

**Financial Statements
Year Ended
December 31, 2006**

American Task Force on Palestine

**Dalal &
Company**
Certified Public Accountants

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 the **American Task Force on Palestine** (a nonprofit organization) as of December 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the **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 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 the **American Task Force on Palestine** as of December 31, 2006, 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.

Dalal & Company

Alexandria, Virginia
June 1, 2007

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American Task Force on Palestine

Statement of Financial Position

December 31, 2006

Assets	
Current assets	
Cash and cash equivalents	\$ 111,510
Accounts receivable	787
Prepaid expense	<u>4,976</u>
Total current assets	<u>117,273</u>
Property and equipment	
Furniture, equipment and software	29,541
Less - accumulated depreciation	<u>(16,771)</u>
Property and equipment - net	<u>12,770</u>
Other assets	
Security deposit	<u>5,050</u>
	<u>\$ 135,093</u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	<u>\$ 7,336</u>
Total current liabilities	<u>7,336</u>
Net assets	
Unrestricted	108,840
Temporarily restricted	<u>18,917</u>
Total net assets	<u>127,757</u>
	<u>\$ 135,093</u>

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

American Task Force on Palestine

Statement of Activities

Year Ended December 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Contributions	270,100	\$ -	\$ 270,100
Palestinian humanitarian appeal	-	63,917	63,917
Special events	4,278	-	4,278
Gala	317,105	-	317,105
Interest income	289	-	289
Net assets released from restriction	45,000	(45,000)	-
Total revenue	<u>636,772</u>	<u>18,917</u>	<u>655,689</u>
Expenses			
Program services	427,245	-	427,245
General and administrative	73,273	-	73,273
Fundraising expenses	70,375	-	70,375
Total expenses	<u>570,893</u>	<u>-</u>	<u>570,893</u>
Change in net assets	65,879	18,917	84,796
Net assets - beginning of year	<u>42,961</u>	<u>-</u>	<u>42,961</u>
Net assets - end of year	<u>\$ 108,840</u>	<u>\$ 18,917</u>	<u>\$ 127,757</u>

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

American Task Force on Palestine

Statement of Cash Flows

Year Ended December 31, 2006

Cash flows from operating activities

Change in net assets	\$ 84,796
Adjustments to reconcile to net cash from operating activities:	
Depreciation	2,955
Change in:	
Accounts receivable	(787)
Prepaid expense	(4,976)
Accounts payable and accrued expenses	2,347
Net cash from operating activities	<u>84,335</u>

Cash flows from investing activities

Acquisition of property and equipment	(6,820)
Net cash from investing activities	<u>(6,820)</u>

Cash flows from financing activities

Repayment of loan	(10,000)
Net cash from financing activities	<u>(10,000)</u>

Net change in cash and cash equivalents 67,515

Cash and cash equivalents - beginning of year 43,995

Cash and cash equivalents - end of year \$ 111,510

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

American Task Force on Palestine

Notes to Financial Statements

December 31, 2006

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 aims to articulate the national security interest 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 private donations from the public.

2. Summary of Significant Accounting Policies

Basis of accounting

The financial statements are prepared using the accrual basis of accounting.

Basis of Presentation

The accounting policies of the ATFP are in accordance with accounting principles 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 with a purchased maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. 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 accounts receivable are collectible, and no provision is required for uncollectible accounts, as of December 31, 2006.

Property and Equipment

Property and equipment is stated at cost, or at the estimated fair value at date of donation. Expenditures for major additions and improvements are capitalized while 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 operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 years. ATFP's policy is to capitalize fixed assets purchased with a value greater than \$500. Depreciation expense was \$2,955 for the year.

Financial Statement Presentation

ATFP is required to report information regarding its financial position and activities according to three classes or net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The financial statements report amounts separately by class of net assets as follows:

Unrestricted amounts are those currently available at the discretion of ATFP for use in the ATFP's operations and those resources invested in property or equipment.

Unrestricted board designated amounts are those designated for specific purpose determined by the board of directors.

Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of property or equipment. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted amounts are restricted to investments in perpetuity, the income from which is expendable in accordance with the conditions of each specific donation.

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 Costs

ATFP uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising expense totaled \$15,984 for 2006.

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. 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.

2. Concentration of Credit Risk

ATFP maintains cash in bank accounts which, at times, may exceed federally insured limits. ATFP has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash. The uninsured balance at December 31, 2006 was \$20,405.

3. Related Party Transactions

ATFP sub-leases office space under a verbal, month-to-month agreement from a member of the Board of Directors and President of ATFP. The current rent is \$5,050 per month. A security deposit of one month rent is held by the landlord. Rental expense was \$60,600 for 2006.

4. Donated Services

The Services of the President and the accountant are donated to the Organization and are valued by the Board of Directors to be \$200,000. The value of these services are not included in the financial statements.

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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 the **American Task Force on Palestine** for 2006 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.

Dalal & Company

Alexandria, Virginia
June 1, 2007

American Task Force on Palestine

Schedule of Functional Expenses

Year Ended December 31, 2006

	Program Services	Support Services			Total Expenses
		General and Administrative	Fundraising	Total	
Salaries	\$ 72,979	\$ 30,408	\$ 18,245	\$ 48,653	\$ 121,632
Rent and occupancy	36,767	15,320	9,192	24,512	61,279
Special events	29,439	-	-	-	29,439
Special events - Gala	91,244	-	-	-	91,244
Palestinian humanitarian appeal	45,000	-	-	-	45,000
Consulting fees	31,957	-	7,989	7,989	39,946
Employee benefits	11,276	4,699	2,819	7,518	18,794
Advertising	15,984	-	-	-	15,984
Travel and lodging	35,961	-	-	-	35,961
Supplies and office expense	16,496	4,713	2,357	7,070	23,566
Outreach	13,584	-	-	-	13,584
Professional fees	-	8,500	-	8,500	8,500
Telephone	6,426	2,677	1,606	4,283	10,709
Postage	1,619	539	539	1,078	2,697
Fundraising expenses	-	-	23,403	23,403	23,403
Payroll taxes	5,583	2,326	1,396	3,722	9,305
Internet expense	4,259	1,775	1,065	2,840	7,099
Taxes, licenses and permits	98	33	33	66	164
Meals and entertainment	190	-	-	-	190
Equipment expense	370	93	-	93	463
Depreciation	2,364	591	-	591	2,955
Intern stipend	21	-	-	-	21
Software	1,781	593	593	1,186	2,967
Contributions	300	100	100	200	500
Miscellaneous	3,093	442	884	1,326	4,419
Translation	300	-	-	-	300
Bank and credit card fees	154	464	154	618	772
Totals	\$ 427,245	\$ 73,273	\$ 70,375	\$ 143,648	\$ 570,893

See report of independent auditors on supplemental information.