



FINANCIAL REPORT
December 31, 2020

ISRAAID (US) GLOBAL HUMANITARIAN ASSISTANCE, INC.
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
IsraAID (US) Global Humanitarian Assistance

Report on the Financial Statements

We have audited the accompanying financial statements of IsraAID (US) Global Humanitarian Assistance (the Organization) which comprise the statement of financial position as of December 31, 2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



November 11, 2021

ISRAAID (US) GLOBAL HUMANITARIAN ASSISTANCE, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

Cash and cash equivalents	\$ 2,636,482
Investments	1,068
Grants and contributions receivable, net	6,138,131
Prepaid expenses and other assets	<u>14,761</u>
Total assets	<u>\$ 8,790,442</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ <u>46,800</u>
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Net assets

Without donor restrictions	515,972
With donor restrictions	<u>8,227,670</u>
Total net assets	<u>8,743,642</u>

Total liabilities and net assets	<u>\$ 8,790,442</u>
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See notes to financial statements.

ISRAAID (US) GLOBAL HUMANITARIAN ASSISTANCE, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support			
Grants and contributions	\$ 2,419,658	\$ 8,432,790	\$ 10,852,448
Contributed services	184,930	-	184,930
Other income	38,767	-	38,767
Net assets released from restrictions	<u>3,976,851</u>	<u>(3,976,851)</u>	<u>-</u>
 Total revenue, gains, and other support	 <u>6,620,206</u>	 <u>4,455,939</u>	 <u>11,076,145</u>
 Expenses			
Program services	6,611,214	-	6,611,214
Management and general	325,239	-	325,239
Development	<u>374,352</u>	<u>-</u>	<u>374,352</u>
 Total expenses	 <u>7,310,805</u>	 <u>-</u>	 <u>7,310,805</u>
 Total change in net assets	 (690,599)	 4,455,939	 3,765,340
 Net assets, beginning of year	 <u>1,206,571</u>	 <u>3,771,731</u>	 <u>4,978,302</u>
 Net assets, end of year	 <u>\$ 515,972</u>	 <u>\$ 8,227,670</u>	 <u>\$ 8,743,642</u>

See notes to financial statements.

ISRAAID (US) GLOBAL HUMANITARIAN ASSISTANCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total	
Grants to affiliates	\$ 5,985,640	\$ -	\$ -	\$ -	\$ 5,985,640
Salaries, taxes, and benefits	342,169	127,214	309,426	436,640	778,809
Professional fees and services	91,500	173,749	-	173,749	265,249
Travel	94,884	830	4,701	5,531	100,415
Office	32,986	20,211	25,022	45,233	78,219
Program supplies and services	47,635	-	-	-	47,635
Events	650	-	19,654	19,654	20,304
Occupancy	7,794	3,235	5,578	8,813	16,607
Advertising, printing, and promotion	6,856	-	9,971	9,971	16,827
Depreciation	1,100	-	-	-	1,100
	\$ 6,611,214	\$ 325,239	\$ 374,352	\$ 699,591	\$ 7,310,805
Total expenses by function	\$ 6,611,214	\$ 325,239	\$ 374,352	\$ 699,591	\$ 7,310,805

See notes to financial statements.

ISRAAID (US) GLOBAL HUMANITARIAN ASSISTANCE, INC.

STATEMENT OF CASH FLOWS Year Ended December 31, 2020

Cash flows from operating activities

Change in net assets	\$ 3,765,340
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,100
Amortization of discount on grants and contributions receivable	(17,598)
Loss on sale of equipment	5,717
Changes in operating assets and liabilities:	
Grants and contributions receivable	(2,859,154)
Accounts receivable	10,668
Prepaid expenses and other assets	3,824
Accounts payable and accrued expenses	<u>20,074</u>
Net cash provided by operating activities	<u>929,971</u>

Cash flows from investing activities

Sale of investments	1,263
Proceeds from sale of vehicle	<u>1,800</u>
Net cash provided by investing activities	<u>3,063</u>

Net increase in cash and cash equivalents

933,034

Cash and cash equivalents, beginning of year

1,703,448

Cash and cash equivalents, end of year

\$ 2,636,482

See notes to financial statements.

ISRAAID (US) GLOBAL HUMANITARIAN ASSISTANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION

The IsraAID (US) Global Humanitarian Assistance, Inc. (the Organization) is an independent 501(c)(3) organization founded in 2013 to provide lifesaving, immediate disaster relief and long-term support services for people affected by the trauma of crisis and displacement worldwide caused by natural and manmade disaster, disease and civil upheaval. This includes supporting disaster relief programs that not only respond to immediate, basic needs of affected communities, but afterwards provide training and capacity building so local communities will have the tools, skills and resilience to support themselves. In addition, the Organization educates the public on global humanitarian issues and engages professional volunteers and partners to support disaster relief activities that transform the trauma and grief of disasters through creative and effective techniques.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments purchased with maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses, less investment expenses.

ISRAAID (US) GLOBAL HUMANITARIAN ASSISTANCE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Grants and Contributions Receivable

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management determined at December 31, 2020 that no allowance was necessary.

Net Assets

Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net assets with donor restrictions* – net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Services

The Organization records various types of in-kind support, including professional services and travel as contribution revenue. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of travel services are recognized at fair value when received. Professional and travel services is reflected in the accompanying statement of activities as contributed services. The related legal expense amounting to \$133,396 is included in professional fees and services and \$44,788 is included in travel on the accompanying statement of functional expenses.

ISRAAID (US) GLOBAL HUMANITARIAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue is recognized when earned.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional contributions are reported as net assets without donor restrictions when the condition and restriction are both met in the same reporting period. As of December 31, 2020, there were no conditional promises to give.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or service. The majority of the Organizations expenditures are direct. Salary and related personnel costs as well as general administrative costs are allocated based on time spent on each activity.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code §501(c)(3). Management has analyzed the tax positions taken by the Organization, and has concluded that, as of December 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Concentrations of Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts.

Credit risk associated with grants and contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members and foundations supportive of the Organization's mission.

For the year ended December 31, 2020, three donors comprise 75% of grants and contributions receivable and two donors provided 46% of the Organization's grants and contributions.

ISRAAID (US) GLOBAL HUMANITARIAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements

During the year ended December 31, 2020, the Organization adopted ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides clarification and improvement on the scope and the accounting guidance for contributions received and contributions made. The Organization adopted this ASU using the modified retrospective approach.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which require a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for annual period beginning after June 15, 2021. The Organization is currently evaluating the impact of this new guidance on its financial statements.

NOTE 3 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 2,636,482
Investments	1,068
Grants and contributions due in 2020	<u>2,782,924</u>
Financial assets available to meet general expenditures within one year	<u>\$ 5,420,474</u>

The Organization considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

ISRAAID (US) GLOBAL HUMANITARIAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at December 31, 2020, are estimated to be collected as follows:

Within one year	\$ 2,782,924
In one to five years	<u>3,425,000</u>
	6,207,924
Less discount at net present value (1.31%)	<u>(69,793)</u>
	<u>\$ 6,138,131</u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020, net assets with donor restrictions are restricted for the following purposes or periods:

<i>Subject to expenditure for a specified purpose</i>	
International Aid	\$ 3,628,816
US Operations	<u>309,271</u>
	3,938,087
<i>Subject to the passage of time</i>	
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>4,289,583</u>
	<u>\$ 8,227,670</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or through the passage of time as follows for the year ended December 31, 2020:

<i>Satisfaction of purpose restriction</i>	
International Aid	\$ 3,220,014
US Operations	<u>224,072</u>
	3,444,086
<i>Subject to the passage of time</i>	
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>532,765</u>
	<u>\$ 3,976,851</u>

ISRAAID (US) GLOBAL HUMANITARIAN ASSISTANCE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – RELATED PARTY TRANSACTIONS

The Organization is an independent affiliate of IsraAID GLOBAL, an international humanitarian assistance organization. One member of the governing board of IsraAid GLOBAL serves on the board of directors of the Organization. In 2020, the Organization received \$115,297 in donations from IsraAID GLOBAL and made grants totaling \$5,985,640 to IsraAID GLOBAL affiliates.

In 2020, the Organization also received \$453,477 in contributions from board members.

NOTE 7 – UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The disruption resulting from the COVID-19 pandemic is currently expected to be temporary, but there is considerable uncertainty around the duration and the Organization expects this matter may negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 11, 2021, which is the date the financial statements were available for issuance.