

**Financial Statements
Year Ended
December 31, 2008**

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, 2008, 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, 2008, 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 9 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 29, 2009

American Task Force on Palestine

Statement of Financial Position

December 31, 2008

Assets

Current assets

Cash and cash equivalents	\$ 178,653
Investments	36,600
Accounts receivable	31,995
Prepaid expense	<u>19,000</u>

Total current assets 266,248

Property and equipment

Furniture, equipment and software	60,429
Less - accumulated depreciation	<u>(28,002)</u>

Property and equipment - net 32,427

Other assets

Security deposit	<u>5,050</u>
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\$ 303,725

Liabilities and Net Assets

Current liabilities

Accounts payable and accrued expenses	\$ 389
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Net assets

Unrestricted	<u>303,336</u>
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\$ 303,725

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

American Task Force on Palestine

Statement of Activities

Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Contributions	\$ 347,656	\$ -	\$ 347,656
Special events	16,749	-	16,749
Gala	509,342	-	509,342
Investment income, net	(19,949)	-	(19,949)
Net assets released from restriction	<u>16,773</u>	<u>(16,773)</u>	<u>-</u>
Total revenue	<u>870,571</u>	<u>(16,773)</u>	<u>853,798</u>
Expenses			
Program services	588,577	-	588,577
General and administrative	94,118	-	94,118
Fundraising expenses	<u>77,188</u>	<u>-</u>	<u>77,188</u>
Total expenses	<u>759,883</u>	<u>-</u>	<u>759,883</u>
Change in net assets	110,688	(16,773)	93,915
Net assets - beginning of year	<u>192,648</u>	<u>16,773</u>	<u>209,421</u>
Net assets - end of year	<u>\$ 303,336</u>	<u>\$ -</u>	<u>\$ 303,336</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, 2008

Cash flows from operating activities	
Change in net assets	\$ 93,915
Adjustments to reconcile to net cash from operating activities:	
Depreciation	6,985
Unrealized loss on investments	20,439
Change in:	
Accounts receivable	74,959
Prepaid expense	(19,000)
Accounts payable and accrued expenses	<u>(13,149)</u>
Net cash from operating activities	164,149
Cash flows from investing activities	
Acquisition of property and equipment	(22,360)
Cash flows from financing activities	
Repayment of line of credit	<u>(50,000)</u>
Net change in cash and cash equivalents	91,789
Cash and cash equivalents - beginning of year	<u>86,864</u>
Cash and cash equivalents - end of year	<u>\$ 178,653</u>
Supplemental disclosure of cash flow information	
Cash paid for interest	\$ 2,872

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

American Task Force on Palestine

Notes to Financial Statements

December 31, 2008

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, 2008.

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. There was no depreciation expense 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 \$184 for 2008.

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.