

JEWISH WORLD WATCH

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

December 31, 2018



Gursey | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT	1 – 2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 12

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, 2018, 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, 2018, 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 26, 2019
Los Angeles, California

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
December 31, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,042,087
Contributions receivable, current	108,416
Prepaid expenses	<u>9,265</u>

TOTAL CURRENT ASSETS	<u>1,159,768</u>
----------------------	------------------

OTHER ASSETS

Property and equipment, net	2,706
Rent deposit	5,650
Contributions receivable, non-current	<u>10,000</u>

TOTAL OTHER ASSETS	<u>18,356</u>
--------------------	---------------

TOTAL ASSETS	<u>\$ 1,178,124</u>
---------------------	----------------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 26,100
Grants payable	<u>61,000</u>

TOTAL CURRENT LIABILITIES	<u>87,100</u>
---------------------------	---------------

NET ASSETS

Without donor restrictions	525,692
With donor restrictions	<u>565,332</u>

TOTAL NET ASSETS	<u>1,091,024</u>
------------------	------------------

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,178,124</u>
---	----------------------------

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Statement of Activities
For the Year Ended December 31, 2018

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUES			
Contributions and voluntary membership dues	\$ 1,002,895	\$ 434,900	\$ 1,437,795
Interest income	1,488	-	1,488
Net assets released from restrictions	<u>362,652</u>	<u>(362,652)</u>	<u>-</u>
TOTAL REVENUES	<u>1,367,035</u>	<u>72,248</u>	<u>1,439,283</u>
EXPENSES			
Program services	954,789	-	954,789
Management and general	203,223	-	203,223
Fundraising	<u>160,275</u>	<u>-</u>	<u>160,275</u>
TOTAL EXPENSES	<u>1,318,287</u>	<u>-</u>	<u>1,318,287</u>
CHANGE IN NET ASSETS	<u>48,748</u>	<u>72,248</u>	<u>120,996</u>
NET ASSETS, BEGINNING OF YEAR	<u>476,944</u>	<u>493,084</u>	<u>970,028</u>
NET ASSETS, END OF YEAR	<u><u>\$ 525,692</u></u>	<u><u>\$ 565,332</u></u>	<u><u>\$ 1,091,024</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, 2018

	Program Services	Management and General	Fundraising	Total
Accounting fees	\$ -	\$ 35,425	\$ -	\$ 35,425
Automobile	612	32	-	644
Bank charges	-	18,713	-	18,713
Communications	4,426	1,206	1,214	6,846
Consultants and contract services	35,050	9,549	12,111	56,710
Depreciation	657	179	180	1,016
Design fees	-	-	12,906	12,906
Dues and subscriptions	847	231	232	1,310
Equipment rental and maintenance	9,499	2,588	2,605	14,692
Events	123,768	-	-	123,768
Grants and program allocations	257,398	-	-	257,398
Insurance	3,578	975	981	5,534
Miscellaneous	9,460	2,577	2,594	14,631
Office supplies	4,088	1,114	1,121	6,323
Payroll taxes and employee benefits	57,880	15,769	15,870	89,519
Postage and shipping	9,184	1,020	-	10,204
Printing	33,755	3,751	-	37,506
Rent	48,823	13,301	13,387	75,511
Salaries	343,033	93,455	94,057	530,545
Taxes and licenses	-	250	-	250
Telephone	4,373	1,191	1,199	6,763
Travel and meals	1,728	91	-	1,819
Website maintenance	6,630	1,806	1,818	10,254
	<u>\$ 954,789</u>	<u>\$ 203,223</u>	<u>\$ 160,275</u>	<u>\$ 1,318,287</u>
<i>% of Total Expenses</i>	<u>72.4%</u>	<u>15.4%</u>	<u>12.2%</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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 120,996
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,016
(Increase) decrease in assets:	
Contributions receivable	78,366
Prepaid expenses	(4,339)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	6,723
Grants payable	<u>(45,365)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	157,397
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(1,693)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	155,704
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>886,383</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,042,087</u></u>

See Accompanying Notes to Financial Statements

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2018

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 \$20 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; offering emergency aid to the Rohingya of Myanmar following a campaign of government-led violence against them, providing fresh-water wells to the South Sudanese refugees living in camps in Uganda, and teaching water-efficient farming techniques to combat food insecurity among Darfuris 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. Net assets, revenues and releases from restriction are classified based on the existence or absence of donor- or board-imposed restrictions. Accordingly, the net assets of JWW and the changes therein are classified and reported in two categories of net assets.

- *Without donor restrictions* — Net assets that are not subject to donor-imposed restrictions, including the net investment in fixed assets, gifts with no donor restriction and current funds without donor restriction.

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2018

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

- *With donor restrictions* — Net assets that are subject to donor-imposed restrictions that limit the use of their contributions. Donor restrictions may result in temporarily restricted net assets, where the use of contributions is limited by donor-imposed stipulations that either expire by the passage of time or when used for specified purposes. Donor restrictions may also result in permanently restricted net assets, where the donor stipulations neither expire by the passage of time nor can be fulfilled or otherwise removed by JWW's actions. JWW had no permanently restricted net assets at December 31, 2018.

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, 2018.

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, 2018, 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:

<u>Years Ending December 31,</u>	
2019	\$ 108,416
2020	<u>10,000</u>
	<u><u>\$ 118,416</u></u>

Prepaid Event Costs and Expenses — Prepaid event costs and expenses consist 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, 2018

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, 2018.

Grants Payable and Expenditures — Awarded grants are charged against the restricted projects pool 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, 2018.

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 \$6,846 for the year ended December 31, 2018.

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 2015 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 2014 and subsequent.

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2018

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 per account. JWW's two accounts are insured up to \$500,000.

As of and for the year ended December 31, 2018, no donors comprised more than 10% of current year contributions and two donors comprised approximately 91% 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, 2018, JWW received approximately \$269,335 in contributions from board members and their related 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 June 21, 2018, the FASB completed its project on revenue recognition of grants and contracts by not-for-profit entities by issuing ASU 2018-08, "Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made." The amendments provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction.

Specifically, the amendments provide:

- (1) Clarify how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution
- (2) Help an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation
- (3) Modify the simultaneous release option currently in generally accepted accounting principles (GAAP), which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets / net assets without donor restrictions if the restriction is met in the same period that revenue is recognized.

ASU 2018-08 is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods beginning after December 15, 2019. Early adoption of the amendments in the update is permitted. Management is currently evaluating the impact these changes in accounting standards will have on the JWW's financial statements and related disclosures.

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2018

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

Subsequent Events — Management has evaluated subsequent events through July 26, 2019, the date the financial statements were available to be issued.

NOTE 3 — LIQUIDITY AND AVAILABILITY

Financial assets consist of JWW's cash and cash equivalents and net contributions receivable. The following represents JWW's financial assets as of December 31, 2018, reduced by amounts not available for general use within one year of December 31, 2018 because of contractual or donor imposed restrictions.

Cash and cash equivalents	\$ 1,042,087
Contributions receivable, current portion	108,416
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with purpose or time restrictions	<u>(565,332)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 585,171</u></u>

JWW's financial assets available to meet cash needs for general expenditures within one year represent funding for ongoing operational requirements and planned increase in program expenditure in 2019.

JWW only allocates unrestricted funds for grant allocations when unrestricted funds have accumulated and permit the award of a grant allocation.

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2018:

Office equipment	\$ 28,025
Leasehold improvements	<u>18,128</u>
	46,153
Less: accumulated depreciation	<u>(43,447)</u>
Total property and equipment	<u><u>\$ 2,706</u></u>

Depreciation expense for the year ended December 31, 2018 was \$1,016.

JEWISH WORLD WATCH
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2018

NOTE 5 — NET ASSETS

Net assets with donor restrictions as of December 31, 2018 consisted of the following:

Project Pool Programs	\$ 160,904
Children in Conflict Programs	3,531
Congo Initiative Grant	20,000
Sons of Congo	21,352
ABFEK Education Assistance	43,865
Education and Advocacy	243,002
Time Restricted	65,000
All Other < \$10,000	<u>7,678</u>
	<u><u>\$ 565,332</u></u>

During the year ended December 31, 2018, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

Project Pool Programs	\$ 49,534
Children in Conflict Programs	46,469
Fellowships	19,055
Syria Relief	57,000
Africa New Day	41,000
Solar Cooker Anonymous Grant	85,016
Education and Advocacy	44,828
Released Due to Passage of Time	15,000
All Other < \$10,000	<u>4,750</u>
	<u><u>\$ 362,652</u></u>

JWW allocates funds received from donors earmarked for humanitarian and disaster relief work into a project pool. Funds from the project pool are used to support other specifically designed programs listed above.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

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

<u>Years Ending December 31,</u>	
2019	\$ 73,800
2020	<u>25,000</u>
	<u><u>\$ 98,800</u></u>

Total rent expense for the year ended December 31, 2018 was \$75,511.