

**AMERICAN FRIENDS OF UNRWA**

*For the Year Ended December 31, 2015 and 2014*

*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, 2015 and 2014 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 2014 financial statements and, in our report dated June 25, 2015, 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, 2015 and 2014, 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 17, 2016

**American Friends of UNRWA  
Statement of Financial Position  
December 31, 2015 and 2014**

**ASSETS**

	<b>2015</b>	<b>2014</b>
Cash and Cash Equivalents	\$ 82,041	\$ 382,223
Security Deposit and Prepaid Expense	3,370	2,000
Fixed Assets-Net	6,791	10,853
<b>Total Assets</b>	<b>\$ 92,202</b>	<b>\$ 395,076</b>

**LIABILITIES AND NET ASSETS**

Accounts Payable and Accruals	\$ 31,938	\$ 18,137
<b>Total Current Liabilities</b>	<b>31,938</b>	<b>18,137</b>
Net Assets-Unrestricted		
Unrestricted	31,324	149,273
Temporarily Restricted	28,940	227,666
<b>Total Net Assets</b>	<b>60,264</b>	<b>376,939</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 92,202</b>	<b>\$ 395,076</b>

**American Friends of UNRWA**  
**Statement of Activities and Change in Net Assets**  
**For the Year Ended December 31, 2015 and 2014**

	2015			2014
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b><u>Revenue and Support:</u></b>				
Contributions	\$ 1,477,315	\$ 28,940	\$ 1,506,255	\$ 2,458,332
Grants	273,753	-	273,753	701,201
Events and Sponsorships	321,180	-	321,180	529,334
Investment Income	574	-	574	42
Release of Temporarily Restricted	<u>227,666</u>	<u>(227,666)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>2,300,488</u>	<u>(198,726)</u>	<u>2,101,762</u>	<u>3,688,909</u>
<b><u>Expenses:</u></b>				
<b><u>Program Services:</u></b>				
Public Education and Information	2,302,256	-	2,302,256	3,494,785
<b><u>Supporting Services:</u></b>				
Management and General	33,660	-	33,660	27,372
Fundraising	<u>82,522</u>	<u>-</u>	<u>82,522</u>	<u>66,663</u>
Total Expenses	<u>2,418,438</u>	<u>-</u>	<u>2,418,438</u>	<u>3,588,820</u>
Change in Net Assets	(117,950)	(198,726)	(316,676)	100,089
Net Assets, Beginning of Year	<u>149,273</u>	<u>227,666</u>	<u>376,939</u>	<u>276,850</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 31,324</u></u>	<u><u>\$ 28,940</u></u>	<u><u>\$ 60,264</u></u>	<u><u>\$ 376,939</u></u>

**American Friends of UNRWA**  
**Supplemental Schedule of Functional Expenses**  
**For the Year Ended December 31, 2015 and 2014**

	Support of UNRWA and Public Awareness	Management and General	Fund Raising	2015 Total	2014 Total
Salaries and Benefits	\$ 316,306	\$ 19,770	\$ 59,307	\$ 395,383	\$ 244,762
Accounting/Legal Fees	-	6,152	-	6,152	5,150
Office Expense	11,272	704	2,114	14,090	5,169
Rent	41,718	2,607	7,822	52,147	31,456
Printing	21,187	1,324	3,973	26,484	37,321
Marketing	669	42	125	836	2,508
Depreciation	3,250	204	609	4,063	4,063
Fundraising	25,409	1,588	4,764	31,761	4,927
Postage & Shipping	11,531	721	2,162	14,414	24,885
Telephone	3,512	219	659	4,390	2,098
Travel and Meals	3,445	215	646	4,306	6,881
Other	207	13	39	259	85
Bank Charges	1,609	100	302	2,011	44,272
Program Events	70,862	-	-	70,862	31,606
Grants	1,791,279	-	-	1,791,279	3,107,637
<b>Total Expenses</b>	<b>\$ 2,302,256</b>	<b>\$ 33,660</b>	<b>\$ 82,522</b>	<b>\$ 2,418,438</b>	<b>\$ 3,552,820</b>

The accompanying notes are an integral part of these statements.

**American Friends of UNRWA**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b><u>Cash Flows from Operating Activities:</u></b>		
Change in Net Assets	\$ (316,676)	\$ 100,089
Adjustments to Reconcile Change in Net Assets to <u>Net Cash Provided by Operating Activities:</u>		
Depreciation	4,063	4,063
(Increase) Decrease in Prepaid Expenses	(1,370)	-
Increase (Decrease) in Payables and Accruals	13,800	(6,499)
Net Cash Provided by Operating Activities	\$ (300,183)	\$ 97,653
Cash and Cash Equivalents, Beginning of Year	382,223	284,570
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 82,041</b>	<b>\$ 382,223</b>

**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 with a monthly rent of \$4,678. The annual rent for the year ended December 31, 2015 and 2014 was \$52,147 and \$31,456 for the respective years.

**NOTE 5 -RETIREMENT**

The Association currently maintains a retirement plan for participating employees by matching their contribution. The amount of contributions in 2015 totaled \$6,491.

**NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS**

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

2016 Program Support	<u><u>\$28,940</u></u>
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