

**AMERICAN FRIENDS OF THE YITZHAK RABIN
CENTER FOR THE STUDY OF ISRAEL**

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

DECEMBER 31, 2010

**AMERICAN FRIENDS OF THE YITZHAK RABIN
CENTER FOR THE STUDY OF ISRAEL**

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Independent Auditor's Report

**Board of Directors
American Friends of the Yitzhak Rabin
Center for the Study of Israel**

We have audited the accompanying balance sheet of American Friends of the Yitzhak Rabin Center for the Study of Israel as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of American Friends of the Yitzhak Rabin Center for the Study of Israel's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Friends of the Yitzhak Rabin Center for the Study of Israel's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Friends of the Yitzhak Rabin Center for the Study of Israel as of December 31, 2010, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Loeb & Troper LLP".

October 3, 2011

AMERICAN FRIENDS OF THE YITZHAK RABIN
CENTER FOR THE STUDY OF ISRAEL

BALANCE SHEET

DECEMBER 31, 2010

ASSETS

Cash and cash equivalents	\$	277,508
Contributions receivable - net (Note 3)		307,115
Prepaid expenses		112,039
Fixed assets - net (Note 4)		<u>1,039</u>
Total assets	\$	<u><u>697,701</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accrued expenses	\$	<u>11,455</u>
Net assets		
Unrestricted		39,418
Temporarily restricted (Note 5)		<u>646,828</u>
Net assets (Exhibit B)		<u>686,246</u>
Total liabilities and net assets	\$	<u><u>697,701</u></u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

AMERICAN FRIENDS OF THE YITZHAK RABIN
CENTER FOR THE STUDY OF ISRAEL

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support			
Contributions		\$ 51,465	\$ 51,465
Special events	\$ 1,277,500		
Less direct cost of special events	<u>(175,205)</u>		<u>1,102,295</u>
Interest income	<u>6,096</u>		<u>6,096</u>
Total revenues and other support	<u>1,108,391</u>	<u>51,465</u>	<u>1,159,856</u>
Expenses (Exhibit C)			
Program - educational activities	1,044,205		1,044,205
Management and general	96,897		96,897
Fund raising	<u>256,534</u>		<u>256,534</u>
Total expenses	<u>1,397,636</u>		<u>1,397,636</u>
Change in net assets (Exhibit D)	(289,245)	51,465	(237,780)
Net assets - beginning of year	<u>328,663</u>	<u>595,363</u>	<u>924,026</u>
Net assets - end of year (Exhibit A)	<u>\$ 39,418</u>	<u>\$ 646,828</u>	<u>\$ 686,246</u>

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AMERICAN FRIENDS OF THE YITZHAK RABIN
CENTER FOR THE STUDY OF ISRAEL

EXHIBIT C

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2010

	Program - Educational Activities	Management and General	Fund Raising	Direct Cost of Special Events	Total
Transmissions to Israel	\$ 970,000				\$ 970,000
Consulting fees	30,675	40,900	132,925		204,500
Professional fees		16,000			16,000
Telephone		3,668	125		3,793
Rent		24,000			24,000
Travel		2,404			2,404
Special events travel	43,530		55,452		98,982
Printing		663	31,496	31,949	63,108
Public relations			963		963
Bank charges		1,054	7,004		8,058
Supplies			5,133		5,133
Catering, entertainment, video and photographer		123	3,225		3,348
Event planning			2,340	109,256	111,596
Journal				34,000	34,000
Postage		1,303	12,500		13,803
Dues and subscriptions			2,406		2,406
Insurance		3,768	1,539		5,307
Depreciation		960			960
Miscellaneous		2,054	1,426		3,480
Total expenses	1,044,205	96,897	256,534	175,205	1,572,841
Less expenses deducted directly from revenues on the statement of activities					
Direct cost of special events				(175,205)	(175,205)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 1,044,205	\$ 96,897	\$ 256,534	\$ -	\$ 1,397,636

See independent auditor's report.

The accompanying notes are an integral part of these statements.

AMERICAN FRIENDS OF THE YITZHAK RABIN
CENTER FOR THE STUDY OF ISRAEL

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2010

Cash flows from operating activities	
Change in net assets (Exhibit B)	\$ (237,780)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	960
Decrease in assets	
Contributions receivable	126,795
Prepaid expenses	26,276
Decrease in liabilities	
Accrued expenses	(4,265)
Deferred revenue	(231,800)
	<u>(319,814)</u>
Net cash used by operating activities	<u>(319,814)</u>
Net change in cash and cash equivalents	(319,814)
Cash and cash equivalents - beginning of year	<u>597,322</u>
Cash and cash equivalents - end of year	<u>\$ 277,508</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

AMERICAN FRIENDS OF THE YITZHAK RABIN
CENTER FOR THE STUDY OF ISRAEL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 1 - NATURE OF ORGANIZATION

American Friends of the Yitzhak Rabin Center for the Study of Israel (AFYRC) raises funds to support educational activities in the United States, Israel and throughout the world which promote the virtues of democracy, tolerance and peace negotiations. AFYRC is a not-for-profit corporation, which was incorporated on June 4, 1997 and is tax exempt under IRS Section 501(c)(3).

AFYRC is funded primarily by contributions from the general public.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

Use of estimates - The preparation of financial statements 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities when acquired of three months or less.

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Interest is not recorded or accrued on contributions receivable.

Allowance for doubtful accounts - Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. AFYRC determines whether an allowance of uncollectibles should be provided for contributions and accounts receivable. Such estimates are based on management's assessment of the aged basis of its contributions, subsequent receipts, current economic conditions and historical information. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted.

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AMERICAN FRIENDS OF THE YITZHAK RABIN
CENTER FOR THE STUDY OF ISRAEL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid expenses - Payments made to vendors for contracts that cover future periods are recorded as prepaid expenses.

Fixed assets - Fixed assets are recorded at cost. It is AFYRC's policy to capitalize assets of \$1,000 or greater with a life of more than one year. Depreciation is provided on the straight-line method over the life of the asset.

Deferred revenue - Event income is recognized at the net realizable amount when earned. The portion of event charges collected in advance, but not yet earned is reflected as deferred revenue. Deferred revenue is earned within one year.

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. 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.

Functional allocation of expenses - The costs of providing AFYRC's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Unrestricted net assets - Unrestricted net assets include assets having no restrictions as to use or purpose imposed by donors.

Temporarily restricted net assets - Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.

Uncertainty in income taxes - AFYRC has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2007 and subsequent remain subject to review by applicable taxing authorities.

Subsequent events - Subsequent events (after December 31, 2010) have been evaluated through October 3, 2011, which is the date the financial statements were available to be issued.

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**AMERICAN FRIENDS OF THE YITZHAK RABIN
CENTER FOR THE STUDY OF ISRAEL**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 3 - CONTRIBUTIONS RECEIVABLE

All unconditional contributions receivable have been recorded in these financial statements at their realizable value. Those receivables that are payable over a year have been discounted to their present value using a discount rate of 5%. The receivables are due as follows:

2011	\$ 205,300
2012	57,500
2013	37,500
2014	37,500
2015	37,500
Thereafter	<u>12,500</u>
	387,800
Less discount to present value	(20,685)
Less allowance for doubtful accounts	<u>(60,000)</u>
Net realizable value	<u>\$ 307,115</u>

NOTE 4 - FIXED ASSETS

	<u>Cost</u>	<u>Estimated Useful Lives</u>
Computers	\$ 3,439	3 - 5 years
Accumulated depreciation	<u>(2,400)</u>	
	<u>\$ 1,039</u>	

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for periods after December 31, 2010.

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AMERICAN FRIENDS OF THE YITZHAK RABIN
CENTER FOR THE STUDY OF ISRAEL

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

NOTE 6 - RENT

AFYRC has a month-to-month lease with VMW, Inc.

The total rent expense was \$24,000.

NOTE 7 - CONCENTRATIONS

Financial instruments which potentially subject AFYRC to a concentration of credit risk are cash accounts with a major financial institution in New York City in excess of FDIC insurance limits. Management believes that credit risk related to these accounts is minimal.