

**Financial Statements
Year Ended
December 31, 2011**

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 the **American Task Force on Palestine** (a nonprofit organization) as of December 31, 2011, 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, 2011, 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 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dalal & Company

Alexandria, Virginia
November 13, 2013

American Task Force on Palestine

Statement of Financial Position

December 31, 2011

Assets	
Current assets	
Cash and cash equivalents	\$ 114,076
Accounts receivable	16,592
Total current assets	<u>130,668</u>
Property and equipment	
Furniture, equipment and software	65,782
Less - accumulated depreciation	(48,036)
Property and equipment - net	<u>17,746</u>
Other assets	
Security deposit	9,981
Total other assets	<u>9,981</u>
	<u>\$ 158,395</u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	\$ 1,056
Deferred rent abatement	6,071
Total current liabilities	<u>7,127</u>
Long-term liabilities	
Deferred rent abatement	11,635
Total long-term liabilities	<u>11,635</u>
Total liabilities	<u>18,762</u>
Net assets	
Unrestricted	139,633
Total net assets	<u>139,633</u>
	<u>\$ 158,395</u>

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

American Task Force on Palestine

Statement of Activities

Year Ended December 31, 2011

Revenue

Contributions	\$ 51,815
Special events	5,381
Gala	402,530
Investment income, net	<u>11,222</u>

Total revenue

470,948

Expenses

Program services	512,337
General and administrative	114,346
Fundraising expenses	<u>69,799</u>

Total expenses

696,482

Change in net assets

(225,534)

Net assets, unrestricted - beginning of year

365,167

Net assets, unrestricted - end of year

\$ 139,633

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

American Task Force on Palestine

Statement of Cash Flows

Year Ended December 31, 2011

Cash flows from operating activities

Change in net assets	\$ (225,534)
Adjustments to reconcile to net cash from operating activities:	
Depreciation	9,246
Realized gain on investments	(10,755)
Change in:	
Accounts receivable	293
Lease incentive asset	5,128
Accounts payable and accrued expenses	(8,756)
Deferred sublease revenue	(750)
Deferred rent abatement	(6,071)

Net cash from operating activities	(237,199)
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Cash flows from investing activities

Acquisition of property and equipment	(3,019)
Proceeds from sale of investments	48,059

Net cash from investing activities	45,040
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Net change in cash and cash equivalents	(192,159)
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Cash and cash equivalents - beginning of year	306,235
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Cash and cash equivalents - end of year	\$ 114,076
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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, 2011

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 and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

ATFP receives contributions from the general public. Unless specifically restricted by the donor, all contributions are considered to be available for general use.

ATFP classifies its resources for accounting and reporting purposes into three net asset categories according to the existence or absence of donor-imposed restrictions. The financial statements report separately by class of net assets as follows:

Unrestricted net assets include revenue and expenses associated with the principal mission of ATFP that are not restricted by donor stipulation.

Unrestricted board designated amounts are those designated for specific purpose determined by the board of directors. There were no unrestricted board designated amounts at December 31, 2011.

Temporarily restricted net assets are grants or gifts which have been 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. There were no temporarily restricted net assets at December 31, 2011.

Permanently restricted net assets are grants or gifts that require, by donor restriction, that the corpus be invested in perpetuity, and only the income is available for program operations in accordance with donor restriction. ATFP has no permanently restricted net assets.

Subsequent Events

In preparing these financial statements, ATFP has evaluated events and transactions for potential recognition or disclosure through November 13, 2013, the date the financial statements were available to be issued.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

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.

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. Included in accounts receivable is \$14,762 due from a former employee. Management believes all accounts receivable are collectible, and no provision is required for uncollectible accounts, as of December 31, 2011.

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. All investments were sold during the year.

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 \$9,246 for 2011.

Income Taxes

ATFP is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, except on unrelated business income. The Organization had no unrelated business income during 2011. The District of Columbia has recognized ATFP's tax-exempt status. The Association believes that it has support for any tax position taken and, therefore, does not have any uncertain tax positions that are material to the financial statements. At a minimum, the December 31, 2009 through 2012 tax years are open for examination by taxing authorities.

Advertising Costs

ATFP uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising expenses were \$2,056 for 2011.

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. 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. There was no uninsured balance at December 31, 2011.

4. Donated Services

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

5. Fair Value Measurement

Accounting standards require reporting financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Accounting standards establish a three-level disclosure hierarchy to indicate the level of judgment used to estimate fair value measurements:

Level 1 – quoted prices in active market for identical assets or liabilities as of the reporting date;

Level 2 – quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices (such as interest rate and yield curves);

Level 3 – uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment.

All investments were considered level 1 and were sold during the year.

Investment return consisted of the following at December 31, 2011:

Realized gain	\$10,755
Interest income	<u>467</u>
	<u>\$11,222</u>

6. Lease Commitments

ATFP leases office space under a five-year agreement that expires December 1, 2014. The lease provides for a base annual rent of \$119,768 with provisions for annual rent escalations of 2.75%, and additional charges that may include real estate taxes and operating expenses. The landlord provided a \$30,354 total lease incentive in the form of a deferred rent abatement, which is being

amortized over the life of the lease.

The total minimum rental commitment for the lease as of December 31, 2011, is due in future years as follows:

2012	\$ 126,736
2013	130,221
2014	<u>122,371</u>
	<u>\$379,328</u>

Office rent expense, net of amortization was \$117,457. This rent expense was offset by sublease income of \$50,250 from three tenants under month-to month agreements. One of these three sub-lease tenants is an organization that shares a common board member with ATRP.

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American Task Force on Palestine

Schedule of Functional Expenses

Year Ended December 31, 2011

	Program Services	Support Services			Total Expenses
		General and Administrative	Fundraising	Total	
Salaries	\$ 145,929	\$ 60,804	\$ 36,482	\$ 97,286	\$ 243,215
Rent and occupancy	42,094	17,539	10,524	28,063	70,157
Special events	15,161	-	-	-	15,161
Special events - Gala	169,239	-	-	-	169,239
Consulting fees	35,688	-	8,922	8,922	44,610
Employee benefits	19,905	8,294	4,976	13,270	33,175
Advertising	2,056	-	-	-	2,056
Travel and lodging	22,451	-	-	-	22,451
Supplies and office expense	10,387	2,968	1,484	4,452	14,839
Outreach	16,429	-	-	-	16,429
Professional fees	-	10,500	-	10,500	10,500
Telephone	3,926	1,636	982	2,618	6,544
Postage	1,648	549	549	1,098	2,746
Printing and copying	1,320	528	792	1,320	2,640
Payroll taxes	11,747	4,895	2,937	7,832	19,579
Internet	5,126	2,136	1,281	3,417	8,543
Equipment expense	719	180	-	180	899
Depreciation	7,397	1,849	-	1,849	9,246
Software	154	51	51	102	256
Contributions	100	-	-	-	100
Miscellaneous	58	8	16	24	82
Bank and credit card fees	803	2,409	803	3,212	4,015
	<u>\$ 512,337</u>	<u>\$ 114,346</u>	<u>\$ 69,799</u>	<u>\$ 184,145</u>	<u>\$ 696,482</u>

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