

**Financial Statements  
Year Ended  
December 31, 2007**

**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, 2007, 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, 2007, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 8 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  
May 21, 2008

**American Task Force on Palestine**

**Statement of Financial Position**

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**December 31, 2007**

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**Assets**

**Current assets**

Cash and cash equivalents	\$ 86,864
Investments	57,039
Accounts receivable	<u>106,954</u>

**Total current assets** 250,857

**Property and equipment**

Furniture, equipment and software	38,069
Less - accumulated depreciation	<u>(21,017)</u>

**Property and equipment - net** 17,052

**Other assets**

Security deposit	<u>5,050</u>
	<u>\$ 272,959</u>

**Liabilities and Net Assets**

**Current liabilities**

Line of credit	\$ 50,000
Accounts payable and accrued expenses	<u>13,538</u>

**Total current liabilities** 63,538

**Net assets**

Unrestricted, restated	192,648
Temporarily restricted	<u>16,773</u>

**Total net assets** 209,421

\$ 272,959

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

# American Task Force on Palestine

## Statement of Activities

Year Ended December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue</b>			
Contributions	\$ 394,534	\$ -	\$ 394,534
Palestinian humanitarian appeal	-	114,856	114,856
Special events	17,503	-	17,503
Gala	294,551	-	294,551
Interest income	568	-	568
Net assets released from restriction	117,000	(117,000)	-
<b>Total revenue</b>	<u>824,156</u>	<u>(2,144)</u>	<u>822,012</u>
<b>Expenses</b>			
Program services	614,837	-	614,837
General and administrative	93,597	-	93,597
Fundraising expenses	73,861	-	73,861
<b>Total expenses</b>	<u>782,295</u>	<u>-</u>	<u>782,295</u>
<b>Change in net assets</b>	<u>41,861</u>	<u>(2,144)</u>	<u>39,717</u>
<b>Net assets - beginning of year (as previously reported)</b>	108,840	18,917	127,757
<b>Restatement (See Note 5)</b>	<u>41,947</u>	<u>-</u>	<u>41,947</u>
<b>Net assets - beginning of year (as restated)</b>	<u>150,787</u>	<u>18,917</u>	<u>169,704</u>
<b>Net assets - end of year</b>	<u>\$ 192,648</u>	<u>\$ 16,773</u>	<u>\$ 209,421</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, 2007**

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 39,717
Adjustments to reconcile to net cash from operating activities:	
Depreciation	4,246
Change in:	
Accounts receivable	(25,462)
Donated investments	(57,039)
Prepaid expense	4,976
Accounts payable and accrued expenses	<u>(32,556)</u>
<b>Net cash from operating activities</b>	<u>(66,118)</u>
<b>Cash flows from investing activities</b>	
Acquisition of property and equipment	<u>(8,528)</u>
<b>Net cash from investing activities</b>	<u>(8,528)</u>
<b>Cash flows from financing activities</b>	
Borrowings on line of credit	<u>50,000</u>
<b>Net cash from financing activities</b>	<u>50,000</u>
<b>Net change in cash and cash equivalents</b>	(24,646)
<b>Cash and cash equivalents - beginning of year</b>	<u>111,510</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 86,864</u>
<b>Supplemental disclosure of cash flow information</b>	
Cash paid for interest	\$ 522

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

# American Task Force on Palestine

## Notes to Financial Statements

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December 31, 2007

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### 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, 2007.

#### **Investments**

Investments in marketable securities are reported in the statement of financial position at fair market value. Realized and unrealized gains and losses are included in the statement of activities. Fair value is determined by quoted market price. Realized gains or losses are calculated using specific identification.

#### **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 \$4,246 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 \$986 for 2007.

### **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