

# **The Jerusalem Fund Inc.**

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## **FINANCIAL STATEMENTS**

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**FOR THE YEAR ENDED  
DECEMBER 31, 2019**



## 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, 2019, 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, 2019, 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  
May 28, 2020

**The Jerusalem Fund Inc.**  
**Statement of Financial Position**  
**December 31, 2019**

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**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 111,637	
Contributions receivable	<u>350,000</u>	
<b>TOTAL CURRENT ASSETS</b>		<b>\$ 461,637</b>

**OTHER ASSETS**

Contributions receivable, long-term		<u>300,000</u>
<b>TOTAL ASSETS</b>		<b><u><u>\$ 761,637</u></u></b>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 55,854	
Grants payable	260,000	
Notes payable	<u>1,754,090</u>	
<b>TOTAL CURRENT LIABILITIES</b>		<b>\$ 2,069,944</b>

**LONG-TERM LIABILITIES**

Grants payable, long-term, net of discount		<u>1,037,995</u>
<b>TOTAL LIABILITIES</b>		<b>3,107,939</b>

**NET ASSETS**

Net assets without donor restrictions		<u>(2,346,302)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b><u><u>\$ 761,637</u></u></b>

**The Jerusalem Fund Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For The Year Ended December 31, 2019**

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**REVENUES**

Contributions	\$ 8,043,399
Program income	<u>206,092</u>

**TOTAL REVENUES** \$ 8,249,491

**OPERATING EXPENSES**

Program expenses	8,020,406
General and administrative expenses	327,504
Fundraising expenses	<u>91,150</u>

**TOTAL OPERATING EXPENSES** 8,439,060

**CHANGE IN NET ASSETS WITHOUT  
DONOR RESTRICTIONS** (189,569)

**NET ASSETS - BEGINNING** (2,156,733)

**NET ASSETS - ENDING** \$ (2,346,302)

**The Jerusalem Fund Inc.**  
**Statement of Functional Expenses**  
**For The Year Ended December 31, 2019**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
<b>EXPENSES</b>				
Salaries	\$ -	\$ 54,281	\$ 6,689	\$ 60,970
Advertising	-	5,397	-	5,397
Bank and credit card fees	-	2,619	84,461	87,080
Computer content services	118,686	-	-	118,686
Grants	7,207,632	-	-	7,207,632
Insurance	-	14,722	-	14,722
Interest	-	2,308	-	2,308
Program services and fees	372,767	-	-	372,767
Professional fees	-	202,195	-	202,195
Rent expense	-	13,787	-	13,787
Repairs and maintenance	-	5,926	-	5,926
Supplies	7,013	22,782	-	29,795
Telephone and internet	139,959	3,487	-	143,446
Travel	174,349	-	-	174,349
<b>TOTAL EXPENSES</b>	<u>\$ 8,020,406</u>	<u>\$ 327,504</u>	<u>\$ 91,150</u>	<u>\$ 8,439,060</u>

**The Jerusalem Fund Inc.**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2019**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets		\$ (189,569)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Loan forgiveness	\$ (360,000)	
Loan revaluation	2,308	
Discount on long-term grants payable	112,005	
Changes in operating assets and liabilities		
Accounts receivable	26,005	
Contributions receivable	(350,000)	
Contributions receivable - long-term	(300,000)	
Accounts payable	(22,985)	
Grants payable	260,000	
Grants payable - long-term	925,990	
Total adjustments	293,323	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>103,754</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of notes payable	(102,500)	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(102,500)</b>
 <b>NET INCREASE IN CASH</b>		 <b>1,254</b>
 <b>CASH, BEGINNING</b>		 <b>110,383</b>
 <b>CASH, ENDING</b>		 <b>\$ 111,637</b>

**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.

***Contributions Receivable***

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Such promises that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on these promises is computed using risk adjusted interest rates applicable to the year in which the promise was received.

***Revenue Recognition***

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

***Functional Allocation of Expenses***

The organization has no expenses that benefit more than one function. Therefore, all expenses are charged directly to the function they benefit.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*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, 2019 amounted to \$5,397.

*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.

**The Jerusalem Fund Inc.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**NOTE 2      CONTRIBUTIONS RECEIVABLE**

Contributions receivable at December 31, 2019 consist of unconditional promises to give, due as follows:

	<u>2019</u>
Receivable in less than one year	\$ 350,000
Receivable in one to five years	<u>300,000</u>
Total unconditional promises to give	<u>\$ 650,000</u>

**NOTE 3      GRANTS PAYABLE**

Grants payable include unconditional promises to give that are expected to be provided within one year and are recorded at net realizable value. Unconditional promises to give that are expected to be provided in future years are recorded at the present value of their estimated future cash flows. The discounts on those are computed using risk-adjusted interest rates applicable to the years in which the promises are made. Amortization of the discounts is included in grant expense. Long-term grants payable is shown net of a discount of \$112,005 at December 31, 2019 to reduce the amount to the present value of expected payments.

**NOTE 4      NOTES PAYABLE**

The organization was advanced funds from various individuals and a foundation. As of December 31, 2019, total short-term unsecured demand loans payable without interest were \$1,702,500. Total short-term unsecured demand loan bearing interest at an annual rate of 3% was \$51,590.

**NOTE 5      CONTRIBUTED SERVICES**

Contributions include \$69,566 of accounting and finance services provided by Yeshivat Aish Hatorah.

**NOTE 6      RELATED PARTY TRANSACTIONS**

The organization received donations from Aish Global Inc., a related party due to common management. Total donations received from related parties for the year ended December 31, 2019 were \$1,105,000.

The organization provided grants to Yeshivat Aish Hatorah, a related party due to common management. Total grants to the related party for the year ended December 31, 2019 were \$4,452,200.

**The Jerusalem Fund Inc.**  
**Notes to the Financial Statements**  
**December 31, 2019**

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**NOTE 7      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 14% of the organization's contribution income for the year ended December 31, 2019.

**NOTE 8      LIQUIDITY AND AVAILABILITY**

The organization's discretionary grants to others represent more than 85% of expenditures. Liquidity is managed by disbursing grants as funds are available.

As of December 31, 2019, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash	\$ 111,637
Contributions receivable	<u>350,000</u>
Total	<u>\$ 461,637</u>

**NOTE 9      SUBSEQUENT EVENTS**

The organization evaluated subsequent events through May 28, 2020, 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.

**Coronavirus Pandemic:**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the organization's operations. At this time, it is not possible to estimate the effect this will have on our financial position or results of operations for the year. Future potential impacts may include further disruptions or restrictions on our employees' ability to work or our donors' ability to contribute. The future effects of these issues are unknown.