

**ISRAEL EMERGENCY ALLIANCE  
(dba StandWithUs)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
**ISRAEL EMERGENCY ALLIANCE**  
**(dba StandWithUs)**  
Los Angeles, California

We have audited the accompanying financial statements of Israel Emergency Alliance dba StandWithUs, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"); 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 ("U.S. GAAS"). 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 StandWithUs' 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 StandWithUs' 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 Israel Emergency Alliance dba StandWithUs as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. GAAP.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, slightly slanted style.

Armanino<sup>LLP</sup>  
Los Angeles, California

July 19, 2016

**ISRAEL EMERGENCY ALLIANCE  
(dba StandWithUs)**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2015**

**ASSETS**

Cash and Cash Equivalents	\$ 4,033,304
Investments Reported at Cost	1,500,000
Investments Reported at Fair Value	203,647
Pledges Receivable, net	1,098,983
Accounts Receivable	155,542
Inventory	8,500
Prepaid Expenses and Other Current Assets	74,675
Property and Equipment, net	387,788
Deposits	<u>45,586</u>
	<u>\$ 7,508,025</u>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accounts payable and accrued expenses	<u>\$ 632,405</u>
Total Liabilities	<u>632,405</u>
Commitments (Note 7)	
Net Assets	
Unrestricted	
General	3,221,347
Board-designated	<u>2,000,000</u>
	5,346,347
Temporarily restricted	<u>1,529,273</u>
	<u>6,875,620</u>
	<u>\$ 7,508,025</u>

See accompanying notes to financial statements.

**ISRAEL EMERGENCY ALLIANCE  
(dba StandWithUs)**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support			
Grants and contributions	\$ 1,404,109	\$ 4,754,463	\$ 6,158,572
Fundraising events, net of direct costs of \$640,010	2,274,307	535,000	2,809,307
Contributed investments	183,642	-	183,642
Bequests	439,641	-	439,641
Educational events	414,861	-	414,861
Material sales	9,048	-	9,048
Loss on disposal of property and equipment	(1,645)	-	(1,645)
Miscellaneous income	361,698	-	361,698
Net Assets Released from Restrictions	<u>5,554,517</u>	<u>(5,554,517)</u>	<u>-</u>
	<u>10,640,178</u>	<u>(265,054)</u>	<u>10,375,124</u>
Functional Expenses			
Program services	9,426,250	-	9,426,250
Management and general	685,592	-	685,592
Fundraising	<u>481,845</u>	<u>-</u>	<u>481,845</u>
	<u>10,593,687</u>	<u>-</u>	<u>10,593,687</u>
Changes in Net Assets from Operations	<u>46,491</u>	<u>(265,054)</u>	<u>(218,563)</u>
Investment Results			
Interest and dividends	2,257	-	2,257
Realized gains on sales of contributed investments	<u>421,892</u>	<u>-</u>	<u>421,892</u>
Net Investment Results	<u>424,149</u>	<u>-</u>	<u>424,149</u>
Changes in Net Assets	470,640	(265,054)	205,586
Net Assets, beginning of year	<u>4,875,707</u>	<u>1,794,327</u>	<u>6,670,034</u>
Net Assets, end of year	<u>\$ 5,346,347</u>	<u>\$ 1,529,273</u>	<u>\$ 6,875,620</u>

See accompanying notes to financial statements.

**ISRAEL EMERGENCY ALLIANCE  
(dba StandWithUs)**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Expenses				
Salaries and wages	\$ 4,200,095	\$ 354,470	\$ 265,094	\$ 4,819,659
Employee benefits	348,300	35,893	20,249	404,442
Payroll taxes	<u>378,385</u>	<u>23,435</u>	<u>17,045</u>	<u>418,865</u>
	4,926,780	413,798	302,388	5,642,966
Other Expenses				
Advertising	244,085	275	-	244,360
Bank and credit card fees	17,407	81,890	-	99,297
Brochures, flyers, video and materials	581,348	-	-	581,348
Depreciation and amortization	101,145	1,239	-	102,384
Direct mail campaign	-	-	119,707	119,707
Educational events and conferences	1,916,599	-	-	1,916,599
Information technology	285,308	22,079	17,890	325,277
Insurance	18,963	6,141	161	25,265
Miscellaneous	6,735	24,621	12,363	43,719
Occupancy	292,284	70,459	21,112	383,855
Office	176,101	11,270	2,045	189,416
Partnered events	244,737	-	-	244,737
Professional fees	29,329	52,818	-	82,147
Speakers, educators and consultants	466,869	-	-	466,869
Telephone	42,287	1,002	2,519	45,808
Travel	<u>76,273</u>	<u>-</u>	<u>3,660</u>	<u>79,933</u>
	<u>\$ 9,426,250</u>	<u>\$ 685,592</u>	<u>\$ 481,845</u>	<u>\$ 10,593,687</u>

See accompanying notes to financial statements.

**ISRAEL EMERGENCY ALLIANCE**  
**(dba StandWithUs)**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

Cash Flows from Operating Activities	
Changes in net assets	\$ 205,586
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation and amortization	102,384
Loss on disposal of property and equipment	1,645
Contributed investments reported at fair value	(183,642)
Realized gains on sales of investments reported at fair value	(421,892)
(Increase) decrease in operating assets	
Accounts receivable	(155,542)
Pledges receivable	468,269
Inventory	(8,500)
Prepaid expenses and other current assets	(69,999)
Deposits	(125)
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	<u>85,070</u>
Net Cash Provided by Operating Activities	<u>23,254</u>
Cash Flows from Investing Activities	
Purchases of investments reported at fair value	(1,506)
Proceeds from sales of investments reported at fair value	1,197,003
Purchases of property and equipment	(16,694)
Proceeds from sale of property and equipment	<u>10,100</u>
Net Cash Provided by Investing Activities	<u>1,188,903</u>
Cash Flows from Financing Activities	
Repayment of related party notes payable	<u>(85,000)</u>
Net Cash Used in Financing Activities	<u>(85,000)</u>
Net Increase in Cash and Cash Equivalents	1,127,157
Cash and Cash Equivalents, beginning of year	<u>2,906,147</u>
Cash and Cash Equivalents, end of year	<u>\$ 4,033,304</u>

See accompanying notes to financial statements.

**ISRAEL EMERGENCY ALLIANCE  
(dba StandWithUs)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1 - NATURE OF OPERATIONS

Israel Emergency Alliance, dba StandWithUs was founded in 2001 in response to the misinformation that often surrounds the Middle East conflict, and the inappropriate, often anti-Semitic, language used about Israel and/or Jewish people worldwide. StandWithUs has offices and chapters in Los Angeles, New York, Florida, Denver, Detroit, Chicago, Seattle, Orange County, San Francisco, Santa Cruz, Milwaukee, Canada and Israel. The accounts of these offices and chapters are included in these financial statements.

StandWithUs is an international education organization that ensures that Israel's side of the story, through its main program, education, is told in communities, on campuses, in libraries, through the media, in churches through brochures, speakers, conferences, and missions to Israel, and in thousands of pages of internet resources.

Aside from producing video and audio presentations, flyers and signs, and teaching tools and resources, StandWithUs has also established other programs through its other websites and organizations, namely: StandWithUs Israel, StandWithUs Campus, Learn Israel, Stand4Facts, Ask Israel, MZ Teen Internship, Israeli Soldier Stories Tour, Librarians4Fairness, BDS Boycott-Divestment-Sanctions, Buy Israel Goods, Israel Matters Display, Say Yes to Peace, and Stop Iran's Nukes. The accounts of these programs are included in these financial statements.

StandWithUs' operations are sustained through its periodic fundraising campaigns and voluntary grants and contributions from the public.

The following programs and supporting services are components of the accompanying financial statements:

- Education

StandWithUs strives to educate the various sectors of the population worldwide, regarding important issues confronting Jewish people worldwide and, in particular, issues focused on Israel.

- Management and General

These include the discharge of administrative functions necessary to maintain an equitable personnel program, adequate working environment, proper administration of insurance and other matters, while at the same time managing the financial and budgetary responsibilities of StandWithUs.



**ISRAEL EMERGENCY ALLIANCE  
(dba StandWithUs)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Income Tax Status

StandWithUs is a nonprofit public benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under Internal Revenue Code ("IRC") Section 501(c)(3) and corresponding state provisions.

StandWithUs' federal income tax returns for the years 2012 and beyond remain subject to examination by the Internal Revenue Service. The returns for California, its most significant state jurisdiction, remain subject to examination by state taxing authorities for the tax years 2011 and beyond.

Financial Statement Presentation

StandWithUs reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

*Unrestricted Net Assets, General* - Include contributions, events, sales and other forms of unrestricted revenue and expenditures related to the general operations and fundraising efforts of StandWithUs.

*Unrestricted Net Assets, Board-Designated* - Include unrestricted net assets the Board of Directors has designated to be utilized for contingent purposes.

*Temporarily Restricted Net Assets* - Include contributions received that are temporarily restricted with respect to purpose by the donor or grantor, pledges receivable which are time restricted, and contributions both purpose and time restricted. When the restrictions are met or expire, or the pledges receivable are collected, these net assets are reclassified to unrestricted net assets.

*Permanently Restricted Net Assets* - Include assets that have been restricted by the donor in perpetuity and cannot be expended by StandWithUs. StandWithUs has no permanently restricted net assets.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

**ISRAEL EMERGENCY ALLIANCE  
(dba StandWithUs)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

StandWithUs considers all financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Concentrations

Frequently, StandWithUs' bank balances exceed FDIC-insured limits. StandWithUs has not experienced and does not anticipate any losses related to cash held in these accounts.

Investments Reported at Fair Value

Investments reported at fair value consist primarily of contributed partnership interests. Fair value of these contributed partnership interests is established by estimates of future cash flows which are provided to management by the donors. Unrealized gains and losses are recognized in the aggregate by investment. Realized gains and losses are computed and recognized using the specific identification method.

Investments Reported at Cost

Investments reported at cost consist of a 1% investment into a high-yield fund limited partnership.

Pledges Receivable

Unconditional donor promises to give cash and other assets to StandWithUs are reported at the fair value of the promise and at the date the promise is received. Conditional promises to give and indications of intentions to give are not reported until the conditions are met. Management has established an allowance for potentially uncollectible pledges totaling \$127,075 at December 31, 2015, based on management's estimate of future collections.

**ISRAEL EMERGENCY ALLIANCE  
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**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded net of accumulated depreciation and amortization. StandWithUs uses the straight-line method of depreciation over the shorter of the estimated useful life of the respective asset or the term of the lease for leasehold improvements as follows:

Computer hardware and software	5 years
Office furniture and equipment	7 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

Impairment of Long-Lived Assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provision was recorded by StandWithUs during the year.

Grants and Contributions

Grants and contributions consist primarily of donations from foundations, businesses and the general public. Grants and contributions are recorded when committed to StandWithUs by the donor.

Contributed Investments and Securities

StandWithUs occasionally receives contributed investments and securities. The general policy is to sell securities actively traded in public exchanges, such as corporate stocks, within days after they have been contributed and to hold other types of contributed securities until maturity or to be sold when management deems market conditions to be optimized.

**ISRAEL EMERGENCY ALLIANCE  
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**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Wills and Bequests

In March 2015, StandWithUs was notified they have been named as a beneficiary of a will, from which they will receive a residence located in Huntington Beach, California. As of July 19, 2016, the fair value of this residence has not been determined and StandWithUs does not have a final determination of the amount it will ultimately receive from this bequest.

Allocation of Functional Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Certain expenses that are associated with program or supporting services have been allocated between the program and supporting services benefited based on management's estimate of time spent on the program and services.

Advertising

StandWithUs uses advertising to promote its programs among the audiences it serves and direct mail for fundraising. Advertising and direct mail costs are expensed as incurred. Advertising costs totaled \$244,360 during the year; direct mail costs totaled \$119,707.

Subsequent Events

StandWithUs has evaluated events subsequent to December 31, 2015, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through July 19, 2016, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the financial statements.

NOTE 3 - INVESTMENTS

Investments reported at fair value consist of the following:

State of Israel bond (Level 2)	\$ 1,500
Contributed partnership interests (Level 3)	<u>202,147</u>
	<u>\$ 203,647</u>

**ISRAEL EMERGENCY ALLIANCE  
(dba StandWithUs)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 3 - INVESTMENTS (Continued)

Investments reported at cost consist of a 1% interest in a high-yield fund limited partnership.

StandWithUs reports its investments at fair value among three categories of price inputs available. These categories of inputs are quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

Activity in the investments reported at fair value during the year was as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Balance, beginning of the year	\$ 407,190	\$ 500	\$ 385,920	\$ 793,610
Purchases of investments	1,506	-	-	1,506
Contribution of corporate stocks	182,642	-	-	182,642
Contribution of State of Israel bond	-	1,000	-	1,000
Proceeds from sales of investments	(591,772)	-	(605,231)	(1,197,003)
Realized gains on sales of investments	<u>434</u>	<u>-</u>	<u>421,458</u>	<u>421,892</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 202,147</u>	<u>\$ 203,647</u>

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable consist of the following:

Due in one year or less	\$ 821,058
Due in one to five years	205,000
Due in greater than five years	<u>200,000</u>
	1,226,058
Allowance for potentially uncollectible pledges	<u>(127,075)</u>
	<u>\$ 1,098,983</u>

StandWithUs does not discount pledges receivable, as management has determined the impact to be immaterial to the financial statements.

**ISRAEL EMERGENCY ALLIANCE  
(dba StandWithUs)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Computer hardware and software	\$ 314,453
Office furniture and equipment	131,701
Leasehold improvements	<u>347,229</u>
	793,383
Accumulated depreciation and amortization	<u>(405,595)</u>
	<u>\$ 387,788</u>

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were released from donor restrictions and are available for the following purposes:

	<u>Released from Restrictions</u>	<u>Balance, December 31, 2015</u>
Social media	\$ 200,000	\$ -
Campus support	993,255	262,000 *
High school support	277,512	50,000 *
Educational community events	424,012	-
U.S. chapters	1,687,610	-
Creative Community For Peace	202,231	79,122
Artists4Israel	27,907	12,093
Israel activities	507,663	25,000 *
Time-restricted (pledges receivable)	<u>1,234,327</u>	<u>1,101,058 *</u>
	<u>\$ 5,554,517</u>	<u>\$ 1,529,273</u>

\*These balances include pledges receivable with donor purpose restrictions totaling \$125,000 plus pledges receivable totaling \$1,101,058 with no donor purpose restrictions.

**ISRAEL EMERGENCY ALLIANCE  
(dba StandWithUs)**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 7 - COMMITMENTS

StandWithUs leases office space through 2020. Future required minimum rental payments under the leases are as follows:

Year Ending December 31,

2016	\$ 338,343
2017	333,103
2018	324,549
2019	224,820
2020	<u>19,698</u>
	<u>\$ 1,240,513</u>

Office rent expense during the year, including various month-to-month leases, totaled \$346,157.