



Certified Public Accountants

***American Task Force
On Palestine.***

***Financial Statements
Year Ended
December 31, 2003***

*1430 Spring Hill Road, Suite 300
McLean, Virginia 22102-3018*

*Financial Statements
Year Ended
December 31, 2003*

American Task Force on Palestine

American Task Force on Palestine

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Report of Independent Auditors

Board of Directors
American Task Force on Palestine

We have audited the accompanying statement of financial position of ***American Task Force on Palestine*** as of December 31, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of ***American Task Force on Palestine***. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Task Force on Palestine*** as of December 31, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Goodman & Company

McLean, Virginia
September 1, 2004

American Task Force for Palestine

Statement of Financial Position

December 31, 2003

Assets

Current assets

Cash and cash equivalents	\$ 110,413
Accounts receivable	31,227
Prepaid expenses	<u>1,285</u>
Total current assets	<u>142,925</u>

Property

Furniture, equipment and software	19,390
Less accumulated depreciation	<u>(9,603)</u>
Total property - net	<u>9,787</u>

Other assets

Security deposit	<u>1,664</u>
	<u>\$ 154,376</u>

Liabilities and Net Assets

Current liabilities

Accounts payable and accrued expenses	\$ 19,309
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Net assets - unrestricted

<u>135,067</u>
<u>\$ 154,376</u>

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

American Task Force on Palestine

Statement of Activities

Year Ended December 31, 2003

Revenue

Contributions	\$ 271,668
Special events	62,977
Other	33

Total revenue	<u>334,678</u>
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Expenses

Program services	192,102
General and administrative	45,857
Fundraising expenses	39,569

Total expenses	<u>277,528</u>
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Change in net assets	57,150
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Net assets - unrestricted - beginning of year	<u>77,917</u>
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Net assets - unrestricted - end of year	<u>\$ 135,067</u>
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The accompanying notes are an integral part of these financial statements.

American Task Force on Palestine

Statement of Cash Flows

Year Ended December 31, 2003

Cash flows from operating activities

Change in net assets	\$ 57,150
Adjustments to reconcile to net cash from operating activities:	
Depreciation	2,587
Donated property	(7,200)
Change in:	
Accounts receivable	(31,227)
Prepaid expenses	(1,285)
Accounts payable and accrued expenses	19,309

Net cash from operating activities	39,334
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Cash flows from investing activities

Acquisitions of property	<u>(3,875)</u>
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Net change in cash and cash equivalents	35,459
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Cash and cash equivalents - beginning of year	75,016
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Cash and cash equivalents - end of year	<u>\$ 110,475</u>
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Supplemental disclosure of noncash investing activities

Received donated property	<u>\$ 7,200</u>
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The accompanying notes are an integral part of these financial statements.

American Task Force on Palestine

Notes to Financial Statements

December 31, 2003

1. Organization and Nature of Activities

The *American Task Force on Palestine* (ATFP) is a nonpartisan, not-for-profit corporation organized under the laws of the District of Columbia. ATFP was formerly known as the American Committee on Jerusalem (Committee). On March 31, 2003, the Committee changed its name to the *American Task Force on Palestine*. ATFP aims to articulate the national security interests of the United States in establishing a Palestinian State, and promote awareness of the far-reaching benefits that Palestinian Statehood will have for the United States. ATFP is supported primarily through public contributions.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accounting policies of the ATFP are in accordance with accounting principals generally accepted in the United States of America applied on a basis consistent with that of the preceding years. Outlined below are those policies considered particularly significant.

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, ATFP considers all highly liquid securities purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

ATFP classifies all accounts receivable as current assets. ATFP provides an allowance for doubtful accounts that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Management believes all significant accounts receivable are collectible, and therefore, no allowance for doubtful accounts has been established as of December 31, 2003.

Property

Property is stated at cost, or at the estimated fair value at date of donation. Expenditures for major additions and improvements are capitalized, and minor replacements, maintenance, and repairs are charged to expense as incurred. When property is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the change in net assets. Depreciation is computed using the straight-line basis over the estimated useful lives of the assets, which range from 5 to 7 years. The ATFP's policy is to capitalize fixed assets purchased with a value greater than \$500.

Financial Statement Presentation

ATFP follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations* for financial statement presentation. Under SFAS No. 117, ATFP is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the ATFP and/or the passage of time

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the ATFP

ATFP had only unrestricted net assets at December 31, 2003.

Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Income Taxes

ATFP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The District of Columbia has also recognized ATFP's tax-exempt status.

Advertising

ATFP uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising expense totaled \$4,643 for 2003.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates. These estimates 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 period. Actual results could differ from those estimates.

Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

3. Concentrations of Credit Risk

ATFP maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2003, the ATFP did not exceed the insured amount at any institution.

4. Leases

ATFP leases office space under a month-to-month agreement. Rental expense was \$ 24,908 for 2003.

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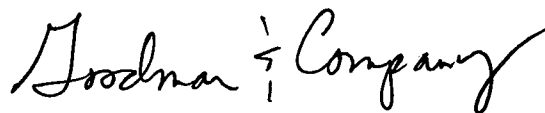
Report of Independent Auditors on Supplemental Information

Board of Directors

American Task Force on Palestine

Our report on our audit of the basic financial statements of ***American Task Force on Palestine*** for 2003 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McLean, Virginia
September 1, 2004

A handwritten signature in cursive script that reads "Goodman & Company". The signature is written in dark ink and is positioned to the right of the date.

American Task Force on Palestine

Schedule of Functional Expenses

Year Ended December 31, 2003

	Program Services	Support Services		Total Supporting Services	Total Expenses
		General and Administrative	Fundraising		
Special events	\$ 62,977	\$ -	\$ -	\$ -	\$ 62,977
Translation	300	-	-	-	300
Travel and lodging	18,077	-	-	-	18,077
Meals and entertainment	1,898	-	-	-	1,898
Outreach	2,030	-	-	-	2,030
Advertising	4,643	-	-	-	4,643
Bank and credit card fees	583	1,747	582	2,329	2,912
Consulting fees	16,117	-	4,029	4,029	20,146
Depreciation	1,970	555	-	555	2,525
Employee benefits	5,070	2,112	1,267	3,379	8,449
Equipment purchase	746	186	-	186	932
Intern stipend	805	-	-	-	805
Internet expense	2,098	874	525	1,399	3,497
Payroll taxes	2,517	1,049	629	1,678	4,195
Postage	1,391	463	463	926	2,317
Printing and copying	1,437	575	863	1,438	2,875
Professional fees	-	10,192	-	10,192	10,192
Rent	14,945	6,227	3,736	9,963	24,908
Salaries	42,637	17,765	10,659	28,424	71,061
Supplies and office expense	4,654	1,330	665	1,995	6,649
Taxes, licenses and permits	593	198	198	396	989
Telephone	5,986	2,494	1,497	3,991	9,977
Miscellaneous	628	90	180	270	898
Fundraising expenses	-	-	14,276	14,276	14,276
Totals	\$ 192,102	\$ 45,857	\$ 39,569	\$ 85,426	\$ 277,528

See report of independent auditors on supplemental information.