

# UNRWA USA NATIONAL COMMITTEE, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2020

(With Summarized Comparative Information for the Year Ended December 31, 2019)

**UNRWA USA NATIONAL COMMITTEE, INC.**

Table of Contents  
December 31, 2020

---

**Table of Contents**

Independent Auditors' 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 – 11

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
UNRWA USA National Committee, Inc.

We have audited the accompanying financial statements of UNRWA USA National Committee, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2020, 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.

### Auditors' 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 auditors' 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 auditors consider 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 UNRWA USA National Committee, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*HAN GROUP LLC*

HAN GROUP LLC  
Washington, DC  
October 29, 2021

**UNRWA USA NATIONAL COMMITTEE, INC.**  
Statement of Financial Position  
December 31, 2020  
(With Summarized Comparative Information for 2019)

---

|                                       | <u>2020</u>       | <u>2019</u>       |
|---------------------------------------|-------------------|-------------------|
| <b>Assets</b>                         |                   |                   |
| Cash                                  | \$ 462,012        | \$ 184,895        |
| Contributions receivable              | 147,638           | 588,010           |
| Prepaid expenses and other assets     | 1,655             | 9,778             |
| Property and equipment, net           | <u>6,800</u>      | <u>5,618</u>      |
| Total assets                          | <u>\$ 618,105</u> | <u>\$ 788,301</u> |
| <b>Liabilities and Net Assets</b>     |                   |                   |
| <b>Liabilities</b>                    |                   |                   |
| Accounts payable and accrued expenses | \$ 65,570         | \$ 55,918         |
| Accrued vacation                      | 35,839            | 4,586             |
| Contributions payable                 | <u>132,967</u>    | <u>-</u>          |
| Total liabilities                     | <u>234,376</u>    | <u>60,504</u>     |
| <b>Net Assets</b>                     |                   |                   |
| Without donor restrictions            | 253,729           | 714,137           |
| With donor restrictions               | <u>130,000</u>    | <u>13,660</u>     |
| Total net assets                      | <u>383,729</u>    | <u>727,797</u>    |
| Total liabilities and net assets      | <u>\$ 618,105</u> | <u>\$ 788,301</u> |

*See accompanying notes.*

**UNRWA USA NATIONAL COMMITTEE, INC.**  
Statement of Activities  
Year Ended December 31, 2020  
(With Summarized Comparative Information for 2019)

|  | 2020                          |                            | 2019              |                   |
|--|-------------------------------|----------------------------|-------------------|-------------------|
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total             | Total             |
| <b>Revenue and Support</b>             |                               |                            |                   |                   |
| Contributions                          | \$ 3,830,816                  | \$ 130,000                 | \$ 3,960,816      | \$ 4,518,523      |
| Other income                           | 800                           | -                          | 800               | 530               |
| Net assets released from restrictions: |                               |                            |                   |                   |
| Satisfaction of purpose restrictions   | 13,660                        | (13,660)                   | -                 | -                 |
| <b>Total revenue and support</b>       | <b>3,845,276</b>              | <b>116,340</b>             | <b>3,961,616</b>  | <b>4,519,053</b>  |
| <b>Expenses</b>                        |                               |                            |                   |                   |
| Program services:                      |                               |                            |                   |                   |
| Urgent assistance                      | 3,044,439                     | -                          | 3,044,439         | 475,671           |
| Education                              | 235,258                       | -                          | 235,258           | 1,675,916         |
| Relief and social services             | 39,269                        | -                          | 39,269            | 836,247           |
| Other programs                         | 245,375                       | -                          | 245,375           | 321,473           |
| <b>Total program services</b>          | <b>3,564,341</b>              | <b>-</b>                   | <b>3,564,341</b>  | <b>3,309,307</b>  |
| Supporting services:                   |                               |                            |                   |                   |
| Management and general                 | 580,007                       | -                          | 580,007           | 595,047           |
| Fundraising                            | 161,336                       | -                          | 161,336           | 56,658            |
| <b>Total supporting services</b>       | <b>741,343</b>                | <b>-</b>                   | <b>741,343</b>    | <b>651,705</b>    |
| <b>Total expenses</b>                  | <b>4,305,684</b>              | <b>-</b>                   | <b>4,305,684</b>  | <b>3,961,012</b>  |
| <b>Change in Net Assets</b>            | <b>(460,408)</b>              | <b>116,340</b>             | <b>(344,068)</b>  | <b>558,041</b>    |
| <b>Net Assets, beginning of year</b>   | <b>714,137</b>                | <b>13,660</b>              | <b>727,797</b>    | <b>169,756</b>    |
| <b>Net Assets, end of year</b>         | <b>\$ 253,729</b>             | <b>\$ 130,000</b>          | <b>\$ 383,729</b> | <b>\$ 727,797</b> |

See accompanying notes.

**UNRWA USA NATIONAL COMMITTEE, INC.**  
Statement of Functional Expenses  
Year Ended December 31, 2020  
(With Summarized Comparative Information for 2019)

|                               | 2020                 |                   |                                  |                   |                              |                              |                   |                                 | 2019                |                     |
|-------------------------------|----------------------|-------------------|----------------------------------|-------------------|------------------------------|------------------------------|-------------------|---------------------------------|---------------------|---------------------|
|                               | Program Services     |                   |                                  |                   | Total<br>Program<br>Services | Supporting Services          |                   |                                 | Total               | Total               |
|                               | Urgent<br>Assistance | Education         | Relief and<br>Social<br>Services | Other<br>Programs |                              | Management<br>and<br>General | Fundraising       | Total<br>Supporting<br>Services |                     |                     |
| Contributions to UNRWA        | \$ 2,915,353         | \$ -              | \$ -                             | \$ 100,000        | \$ 3,015,353                 | \$ -                         | \$ -              | \$ -                            | \$ 3,015,353        | \$ 2,788,744        |
| Salaries and related expenses | 94,142               | 171,168           | 25,675                           | 119,818           | 410,803                      | 333,777                      | 111,259           | 445,036                         | 855,839             | 559,263             |
| Marketing and advertising     | 23,484               | 9,936             | 11,765                           | 5,472             | 50,657                       | 36,512                       | 33,071            | 69,583                          | 120,240             | 53,571              |
| Contract services             | 986                  | 33,983            | -                                | 7,770             | 42,739                       | 20,770                       | -                 | 20,770                          | 63,509              | 162,993             |
| Occupancy                     | 6,705                | 12,190            | 1,829                            | 8,533             | 29,257                       | 23,771                       | 7,924             | 31,695                          | 60,952              | 58,470              |
| Office expenses               | 3,644                | 749               | -                                | 3,782             | 8,175                        | 32,438                       | 8,877             | 41,315                          | 49,490              | 30,170              |
| Professional services         | -                    | -                 | -                                | -                 | -                            | 25,191                       | -                 | 25,191                          | 25,191              | 100,451             |
| Travel                        | -                    | 7,068             | -                                | -                 | 7,068                        | 4,952                        | -                 | 4,952                           | 12,020              | 44,549              |
| Supplies                      | 125                  | 164               | -                                | -                 | 289                          | 3,722                        | -                 | 3,722                           | 4,011               | 12,724              |
| Bank and credit card fees     | -                    | -                 | -                                | -                 | -                            | 97,597                       | -                 | 97,597                          | 97,597              | 86,005              |
| Cultivation and stewardship   | -                    | -                 | -                                | -                 | -                            | 1,166                        | 205               | 1,371                           | 1,371               | 19,957              |
| Other expenses                | -                    | -                 | -                                | -                 | -                            | 111                          | -                 | 111                             | 111                 | 44,115              |
| <b>Total Expenses</b>         | <b>\$ 3,044,439</b>  | <b>\$ 235,258</b> | <b>\$ 39,269</b>                 | <b>\$ 245,375</b> | <b>\$ 3,564,341</b>          | <b>\$ 580,007</b>            | <b>\$ 161,336</b> | <b>\$ 741,343</b>               | <b>\$ 4,305,684</b> | <b>\$ 3,961,012</b> |

See accompanying notes.

**UNRWA USA NATIONAL COMMITTEE, INC.**  
Statement of Cash Flows  
Year Ended December 31, 2020  
(With Summarized Comparative Information for 2019)

---

|   | <u>2020</u>       | <u>2019</u>       |
|---|-------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>   |                   |                   |
| Change in net assets  | \$ (344,068)      | \$ 558,041        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                   |                   |
| Depreciation  | 2,196             | 1,511             |
| Change in operating assets and liabilities:   |                   |                   |
| Contributions receivable  | 440,372           | (503,728)         |
| Prepaid expenses and other assets   | 8,123             | 2,228             |
| Accounts payable and accrued expenses   | 9,652             | 40,712            |
| Accrued vacation  | 31,253            | (28,486)          |
| Contributions payable   | 132,967           | -                 |
| Net cash provided by operating activities   | <u>280,495</u>    | <u>70,278</u>     |
| <b>Cash Flows from Investing Activities</b>   |                   |                   |
| Purchases of property and equipment   | <u>(3,378)</u>    | <u>(4,459)</u>    |
| Net cash used in investing activities   | <u>(3,378)</u>    | <u>(4,459)</u>    |
| <b>Net Increase in Cash</b>   | 277,117           | 65,819            |
| <b>Cash, beginning of year</b>  | <u>184,895</u>    | <u>119,076</u>    |
| <b>Cash, end of year</b>  | <u>\$ 462,012</u> | <u>\$ 184,895</u> |

*See accompanying notes.*



## UNRWA USA NATIONAL COMMITTEE, INC.

Notes to Financial Statements

December 31, 2020

---

### 1. Nature of Operations

UNRWA USA National Committee, Inc. (the Organization) is a non-profit organization organized under the laws of New York whose main purpose is to provide support to United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). The Organization's activities are primarily supported through contributions.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

#### Contributions Receivable

Contributions receivable represent amounts due from the Organization's various contributors and are recorded at their net present realizable value. The balance of contributions receivable at December 31, 2020 is expected by management to be fully collectible within one year. If an amount becomes uncollectible, it is expensed when that determination is made.

#### Property and Equipment

Property and equipment over \$500 with a projected useful life exceeding one year are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for minor and routine repairs and maintenance are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation or amortization are eliminated from the accounts and the resulting gain or loss is included in revenue or expense.

#### Contributions Payable

The Organization makes contributions mostly to UNRWA to support UNRWA's various program services. Contributions payable totaled \$132,967 at December 31, 2020, and is due within one year.

#### Classification of Net Assets

- *Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's general operations.
- *Net Assets With Donor Restrictions* represent funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization did not have any donor-imposed restrictions which are perpetual in nature at December 31, 2020.

## 2. Summary of Significant Accounting Policies (continued)

### Revenue Recognition

#### *Contributions*

Contributions without conditions are recognized upon notification of the award and are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. Contributions with donor-imposed restrictions are reclassified to net assets without donor restrictions when those restrictions are met, only to the extent of actual expenses incurred in compliance with donor-imposed restrictions and for the expiration of donor-imposed time restrictions. These reclassifications are reported on the accompanying statement of activities as net assets released from restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are recognized in revenue once the conditions on which they depend have been met. Amounts received in advance of the conditions being met are recorded as refundable advances. The Organization did not have any conditional contributions or refundable advances at December 31, 2020.

### Advertising Costs

The costs of advertising are expensed as incurred. The Organization incurred \$120,240 in advertising expenses during the year ended December 31, 2020.

### Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis on the accompanying statement of activities. The statement of functional expenses presents expenses by function and natural classification. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on the distribution of labor. Expenses allocated include salaries and related expenses, and occupancy.

### Pending Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for non-public entities for fiscal years beginning after December 15, 2021.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The core principles of ASU 2020-07 address the measurement of nonfinancial contributions and increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendments in the update are to be applied on a retrospective basis. ASU 2020-07 is effective for non-public entities for fiscal years beginning after June 15, 2021.

**UNRWA USA NATIONAL COMMITTEE, INC.**

Notes to Financial Statements

December 31, 2020

---

**2. Summary of Significant Accounting Policies (continued)**

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Summarized Comparative Information

The accompanying financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019 from which the summarized information was derived.

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2020 financial statement presentation.

**3. Property and Equipment**

The Organization held the following property and equipment at December 31, 2020:

|                                |                        |
|--------------------------------|------------------------|
| Equipment                      | \$ 11,693              |
| Less: accumulated depreciation | <u>(4,893)</u>         |
| Property and equipment, net    | <u><u>\$ 6,800</u></u> |

**4. Liquidity and Availability of Resources**

The following schedule reflects the Organization's financial assets as of December 31, 2020, reduced by amounts not available for general use within one year. All financial assets listed below are considered to be convertible to cash within one year.

|  |                          |
|--|--------------------------|
| Financial assets:  |                          |
| Cash   | \$ 462,012               |
| Contributions receivable   | <u>147,638</u>           |
| Total financial assets   | 609,650                  |
| Less those unavailable for general expenditures within one year due to:                |                          |
| Contributions payable  | (132,967)                |
| Donor-imposed restrictions on the financial assets                                     | <u>(130,000)</u>         |
| Financial assets available to meet cash needs for general expenditures within one year | <u><u>\$ 346,683</u></u> |

**UNRWA USA NATIONAL COMMITTEE, INC.**

Notes to Financial Statements

December 31, 2020

---

**4. Liquidity and Availability of Resources (continued)**

The Organization's policy is to structure its financial assets to become available as general expenditures, liabilities and other obligations become due, operating within a prudent range of financial soundness and stability while maintaining and monitoring reserves to provide reasonable assurance that long-term program goals with donor restrictions will continue to be met.

**5. Lease**

The Organization currently leases its office space under a month-to-month operating agreement. Rent expense was \$60,952 for the year ended December 31, 2020 and is presented as occupancy on the accompanying statement of functional expenses.

**6. Related Party Transactions**

The Organization has a cooperative agreement with United National Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) which recognizes UNRWA and the Organization's intention to collaborate and engage in common charitable and educational activities through engaging in fundraising activities and supporting the work of UNRWA. In addition, both parties entered into a master grant agreement specifying the terms of the on-going grant that the Organization provides to UNRWA. This agreement does not specify the grant amount. The specific amount, purpose, duration and other terms will be specified when each grant amount is committed. During the year ended December 31, 2020, the Organization contributed \$3,015,353 to UNRWA, which is shown as contributions to UNRWA on the accompanying statement of functional expenses.

**7. Net Assets With Donor Restrictions**

Net assets with donor restrictions were restricted for the following at December 31, 2020:

|   |                          |
|---|--------------------------|
| Subject to expenditures for specific purposes:    |                          |
| Awareness of Palestinian Refugees during Pandemic | \$ 120,000               |
| 2021 Annual fund                                  | <u>10,000</u>            |
| Total net assets with donor restrictions          | <u><u>\$ 130,000</u></u> |

During the year ended December 31, 2020, releases from net assets with donor restrictions were for the following:

|   |                         |
|---|-------------------------|
| Subject to expenditures for specific purposes:    |                         |
| Alumni Association                                | \$ 8,843                |
| Relay Run for Refugees                            | <u>4,817</u>            |
| Total net assets released from donor restrictions | <u><u>\$ 13,660</u></u> |

**8. Retirement Plan**

The Organization provides a 401(k) plan (the Plan) for participating employees by matching their contribution. The Organization matches up to 4% of each employee's gross earnings after one full year of service. The employer contribution to the Plan was \$31,656 during the year ended December 31, 2020 and is included in salaries and related expenses on the accompanying statement of functional expenses.

**9. Income Taxes**

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended December 31, 2020, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2020 and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. The statute of limitations generally remains open for three tax years with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns.

**10. Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 29, 2021, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.