

AMERICAN FRIENDS OF UNRWA

For the Year Ended December 31, 2014 and 2013

*Financial Statements
and
Report of Independent Auditor*

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

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Friends of UNRWA

We have audited the accompanying financial statement of the American Friends of UNRWA, which is comprised of the statement of financial position as of December 31, 2014 and 2013 and the related statement of activities and changes in net assets and statement of cash flows for the year then ended and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's 2013 financial statements and, in our report dated November 10, 2014, we expressed an unqualified opinion on 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 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

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 the American Friends of UNRWA as of December 31, 2014 and 2013, and the changes in its net assets and the changes in its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

John C. Walsh & Co., PC

June 25, 2015

**American Friends of UNRWA
Statement of Financial Position
December 31, 2014 and 2013**

ASSETS

	2014	2013
Cash and Cash Equivalents	\$ 382,223	\$ 282,616
Security Deposit and Prepaid Expense	2,000	3,950
Fixed Assets-Net	10,853	14,916
Total Assets	\$ 395,076	\$ 301,482

LIABILITIES AND NET ASSETS

Accounts Payable and Accruals	\$ 18,137	\$ 24,632
Total Current Liabilities	18,137	24,632
Net Assets-Unrestricted		
Unrestricted	149,273	238,281
Temporarily Restricted	227,666	38,569
Total Net Assets	376,939	276,850
Total Liabilities and Net Assets	\$ 395,076	\$ 301,482

American Friends of UNRWA
Statement of Activities and Change in Net Assets
For the Year Ended December 31, 2014 and 2013

	<u>2014</u>			<u>2013</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<u>Revenue and Support:</u>				
Contributions	\$ 3,461,201	\$ 227,666	\$ 3,688,867	\$ 779,120
Investment Income	42	-	42	137
Release of Temporarily Restricted	<u>191,069</u>	<u>(191,069)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>3,652,312</u>	<u>36,597</u>	<u>3,688,909</u>	<u>779,257</u>
<u>Expenses:</u>				
<u>Program Services:</u>				
Public Education and Information	3,494,784	-	3,494,784	610,641
<u>Supporting Services:</u>				
Management and General	27,372	-	27,372	21,089
Fundraising	<u>66,663</u>	<u>-</u>	<u>66,663</u>	<u>48,177</u>
Total Expenses	<u>3,588,820</u>	<u>-</u>	<u>3,588,820</u>	<u>679,907</u>
Change in Net Assets	63,492	36,597	100,089	99,350
Net Assets, Beginning of Year	<u>85,781</u>	<u>191,069</u>	<u>276,850</u>	<u>177,500</u>
Net Assets, End of Year	<u><u>\$ 149,273</u></u>	<u><u>\$ 227,666</u></u>	<u><u>\$ 376,939</u></u>	<u><u>\$ 276,850</u></u>

American Friends of UNRWA
Supplemental Schedule of Functional Expenses
For the Year Ended December 31, 2014 and 2013

	Support of UNRWA and Public Awareness	Management and General	Fund Raising	2014 Total	2013 Total
Salaries and Benefits	\$ 195,810	\$ 12,238	\$ 36,714	\$ 244,762	\$ 190,172
Accounting/Legal Fees	-	5,150	-	5,150	5,050
Office Expense	4,135	258	775	5,169	9,279
Rent	25,165	1,573	4,718	31,456	25,350
Printing	29,857	1,866	5,598	37,321	41,460
Marketing	2,006	126	376	2,508	5,232
Depreciation	3,250	204	609	4,063	4,062
Fundraising	32,742	2,046	6,139	40,927	21,111
Postage & Shipping	19,908	1,244	3,733	24,885	7,360
Telephone	1,678	105	315	2,098	1,773
Travel and Meals	5,505	344	1,032	6,881	9,021
Other	68	4	13	85	68
Bank Charges	35,418	2,214	6,641	44,272	5,916
Program Events	31,606	-	-	31,606	29,116
Grants	3,107,637	-	-	3,107,637	324,937
Total Expenses	\$ 3,494,784	\$ 27,372	\$ 66,663	\$ 3,588,820	\$ 679,907

The accompanying notes are an integral part of these statements.

American Friends of UNRWA
Statement of Cash Flows
For the Year Ended December 31, 2014 and 2013

	2014	2013
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 100,089	\$ 99,350
Adjustments to Reconcile Change in Net Assets to <u>Net Cash Provided by Operating Activities:</u>		
Depreciation	4,063	4,063
Increase (Decrease) in Payables and Accruals	(6,499)	6,989
Net Cash Provided by Operating Activities	\$ 97,653	\$ 110,402
Cash and Cash Equivalents, Beginning of Year	284,570	174,168
Cash and Cash Equivalents, End of Year	\$ 382,223	\$ 284,570

American Friends of UNRWA
Notes to the Financial Statements

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)

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)

NOTE 3 - OFFICE SPACE LEASE

The Association currently leases its office space under a month to month operating lease beginning September 1, 2014 with a monthly rent of \$1,950. The annual rent for the year ended December 31, 2014 and 2013 was \$31,456 and \$23,400 for the respective years.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

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

2015 Porgram Support	<u><u>\$227,666</u></u>
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