

The Jerusalem Fund Inc.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Jerusalem Fund Inc.
Clifton, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of The Jerusalem Fund Inc., which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, 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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Jerusalem Fund Inc. as of December 31, 2018, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Roth & Company LLP

Roth & Company LLP
Brooklyn, New York
July 16, 2019

The Jerusalem Fund Inc.
Statement of Financial Position
December 31, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 110,383	
Accounts receivable	<u>26,005</u>	
TOTAL CURRENT ASSETS		<u>\$ 136,388</u>
TOTAL ASSETS		<u><u>\$ 136,388</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 78,839	
Notes payable	<u>2,214,282</u>	
TOTAL CURRENT LIABILITIES		<u>\$ 2,293,121</u>
TOTAL LIABILITIES		2,293,121
NET ASSETS		
Net assets without donor restrictions		<u>(2,156,733)</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 136,388</u></u>

The Jerusalem Fund Inc.
Statement of Activities and Changes in Net Assets
For The Year Ended December 31, 2018

REVENUES

Contributions	\$ 8,798,718
Program income	<u>194,492</u>

TOTAL REVENUES \$ 8,993,210

OPERATING EXPENSES

Program expenses	10,210,505
General and administrative expenses	251,195
Fundraising expenses	<u>69,258</u>

TOTAL OPERATING EXPENSES 10,530,958

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (1,537,748)

NET ASSETS - BEGINNING 1,720,242

PRIOR PERIOD ADJUSTMENT (2,339,227)

NET ASSETS - BEGINNING, AS RESTATED (618,985)

NET ASSETS - ENDING \$ (2,156,733)

The Jerusalem Fund Inc.
Statement of Functional Expenses
For The Year Ended December 31, 2018

EXPENSES	<u><i>Program</i></u>	<u><i>General and Administrative</i></u>	<u><i>Fundraising</i></u>	<u><i>Total Expenses</i></u>
Salaries	\$ -	\$ -	\$ 19,511	\$ 19,511
Advertising	-	6,301	-	6,301
Bank and credit card fees	-	1,900	49,747	51,647
Computer content services	106,110	-	-	106,110
Grants	9,072,269	-	-	9,072,269
Insurance	-	10,488	-	10,488
Interest	-	3,988	-	3,988
Postage and shipping	-	1,833	-	1,833
Program services and fees	762,835	-	-	762,835
Professional fees	-	192,611	-	192,611
Rent expense	-	22,682	-	22,682
Supplies	62	8,285	-	8,347
Taxes and fees	-	1,116	-	1,116
Telephone and internet	117,742	1,991	-	119,733
Travel	151,487	-	-	151,487
TOTAL EXPENSES	<u><u>\$ 10,210,505</u></u>	<u><u>\$ 251,195</u></u>	<u><u>\$ 69,258</u></u>	<u><u>\$ 10,530,958</u></u>

The Jerusalem Fund Inc.
Statement of Cash Flows
For The Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets		\$ (1,537,748)
Changes in operating assets and liabilities		
Accounts receivable	\$ 74,622	
Accounts payable	7,289	
Total adjustments	<u>81,911</u>	

NET CASH USED IN OPERATING ACTIVITIES (1,455,837)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from notes payable	360,000
Repayments of notes payable	<u>(251,012)</u>

NET CASH PROVIDED BY FINANCING ACTIVITIES 108,988

NET DECREASE IN CASH (1,346,849)

CASH, BEGINNING 1,457,232

CASH, ENDING \$ 110,383

SUPPLEMENTAL CASH FLOW DISCLOSURE

Interest paid	\$ 3,988
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Jerusalem Fund Inc., a nonprofit organization, was formed in New York in July 2003, to spread Judaism and Jewish identity by conducting and supporting Jewish outreach in the US and abroad. The organization provides seminars and courses in Jewish history and the Torah and sponsors educational trips.

Income Tax Status

The organization is exempt from income tax under section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables and other assets and liabilities.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of cash on deposit, certificates of deposit, money market accounts, and investment grade commercial paper that are readily convertible into cash and purchased with original maturities of three months or less.

Revenue Recognition

Contributions are recognized as support when received or when evidenced by a written promise.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include; bank and credit card fees and supplies, which are allocated based on the use of each individual expenditure.

Advertising

The organization uses advertising to raise funds and promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2018 amounted to \$6,301.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies, if any, at the date of the financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Classes of Net Assets

The organization reports information regarding its financial position and activities in two classes of net assets:

Net assets without donor restrictions – net assets that are not subject to any donor-imposed stipulations;

Net assets with donor restrictions – net assets subject to donor-imposed restrictions on their use. The restrictions may be met by actions of the organization or by the passage of time, or the donor-imposed or other legal restrictions may require that the principal be maintained permanently by the organization.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished) in the reporting period in which the revenue is recognized. The organization does not recognize an implied restriction on donations of long lived assets. Rather, such donations are recorded as without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions, reported in the Statement of Activities as net assets released from restrictions.

Recent Accounting Pronouncement

In August 2016, the Financial Accounting Services Board (FASB) published Accounting Standards Update (ASU) No. 2016-14, which changes the presentation and disclosures of Not for Profit (NFP) Financial Statements. The major changes require an NFP to:

Present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than the previously required three classes.

Present on the face of the statement of activities the amount of the change in each of the two classes of net assets rather than the previously required three classes.

The Jerusalem Fund Inc.
Notes to the Financial Statements
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncement (continued)

Provide enhanced disclosures about governing board designations of net assets, the composition of net assets with donor restrictions and qualitative and quantitative information about how an NFP manages its liquid resources to meet cash needs for general expenditures within one year of the balance sheet date.

Report expenses by both their natural classification and their functional classification and disclose the method(s) used to allocate costs among program and support functions.

This change in presentation has no effect on the reported change in net assets.

NOTE 2 RECLASSIFICATION

Certain balances and amounts in the prior year financial statements have been reclassified to conform to the current period financial statement presentation. These insignificant reclassifications have no effect on previously reported net income.

NOTE 3 NOTES PAYABLE

The organization was advanced funds from various individuals and a foundation. As of December 31, 2018, total short-term unsecured demand loans payable without interest were \$2,105,000. Total short-term unsecured demand loan bearing interest at an annual rate of 3% was \$109,282.

NOTE 4 CONCENTRATION OF CREDIT RISK

At times, the organization maintains cash balances in excess of the Federal Deposit Insurance Corporation's insured limits. The organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss of cash.

One donor accounted for 40% of the organization's contribution income for the year ended December 31, 2018.

NOTE 5 LIQUIDITY AND AVAILABILITY

The organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments.

As of December 31, 2018, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash	\$ 110,383
Accounts receivable	<u>26,005</u>
Total	<u>\$ 136,388</u>

The Jerusalem Fund Inc.
Notes to the Financial Statements
December 31, 2018

NOTE 6 CONTRIBUTED SERVICES

Contributions include \$67,500 of accounting and finance services provided by Yeshivat Aish Hatorah.

NOTE 7 SUBSEQUENT EVENTS

The organization evaluated subsequent events through July 16, 2019, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 8 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The organization's financial statements as of December 31, 2017, contained the following error: (1) overstatement of goodwill by \$2,339,227. Net assets without donor restrictions as of January 1, 2018, have been decreased by \$2,339,227 to correct the net effect of the error.