</u></u>

During the year ended December 31, 2015, net assets released from donor restrictions by incurring expenses satisfying the following restricted purposes:

Africa New Day - Generation Hope	\$ 82,364
Children in Conflict Programs	106,698
Educational Assistance	49,834
Little Ripples	28,279
Solar Cooker	93,342
University Fellowships	49,652
Women in Crisis Programs	123,542
All other < \$10,000	<u>5,783</u>
	<u><u>\$ 539,494</u></u>

NOTE 5 – COMMITMENTS AND CONTINGENCIES

JWW leases its Encino, California office space under a non-cancelable operating lease that expires on April 30, 2017. The future rental commitments under this lease are summarized as follows:

Year Ending <u>December 31,</u>	
2016	\$ 60,476
2017	<u>20,484</u>
	<u><u>\$ 80,960</u></u>

Total rent expense for the year ended December 31, 2015 was \$57,940.