

JEWISH WORLD WATCH

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

December 31, 2016



Gursey | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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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, 2016, 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, 2016, 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 28, 2017
Los Angeles, California

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
December 31, 2016

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,301,706
Contributions receivable, current	167,227
Prepaid expenses	<u>20,095</u>

TOTAL CURRENT ASSETS	<u>1,489,028</u>
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OTHER ASSETS

Property and equipment, net	2,699
Rent deposit	4,434
Contributions receivable, non-current	<u>20,000</u>

TOTAL OTHER ASSETS	<u>27,133</u>
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TOTAL ASSETS	<u><u>\$ 1,516,161</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 19,139
Deferred event income	9,292
Grants payable	<u>80,889</u>

TOTAL CURRENT LIABILITIES	<u>109,320</u>
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NET ASSETS

Unrestricted	508,023
Temporarily restricted	<u>898,818</u>

TOTAL NET ASSETS	<u>1,406,841</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,516,161</u></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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Contributions and voluntary membership dues	\$ 894,920	\$ 232,850	\$ 1,127,770
Interest income	658	-	658
Net assets released from restrictions	<u>295,484</u>	<u>(295,484)</u>	<u>-</u>
 TOTAL REVENUES	 <u>1,191,062</u>	 <u>(62,634)</u>	 <u>1,128,428</u>
EXPENSES			
Program services	913,954	-	913,954
Management and general	189,052	-	189,052
Fundraising	<u>67,948</u>	<u>-</u>	<u>67,948</u>
 TOTAL EXPENSES	 <u>1,170,954</u>	 <u>-</u>	 <u>1,170,954</u>
 CHANGE IN NET ASSETS	 <u>20,108</u>	 <u>(62,634)</u>	 <u>(42,526)</u>
 NET ASSETS, BEGINNING OF YEAR	 <u>487,915</u>	 <u>961,452</u>	 <u>1,449,367</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 508,023</u></u>	 <u><u>\$ 898,818</u></u>	 <u><u>\$ 1,406,841</u></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, 2016

	Program Services	Management and General	Fundraising	Total
Accounting fees	\$ -	\$ 27,379	\$ -	\$ 27,379
Advertising	1,175	294	77	1,546
Automobile	1,938	485	128	2,551
Bank charges	-	15,451	-	15,451
Consultants and contract services	66,401	3,561	31,050	101,012
Depreciation	1,275	317	85	1,677
Design fees	10,911	-	-	10,911
Dues and subscriptions	2,402	601	158	3,161
Equipment rental and maintenance	12,158	3,039	800	15,997
Events	83,969	-	-	83,969
Grants and program allocations	179,350	-	-	179,350
Insurance	4,033	1,009	265	5,307
Miscellaneous	13,149	3,285	865	17,299
Office	5,593	1,398	368	7,359
Payroll taxes and employee benefits	53,375	13,344	3,512	70,231
Postage and shipping	9,840	2,460	648	12,948
Printing	36,967	9,242	2,432	48,641
Rent	46,865	11,716	3,083	61,664
Salaries	357,950	89,895	23,346	471,191
Taxes and licenses	-	232	-	232
Telephone	4,986	1,246	328	6,560
Travel and meals	9,406	1,045	-	10,451
Web maintenance	12,211	3,053	803	16,067
	<u>\$ 913,954</u>	<u>\$ 189,052</u>	<u>\$ 67,948</u>	<u>\$ 1,170,954</u>
<i>% of Total Expenses</i>	<u>78.1%</u>	<u>16.1%</u>	<u>5.8%</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, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (42,526)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	1,676
(Increase) decrease in assets:	
Contributions receivable	112,265
Prepaid expenses	7,195
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(31,193)
Deferred event income	(4,712)
Grants payable	<u>(136,592)</u>

NET CASH USED IN OPERATING ACTIVITIES (93,887)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 1,395,593

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 1,301,706

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2016

NOTE 1 — NATURE OF ORGANIZATION

Jewish World Watch (“JWW”), a California nonprofit public benefit corporation, was incorporated in 2005. JWW 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 \$18 million to further the cause to fight against genocide and mass atrocities and to support programs that have impacted hundreds of thousands of people in places like Sudan and the Democratic Republic of the Congo. JWW’s support primarily comes from individual donor contributions, voluntary membership dues from affiliated synagogues, and grants.

LOCAL ACTION:

Education: JWW raises awareness of ongoing mass atrocities around the world, and helps communities and individuals learn what they can do to get involved. Through various educational programs, JWW works to create a better informed community ready to take action.

Advocacy: JWW works with elected officials and leaders in government to recommend and support concrete policy changes that will aid the U.S. government in preventing and responding to genocide and mass atrocities. This is done through direct engagement with members of Congress and the administration, the State Department, USAID, and others. JWW creates and cultivates grassroot efforts through petitions, letter writing and social media campaigns, and works with a variety of coalition partners.

ON THE GROUND PROJECTS

Projects: In addition to creating and supporting impactful programs that empower communities to create changes locally, JWW provides funding for projects that support and build resilience in conflict-affected communities. These include, among many others, providing psychosocial support and vocational training for survivors of rape in the Democratic Republic of Congo; rehabilitating child soldiers and offering preschools to Darfuri children living in refugee camps in Chad.

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.

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2016

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

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 \$898,818 of temporarily restricted net assets at December 31, 2016.

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, 2016.

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, 2016.

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, 2016, 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 material.

Contributions are expected to be collected in the years as follows:

Year Ending December 31,	
2016	\$ 167,227
2017	<u>20,000</u>
	<u>\$ 187,227</u>

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.

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.

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2016

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

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, 2016.

Deferred Event Income — Deferred event income represents funds received for the 2017 Walks to End Genocide event. The event income will be recognized when the Walks to End Genocide take place in 2017.

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, 2016.

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 \$1,546 for the year ended December 31, 2016.

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 2013 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 2012 and subsequent.

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2016

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

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, 2016, JWW had \$1,012,551 in one money market account which is not insured by the FDIC.

As of and for the year ended December 31, 2016, two donors comprised approximately 13% of current year contributions and two donors comprised approximately 84% 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, 2016, JWW received approximately \$281,251 in contributions from board members and their own foundations.

Recently Issued Accounting Standards – In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "*Leases*" (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public entities, the standard is effective for fiscal years beginning after December 15, 2019 and interim periods beginning the following year. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on the JWW's financial statements and related disclosures.

Also, on August 18, 2016, FASB issued new rules for nonprofit organizations under ASU 2016-14 "*Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*" ("NFP"). This ASU changes the financial reporting format for nonprofit organization financial statements to simplify the way in which NFPs quantify and qualify their financial performance, their liquidity and cash flows, and their classification of net assets.

Four changes in ASU 2016-14 are:

1. The existing three-class system of classifying net asset as unrestricted, temporarily restricted and permanently restricted will be replaced with a simpler two-class structure. Going forward, NFPs will differentiate net assets solely between those net assets with donor restriction and net assets without donor restrictions. NFPs will still be required to disclose the nature and amounts of donor-imposed restrictions.
2. The presentation of required disclosure of underwater endowment funds will change. When the fair market value of a donor-restricted endowment is less than the original gift amount or the amount the NFP is required to maintain by the donor or by law, NFPs will be required to also report the amount of the deficiency and their governing boards' policies or decisions to reduce or spend from these funds.
3. NFPs will be required to disclose in financial statement notes qualitative information regarding how they will manage available liquid resources to meet cash needs for general expenses for the year following the balance sheet date. In addition, NFPs will be required to provide on the face of financial statements or in disclosure notes detailed quantitative information regarding their availability of financial assets at the balance sheet date to meet cash needs for the next year.

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2016

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

4. Finally, NFP's may continue to present the statement of cash flows using either the direct or indirect method of reporting. However, under the new reporting standard, NFPs employing the direct method to report cash flow will no longer be required to provide a reconciliation of net income to the cash amounts presented under the indirect method.

The effective date of ASU 2016-14 will be for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments in this ASU is permitted.

Subsequent Events — Management has evaluated subsequent events through June 28, 2017, 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, 2016:

Office equipment	\$ 42,734
Leasehold improvements	<u>19,388</u>
	62,122
Less: accumulated depreciation	<u>(59,423)</u>
Total property and equipment	<u><u>\$ 2,699</u></u>

Depreciation expense for the year ended December 31, 2016 was \$1,677.

NOTE 4 — TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2016, JWW had temporarily restricted net assets available for the following specific projects:

Children in Conflict Programs	\$ 56,858
New Hope for Congo Hospital	22,630
Solar Cooker	691,940
Staffing - Advocacy Manager	25,000
Staffing - Field Representative	6,400
University Fellowships	14,583
Women in Crisis Programs	49,981
All other < \$20,000	<u>31,426</u>
	<u><u>\$ 898,818</u></u>

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2016

NOTE 4 — TEMPORARILY RESTRICTED NET ASSETS – (CONTINUED)

During the year ended December 31, 2016, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

Africa New Day - Generation Hope	\$ 66,880
Children in Conflict Programs	79,725
Educational Assistance	47,786
Staffing - Advocacy Manager	25,000
Staffing - Field Representative	14,850
Syria Project	13,849
University Fellowships	45,857
All other < \$10,000	1,537
	<hr/>
	\$ 295,484

Solar Cooker Program – The board suspended the solar cooker program due to the inability to meet program objectives as a result of political conditions and famine in Chad. JWW notified all donors to this program that their funds could either be refunded or held to be used for other relief programs in the region. Management intends to reallocate solar cooker program funds to other project funds in the coming years.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

JWW leases its Encino, California office space under a non-cancelable operating lease that expires on April 30, 2020. The future rental commitments under these leases are summarized as follows:

Year Ending December 31,	Office
2017	\$ 65,684
2018	70,200
2019	73,800
2020	25,000
	<hr/>
	\$ 234,684

Total rent expense for the year ended December 31, 2016 was \$61,664.