

Masorti Foundation for Conservative Judaism in Israel

Financial Statements

For the Period Ended December 31, 2015

Masorti Foundation for Conservative Judaism in Israel

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Masorti Foundation for Conservative Judaism in Israel
475 Riverside Drive-Ste 832
New York, NY 10115

We have audited the accompanying financial statements of Masorti Foundation for Conservative Judaism in Israel (the "Foundation"), which comprise the statement of financial position as of December 31, 2015 and the related statement of activities 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 audits. We conducted our audits 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.

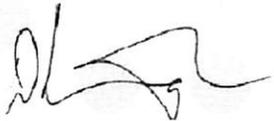
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Directors
Masorti Foundation for Conservative Judaism in Israel
475 Riverside Drive-Ste 832
New York, NY 10115

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Masorti Foundation for Conservative Judaism in Israel, as of December 31, 2015, 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.



Deodat S. Singh, CPA PC
White Plains, NY 10605
July 11, 2016

Masorti Foundation for Conservative Judaism in Israel
Statement of Financial Position
December 31, 2015

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 475,323
Contributions Receivable, Net	60,283
Total Current Assets	<u>535,606</u>

Other Assets

Investments	11,057
Beneficial Interest in Trust	40,950
Restricted Cash	128,524
Total Other Assets	<u>180,531</u>

TOTAL ASSETS

\$ 716,137

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and Accrued Expenses	243,719
Total Current Liabilities	<u>243,719</u>

Net Assets

Unrestricted	73,062
Temporarily Restricted	399,356
Total Net Assets	<u>472,418</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 716,137

The accompanying notes are an integral part of the financial statements.

Masorti Foundation for Conservative Judaism in Israel
Statement of Activity
December 31, 2015

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions	\$ 2,838,235	-	\$ 2,838,235
Investment income	11,245	-	11,245
Rental income	16,396	-	16,396
Net assets released from restrictions	30,000	(30,000)	-
Change in value of trust held by third party	-	(12,120)	(12,120)
Total Revenues and Other Support	2,895,876	(42,120)	2,853,756

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
EXPENSES			
Program services	2,596,662	-	2,596,662
Management and general	329,853	-	329,853
Fundraising	232,887	-	232,887
Total Expenses	3,159,402	-	3,159,402
Change in Net Assets	(263,526)	(42,120)	(305,646)

NET ASSETS			
Beginning of the year	336,588	441,476	778,064
End of year	<u>\$ 73,062</u>	<u>\$ 399,356</u>	<u>\$ 472,418</u>

The accompanying notes are an integral part of the financial statements.

Masorti Foundation for Conservative Judaism in Israel
Statement of Functional Expenses
December 31, 2015

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 41,616	\$ 115,056	\$ 88,128	\$ 244,800
Payroll taxes and benefits	5,828	15,540	11,008	32,376
Grants and allocations	2,500,973	-	-	2,500,973
Professional fees	30,116	30,116	-	60,232
Printing and postages	14,629	6,884	21,513	43,026
Rent expense	-	42,808	10,702	53,510
Insurance	-	3,935	-	3,935
Travel	-	7,128	7,128	14,256
Advertising	-	-	42,864	42,864
Office costs	-	20,919	2,323	23,242
Uncollectible pledges	3,500	-	-	3,500
Consultants/ Conf/Meetings	-	49,222	49,221	98,443
Telephone	-	10,000	-	10,000
Equipment maintenance	-	28,245	-	28,245
	<u>\$ 2,596,662</u>	<u>\$ 329,853</u>	<u>\$ 232,887</u>	<u>\$ 3,159,402</u>

The accompanying notes are an integral part of the financial statements.

Masorti Foundation for Conservative Judaism in Israel
Statement of Cash Flows
December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (305,646)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	954
Net change in value of trust held by third party	12,120
Contribution receivable	(23,319)
Accounts receivable	-
Accounts payable and accrued expenses	188,712
Net Cash Provided by Operating Activities	\$ (127,179)

CASH FLOWS FROM INVESTING ACTIVITIES

Sale of investments	148,245
Restricted cash	9,887
Equipment purchase	(554)
Net Cash Provided By (Used In) Investing Activities	157,578

Net Change in Cash and Cash Equivalents	30,399
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CASH AND CASH EQUIVALENTS

Cash - Beginning of Period	\$ 444,924
Cash - End of Period	\$ 475,323

The accompanying notes are an integral part of the financial statements.

Masorti Foundation for Conservative Judaism in Israel
Notes to Financial Statements
December 31, 2015

1. Organization

The Masorti Foundation for Conservative Judaism in Israel ("the Foundation") solicits funds, through contributions, to create an interest in the United States about the Masorti movement in Israel and to provide assistance, support and encouragement, among other things, to synagogues, youth groups, summer camps, adult education centers, funds, through contributions, to create an interest in the United States about the Masorti movement in Israel and to provide assistance, support and encouragement, among other things, to synagogues, youth groups, summer camps, adult education centers, kibbutzim (agricultural farming communities), and other programs in Israel. The Foundation is supported primarily by donor contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which 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 and the reported amounts of revenues and expenses during the reporting period. Accordingly actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments with a maturity of three months or less at time of purchase to be cash equivalents. At times cash deposits may exceed the federally insured limits and expose the Foundation to credit risk. The Foundation believes it is not exposed to any significant risk of loss on these funds.

Net Assets

Unrestricted net assets are those funds having no restriction as to use or purpose imposed by donors. Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Permanently restricted net assets are subject to donor imposed restrictions that stipulate that they are required to be maintained permanently by the Foundation, but permit the Foundation to expend part or all of the income derived therefrom.

Masorti Foundation for Conservative Judaism in Israel
Notes to Financial Statements
December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at the amount promised. Unconditional promises to give that are expected to be collected in future years are recorded at the discounted present value of the pledge. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the pledges were made. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Allowance for Doubtful Contribution Receivable

The Foundation reviews the collectability of its contributions receivable based on a combination of factors. Where the Foundation is aware of a donor's inability to meet its financial obligation, the Foundation specifically reserves for the potential bad debt to reduce the net contributions receivable to the amount it reasonably believes will be collected. Past due status is based on contractual terms.

Furniture and Equipment

Furniture and equipment are in use, and have been fully depreciated.

Fair Value Measurements

The Foundation follows GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable and are used to the extent that observable inputs do not exist.

Investments Valuation

Management determines the appropriate classification of its investments in debt and equity securities at the time of purchase and re-evaluates such determinations at each balance sheet date. The preferred stock is valued at market value, the beneficial interest in the trust is valued by the trustee, and the Israel Bonds are valued at cost plus accrued interest. Interest, dividends and unrealized gains or losses are reported as investment income in the statement of activities.

The cost of securities sold is determined using the specific identification method.

Masorti Foundation for Conservative Judaism in Israel
Notes to Financial Statements
December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

In accordance with GAAP, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence or nature of any donor restrictions. Unrestricted contributions represent contributions that are not subject to any restrictions; temporarily restricted contributions represent contributions that are subject to time or purpose restrictions; and permanently restricted contributions represent contributions that are subject to permanent donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Certain costs have been allocated among the programs and supporting services benefited.

Risks and Uncertainties

The Foundation is subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in the economy or other conditions in the United States and Israel.

Income Taxes

The Foundation is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code with foundation status under 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

On January 4, 2010, the Foundation filed an application with the Internal Revenue Service seeking a reclassification as an integrated auxiliary of a church as described in Section 1.6033-2h of the Treasury Regulations. On January 27, 2011 the Internal Revenue Service approved this request. The Foundation is, therefore, not required to file Internal Revenue Service Form 990 or New York State Form CHAR 500.

The Foundation recognizes the effect of Income tax positions only if those positions are more likely than not to be sustained.

Masorti Foundation for Conservative Judaism in Israel
Notes to Financial Statements
December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax (continued)

Management has determined that the Foundation has no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2010.

Evaluation of Subsequent Events by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 11, 2016.

3. Contributions Receivable

	<u>2015</u>
Amounts receivable due in less than one year.	<u>\$ 98,783</u>
	98,783
Less allowance for bad debts.	<u>(38,500)</u>
Contributions Receivable, net	<u><u>\$ 60,283</u></u>

Contributions receivable in more than one year are discounted at 5%.

Masorti Foundation for Conservative Judaism in Israel
Notes to Financial Statements
December 31, 2015

4. Investments and Fair Value Measurements

The following are major categories of investments at December 31 grouped by the fair value hierarchy for these investments carried at fair value:

	2015
Level 1	
Cash MMF's	\$ 2,357
Level 2	
Israel Government Bonds	8,700
	\$ 11,057

The investment in Israel bonds is recorded at face value plus accrued interest which approximates fair value.

The cost of the Israel bonds by maturity dates of the bonds are as follows:

Year ended	
December 31, 2016	2,500
December 31, 2017	2,700
December 31, 2018	1,000
December 31, 2020	2,500
	\$ 8,700

The interest rates on the bonds range from 1.35% to 5.4%.

Masorti Foundation for Conservative Judaism in Israel
Notes to Financial Statements
December 31, 2015

5. Beneficial Interest in Trust

The Foundation has a 3% beneficial interest in a trust held by a third party. The following is a reconciliation of beneficial interest in this trust measured at fair value using significant unobservable inputs (Level 3) during the years ended December 31:

	2015
Beginning balance	\$ 44,070
Change in value of beneficial interest	(1,620)
Distributions	(1,500)
Ending balance	\$ 40,950

Distributions from this trust are reclassified from temporarily restricted to unrestricted net assets when received. The change in the valuation of the assets held by the trust are recorded as change in value of trust in temporarily restricted net assets in the statements of operations and changes in net assets.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for grants and allocations as follows:

	2015
Ramah NOAM	\$ 322,500
Religious Affairs Program	5,300
Victim Relief Fund	606
Kehillat Eshel Avraham	5,000
Fundraiser Salary	25,000
Witkin Trust	40,950
	\$ 399,356

Masorti Foundation for Conservative Judaism in Israel
Notes to Financial Statements
December 31, 2015

7. Lease

The Federation of Jewish Men's Clubs ("FJMC") is the co-signor of the lease for the office space occupied by the Foundation. Based on an unwritten understanding in place for many years, FJMC pays one-third of the rent.

The lease with the FJMC was renewed on January 1, 2015 and terminates on January 31, 2018. The future minimum rental payments, under all operating leases at December 31, 2015, are as follows:

For the year Ended	Rent
2016	53,510
2017	53,509
2018	4,459
	<u>\$ 111,478</u>

8. Investment income

Investment income for the year ended December 31, 2015 was \$11,245.

9. Concentrations

Investment Credit Risk

The collectability of certain investments depends on the credit of the State of Israel. Management believes the credit risk to be minimal.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Masorti Foundation for Conservative Judaism in Israel
475 Riverside Drive-Ste 832
New York, NY 10115

We have audited the financial statements of Masorti Foundation for Conservative Judaism in Israel for the period ended December 31, 2015 and have issued our report thereon dated June 29, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Masorti Foundation for Conservative Judaism in Israel's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulation, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Masorti Foundation for Conservative Judaism in Israel's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and do not provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting will not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness in a in a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.