

AMERICAN FRIENDS OF UNRWA

For the Year Ended December 31, 2012 and 2011

*Financial Statements
and
Report of Independent Auditor*

JOHN C. WALSH & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANT

FINANCIAL STATEMENTS

CONTENTS

Accountant' Review Report.....1

FINANCIAL STATEMENTS

Statement of Financial Position.....2

Statement of Activities.....3

Statement of Functional Expenses.....4

Statement of Cash Flows.....5

Notes to Financial Statements.....6-8

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Friends of UNRWA

We have audited the accompanying statement of financial position of the American Friends of UNRWA as of December 31, 2012 and 2011, and the related statement of activities and changes in net assets and statement of cash flows for the nine month fiscal year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Friends of UNRWA as of December 31, 2012 and 2011, and the changes in its net assets and the changes in its cash flows for the nine month fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

John C. Walsh & Co., PC

September 12, 2013

**American Friends of UNRWA
Statement of Financial Position
December 31, 2012 and 2011**

ASSETS

	<u>2012</u>	<u>2011</u>
Cash and Cash Equivalents	\$ 172,218	\$ 124,190
Security Deposit and Prepaid Expense	3,950	2,000
Fixed Assets-Net	<u>18,978</u>	<u>23,041</u>
Total Assets	<u>\$ 195,146</u>	<u>\$ 149,231</u>

LIABILITIES AND NET ASSETS

Accounts Payable and Accruals	<u>\$ 17,646</u>	<u>\$ 8,258</u>
Total Current Liabilities	<u>17,646</u>	<u>8,258</u>
Net Assets-Unrestricted		
Unrestricted	95,065	75,090
Temporarily Restricted	<u>82,435</u>	<u>65,883</u>
Total Net Assets	<u>177,500</u>	<u>140,973</u>
Total Liabilities and Net Assets	<u>\$ 195,146</u>	<u>\$ 149,231</u>

American Friends of UNRWA
Statement of Activities and Change in Net Assets
For the Year Ended December 31, 2012 and 2011

	<u>2012</u>			<u>2011</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenue and Support:</u>						
Contributions	\$ 313,872	\$ 222,688	\$ 536,560	\$ 139,529	\$ 151,098	\$ 290,627
Investment Income	137	-	137	245	-	245
Release of Temporarily Restricted	<u>206,136</u>	<u>(206,136)</u>	<u>-</u>	<u>105,305</u>	<u>(105,305)</u>	<u>-</u>
Total Revenue and Support	<u>520,145</u>	<u>16,552</u>	<u>536,697</u>	<u>245,079</u>	<u>45,793</u>	<u>290,872</u>
<u>Expenses:</u>						
<u>Program Services:</u>						
Public Education and Information	439,496	-	439,496	216,738	-	216,738
<u>Supporting Services:</u>						
Management and General	18,634	-	18,634	12,165	-	12,165
Fundraising	<u>42,041</u>	<u>-</u>	<u>42,041</u>	<u>28,374</u>	<u>-</u>	<u>28,374</u>
Total Expenses	<u>500,171</u>	<u>-</u>	<u>500,171</u>	<u>257,277</u>	<u>-</u>	<u>257,277</u>
Change in Net Assets	19,975	16,552	36,527	(12,198)	45,793	33,595
Net Assets, Beginning of Year	<u>75,090</u>	<u>65,883</u>	<u>140,973</u>	<u>87,288</u>	<u>20,090</u>	<u>107,378</u>
Net Assets, End of Year	<u><u>\$ 95,065</u></u>	<u><u>\$ 82,435</u></u>	<u><u>\$ 177,500</u></u>	<u><u>\$ 75,090</u></u>	<u><u>\$ 65,883</u></u>	<u><u>\$ 140,973</u></u>

The accompanying notes are an integral part of these statements.

American Friends of UNRWA
Supplemental Schedule of Functional Expenses
For the Year Ended December 31, 2012 and 2011

	2012				2011			
	Support of UNRWA and Public Education	Management and General	Fund Raising	Total	Support of UNRWA and Public Education	Management and General	Fund Raising	Total
Salaries and Benefits	\$ 105,867	\$ 6,617	\$ 19,850	\$ 132,334	\$ 80,972	\$ 5,061	\$ 15,182	\$ 101,215
Accounting/Legal Fees	-	4,725	-	4,725	-	4,550	-	4,550
Office Expense	4,698	294	880	5,872	4,423	276	828	5,527
Rent	18,737	1,171	3,513	23,421	18,720	1,170	3,510	23,400
Printing	28,524	1,783	5,348	35,655	6,924	433	1,298	8,655
Marketing	2,833	177	531	3,541	1,194	75	224	1,493
Depreciation	3,250	203	609	4,062	1,151	72	216	1,439
Fundraising	36,221	2,264	6,791	45,276	-	-	5,536	5,536
Postage & Shipping	14,377	900	2,696	17,973	4,714	296	884	5,894
Telephone	1,235	77	232	1,544	1,163	73	218	1,454
Travel and Meals	2,991	187	560	3,738	3,291	23	67	3,381
Other	-	-	326	326	-	-	-	-
Bank Charges	3,755	236	704	4,695	2,186	136	411	2,733
Program Events	15,297	-	-	15,297	-	-	-	-
Grants	201,711	-	-	201,711	92,000	-	-	92,000
Total Expenses	\$ 439,496	\$ 18,634	\$ 42,041	\$ 500,171	\$ 216,738	\$ 12,165	\$ 28,374	\$ 257,277

The accompanying notes are an integral part of these statements.

American Friends of UNRWA
Statement of Cash Flows
For the Year Ended December 31, 2012 and 2011

	2012	2011
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 36,527	\$ 33,595
Adjustments to Reconcile Change in Net Assets to <u>Net Cash Provided by Operating Activities:</u>		
Depreciation	4,062	1,439
Depreciation	(1,950)	-
Increase (Decrease) in Payables and Accruals	9,389	2,937
Net Cash Provided by Operating Activities	\$ 48,028	\$ 37,971
Purchase of Fixed Assets	-	(18,364)
Net Change in Cash	\$ 48,028	\$ 19,607
Cash and Cash Equivalents, Beginning of Year	124,190	104,583
Cash and Cash Equivalents, End of Year	\$ 172,218	\$ 124,190

American Friends of UNRWA
Notes to the Financial Statements
December 31, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The American Friends of UNRWA (formerly known as Friends of UNRWA Association, Inc.) is a non-profit organization organized under the laws of New York whose main purpose is to provide support to United Nations Relief & Works Agency (UNRWA).

Basis of Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

Revenue and contributions receivable are recorded when earned or pledged.

Cash and Cash Equivalents

Cash and Cash Equivalents consists of monies held in an interest checking account and insured money market accounts.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Association and/or the passage of time.

Revenues are reported as increases in unrestricted net assets unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions on net assets (i.e., donor stipulated purpose has been fulfilled and/or stipulated time period has elapsed) as reclassifications between the applicable classes of net assets.

American Friends of UNRWA
Notes to Financial Statements (Continued)
December 31, 2012 and 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

Financial statements prepared in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The Association is also required to make estimates and assumptions that affect reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Property and Equipment

Furniture and equipment acquired with a purchase price in excess of \$500 are recorded at acquisition cost, or in the case of donated property, estimated fair market value at the date of donation. Items of less than \$500 are expensed when purchased. Depreciation is computed on the straight-line basis over estimated useful lives of 5 years. Repairs and maintenance are expensed when incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Association 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. The statement of functional expenses shows the allocation of these expenses.

NOTE 2 - INCOME TAX STATUS

The Friends of UNRWA Association, Inc. has been recognized by the Internal Revenue Service as a public charity under Section 509(a) of the Internal Revenue Code, and contributions made to it are generally tax deductible by the donor. It is exempt from federal and state income taxes under Section 501(c)(3), except on unrelated business income, if any.

American Friends of UNRWA
Notes to Financial Statements (Continued)
December 31, 2012 and 2011

NOTE 3 - OFFICE SPACE LEASE

The Association currently leases its office space under a month to month operating lease beginning November 1, 2010 with a monthly rent of \$1,950. The annual rent for the year ended December 31, 2012 and 2011 was \$23,400 for each of the respective years.

NOTE 4 - FISCAL YEAR

The Association elected to change their fiscal year from March 31st to December 31st during the period ended December 31, 2009.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

The Association's temporarily restricted net assets consist of the following:

Summer Games	\$ 32,044
Adopt A School Program	33,345
Breast Cancer Survey	4,610
Emergency School Feeding Program	4,682
Olive Tree Initiative	<u>7,754</u>
Total	<u><u>\$ 82,435</u></u>