

**AMERICANS FOR PEACE NOW, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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Independent Auditor's Report

To the Board of Directors
Americans for Peace Now, Inc.
Washington, D.C.

We have audited the accompanying financial statements of Americans for Peace Now, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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 these 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

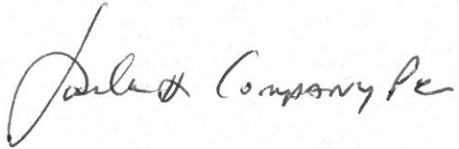
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 Americans for Peace Now, Inc. as of December 31, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "J. & Company PC". The signature is written in dark ink and is positioned above the printed text of the firm's name.

Needham, Massachusetts
November 9, 2020

AMERICANS FOR PEACE NOW, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 433,082	\$ 182,240
Cash and cash equivalents - restricted	-	230,363
Prepaid expenses	5,924	6,381
Security deposit	<u>303</u>	<u>15,305</u>
Total assets	<u>\$ 439,309</u>	<u>\$ 434,289</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 141,996	\$ 78,961
Due to former president for consulting services	160,000	-
Compensation payable under Supplemental Employee Retirement Program	<u>-</u>	<u>230,363</u>
Total liabilities	301,996	309,324
Net assets - without donor restrictions	<u>137,313</u>	<u>124,965</u>
Total liabilities and net assets	<u>\$ 439,309</u>	<u>\$ 434,289</u>

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

AMERICANS FOR PEACE NOW, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>
Support and revenue:	
Contributions	\$ 1,381,851
Contributions of securities	12,036
Interest and dividends	166
Net realized losses on contributed securities	<u>(110)</u>
Total support and revenue	<u>1,393,943</u>
Expenses:	
Program services	1,018,759
General and administrative	140,702
Fundraising	<u>222,134</u>
Total expenses	<u>1,381,595</u>
Increase in net assets	12,348
Net assets, beginning of year	<u>124,965</u>
Net assets, end of year	<u><u>\$ 137,313</u></u>

There were no contributions with donor restrictions and no balances of net assets with donor restrictions during 2019.

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

AMERICANS FOR PEACE NOW, INC.
STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	With Donor Restrictions	Without Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 101,750	\$ 1,338,517	\$ 1,440,267
Contributions of securities	-	21,661	21,661
Interest and dividends	179	128	307
Net realized losses on contributed securities	-	(480)	(480)
	<u>101,929</u>	<u>1,359,826</u>	<u>1,461,755</u>
Total support and revenue			
Expenses:			
Program services	-	1,358,191	1,358,191
General and administrative	-	245,959	245,959
Fundraising	-	115,069	115,069
	<u>-</u>	<u>1,719,219</u>	<u>1,719,219</u>
Total expenses			
Net assets released from donor restrictions	(240,587)	240,587	-
Increase (decrease) in net assets	(138,658)	(118,806)	(257,464)
Net assets, beginning of year	<u>138,658</u>	<u>243,771</u>	<u>382,429</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 124,965</u>	<u>\$ 124,965</u>

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

AMERICANS FOR PEACE NOW, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Total	Program Services	General and Administrative	Fundraising
Employee compensation:				
Salaries - staff	\$ 570,470	\$ 439,602	\$ 98,199	\$ 32,669
Employee benefits	48,243	37,176	8,304	2,763
Retirement contributions	17,161	13,224	2,954	983
Payroll taxes	44,292	34,132	7,624	2,536
Total employee compensation	680,166	524,134	117,081	38,951
Grants to S.H.A'.AL Peace Now for Israel - Educational Enterprises	184,000	184,000	-	-
Printing, postage and mailing	37,067	29,653	3,707	3,707
Outside consultants	271,360	111,360	-	160,000
Rent	51,073	40,859	5,107	5,107
Conferences and meetings	97,349	87,614	-	9,735
Travel	7,938	7,144	397	397
Telephone	12,747	10,197	1,275	1,275
Insurance	6,526	5,220	653	653
Credit card and other fees	14,578	11,662	1,458	1,458
Advertising and promotion	1,009	908	-	101
Legal and accounting	10,274	-	10,274	-
Office expenses	7,508	6,008	750	750
Total expenses	<u>\$ 1,381,595</u>	<u>\$ 1,018,759</u>	<u>\$ 140,702</u>	<u>\$ 222,134</u>

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

AMERICANS FOR PEACE NOW, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	<u>Total</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>
Employee compensation:				
Salaries - staff	\$ 587,497	\$ 416,446	\$ 131,360	\$ 39,691
Salaries - officers	125,876	94,407	18,881	12,588
Payment under Supplemental Employee Retirement Program	230,363	172,772	34,555	23,036
Employee benefits	44,814	31,765	10,020	3,029
Retirement contributions	22,196	15,733	4,963	1,500
Payroll taxes	52,897	37,496	11,827	3,574
Total employee compensation	<u>1,063,643</u>	<u>768,619</u>	<u>211,606</u>	<u>83,418</u>
Grants to S.H.A'.AL Peace Now for Israel - Educational Enterprises	194,000	194,000	-	-
Printing, postage and mailing	55,130	44,104	5,513	5,513
Outside consultants	124,931	124,931	-	-
Rent	107,361	85,889	10,736	10,736
Conferences and meetings	107,689	96,921	-	10,768
Travel	13,059	11,753	653	653
Telephone	10,981	8,785	1,098	1,098
Insurance	5,902	4,722	590	590
Credit card and other fees	19,772	15,816	1,978	1,978
Advertising and promotion	1,242	1,118	-	124
Legal and accounting	13,594	-	13,594	-
Office expenses	<u>1,915</u>	<u>1,533</u>	<u>191</u>	<u>191</u>
Total expenses	<u><u>\$ 1,719,219</u></u>	<u><u>\$ 1,358,191</u></u>	<u><u>\$ 245,959</u></u>	<u><u>\$ 115,069</u></u>

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

AMERICANS FOR PEACE NOW, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	<u>\$ 12,348</u>	<u>\$ (257,464)</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Non-cash contributions of securities	(12,036)	(21,661)
Proceeds from sale of contributed securities	11,926	29,627
Purchase of securities	-	(8,446)
Net realized losses on contributed securities	110	480
Changes in operating assets and liabilities:		
Prepaid expenses	457	11,363
Security deposit	15,002	-
Accounts payable and accrued expenses	63,035	44,216
Due to related party	160,000	-
Compensation payable under Supplemental Employee Retirement Program	<u>(230,363)</u>	<u>230,363</u>
Total adjustments	<u>8,131</u>	<u>285,942</u>
Net cash provided by operating activities and net increase in cash and cash equivalents	20,479	28,478
Cash and cash equivalents at beginning of year	<u>412,603</u>	<u>384,125</u>
Cash and cash equivalents at end of year	<u><u>\$ 433,082</u></u>	<u><u>\$ 412,603</u></u>
Cash and cash equivalents at the end of the year consists of the following:		
Cash at bank - unrestricted	\$ 424,935	\$ 182,240
Cash at bank - restricted	-	85,084
Deposits with broker - unrestricted	8,147	-
Deposits with broker - restricted	<u>-</u>	<u>145,279</u>
	<u><u>\$ 433,082</u></u>	<u><u>\$ 412,603</u></u>

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

AMERICANS FOR PEACE NOW, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. Nature of Operations

Americans for Peace Now, Inc. ("the Organization") is a not-for-profit corporation, exempt from income tax under section 501(c)(3) of the Internal Revenue Code. The Organization was formed and incorporated in 1988 under the laws of Massachusetts.

The purpose of the Organization is to support a strong and secure Israel and to carry out public information activities on Middle East peace issues in the United States. The Organization encourages widespread, thoughtful discussion of the Arab-Israeli conflict and support of the Israeli movement known as Shalom Achshav (Peace Now) and related Israeli peace movements.

The Organization engages in activities as follows:

- conducts seminars, workshops, and public advocacy campaigns;
- prepares educational audiovisual presentations;
- publishes brochures, newsletters and other literature;
- sponsors speaking engagements by prominent commentators;
- organizes an annual study tour of Israel to visit settlements and meet with security experts;
- solicits contributions in support of its programs.

The Board of Directors is responsible for overseeing the Organization's activities. Directors serve for two-year terms, but they may resign at any time. New directors are appointed by a majority of the current Board of Directors. There were 32 directors at December 31, 2019 and 2018.

The Organization has a national office in Washington, D.C. and regional offices in Los Angeles, California and Boston, Massachusetts.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors.

AMERICANS FOR PEACE NOW, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

2. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Money market funds are to be considered cash equivalents.

Cash and Cash Equivalents – Restricted

The restricted cash at December 31, 2018 is a cash account held at a bank and money market accounts held at a broker, restricted as explained in Note 8.

Contributed Securities

Contributions of marketable securities are recorded at the fair value of the securities at the time of donation, which is treated as the Organization's basis in the securities. Contributed securities are generally sold shortly after they are received. When the contributed securities are sold the Organization records a realized gain or loss for the difference between the sale proceeds and the basis. While the contributed securities are held by the Organization prior to sale, they are carried at current fair value. The difference between current fair value and basis is an unrealized gain or loss. Changes in unrealized gains or losses at the beginning and at the end of a period are recorded as adjustments to the Organization's revenue.

AMERICANS FOR PEACE NOW, INC.
NOTES TO THE FINANCIAL STATEMENTS
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2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Organization's revenue is derived primarily from contributions. Contributions are recognized when a donor has made a commitment or pledge to contribute. Generally, the Organization's donors communicate their commitment by sending a contribution payment, so the contributions are recognized when the payment is received. If a pledge is made in one year which is collected in the next year, the revenue is recognized in the year that the pledge is made.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Program services include both costs directly related to specific programs, and an allocation of employee compensation and related expenses based on estimated time spent on program activities. General and administrative expenses include those expenses that are not directly identifiable with any specific programs but provide for the overall support and direction of the Organization.

Income Taxes

No provision for income taxes has been made in these financial statements because the Organization is a not-for-profit corporation, exempt from income tax under section 501(c)(3) of the Internal Revenue Code.

3. Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14: Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires changes to the financial reporting model of organizations which follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two: net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 also requires changes in the way certain information is aggregated and reported by the Organization, including required disclosures about liquidity and availability of resources and increased disclosures of functional expenses. The new standard is effective for the Organization's year ending December 31, 2018 and must be applied on a retrospective basis. Adoption of ASU 2016-14 did not result in any changes in the total amount of net assets or reclassifications between restricted and unrestricted net assets, although the captions used for the two classes of net assets were changed.

AMERICANS FOR PEACE NOW, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

4. Liquidity and Availability of Financial Assets

The Organization's working capital and cash flows have seasonal variations during the year attributable to a concentration of contributions received near calendar year end. To manage liquidity, the Organization invests cash in excess of daily requirements in money market accounts.

Net assets without donor restrictions as of December 31, 2019 and 2018 as presented on the statements of financial position are financial assets available to meet cash needs for general expenditures within one year. See Note 8 for details of donor restrictions.

5. Rental Agreements

The Organization occupied office space in Washington, D.C. through a sublease from New Israel Fund which commenced in 2011 and expired on April 29, 2019. The rent payment during the last year of the sublease was \$6,713 per month. The security deposit of \$15,305 was used to pay the rent for January and February 2019 and the balance was applied to other incidental costs.

The Organization entered into a new sublease with New Israel Fund for office space in a different location in Washington D.C. The sublease is for 24 months commencing on March 1, 2019. Rent for the first 5 months was abated. Monthly rentals are \$5,202 from August 2019 through July 2020 and increase to \$5,358 from August 2020 through February 2021. The Organization has two options to renew the sublease. The first option is for two years and the second option is for 17 months.

Future minimum rentals required under the Washington D.C. sublease are as follows:

2020	\$ 63,200
2021	10,715
Total	<u>\$ 73,915</u>

The Organization rents office space in Los Angeles, California as a tenant at will for a monthly rent of \$289.

The Organization formerly rented an apartment in Washington, D.C. for use by the Organization's president while visiting on business. The apartment was rented as a tenant at will for a monthly rent of \$1,850. This lease was terminated in August 2018.

Total rent expense was \$51,073 in 2019 and \$107,361 in 2018.

AMERICANS FOR PEACE NOW, INC.
NOTES TO THE FINANCIAL STATEMENTS
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6. Related Party Transactions

Three of the Organization's directors also serve as directors of New Israel Fund. As explained in Note 5, the Organization subleases office space in Washington, D.C. from New Israel Fund.

The Organization has agreed to pay its former President Debra DeLee \$160,000 for consulting services provided during 2019. The Organization has recorded a liability for \$160,000 of consulting fees payable as of December 31, 2019. The fees were paid during 2020. The consulting fees have been allocated to fundraising expense.

7. Retirement Plans

The Organization maintains a 403(b) Plan ("Plan") to provide retirement benefits for its employees. Employees may contribute to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Organization does not contribute to the Plan.

The Organization also maintains a defined contribution Simplified Employee Pension Plan ("SEP"). The Organization may make contributions to the SEP in amounts determined annually by the Board of Directors. Contributions are allocated among all eligible employees in proportion to their annual compensation. The Organization made contributions of \$17,161 in 2019 and \$22,196 in 2018.

8. Net Assets with Donor Restrictions and Payment Under Supplemental Retirement Program

During 2017 the Organization established a Supplemental Employee Retirement Program ("SERP") for the Organization's President and CEO Debra DeLee. The SERP was established in the form of a deferred compensation arrangement, as part of an employment agreement with Ms. DeLee. A separate broker account was established for the SERP. The Organization's contributions to the SERP account were at the discretion of the Organization's Board of Directors ("the Board") and could be made from donations restricted by the donors for that purpose, or from any unrestricted revenue available to the Organization. At December 31, 2021, or upon termination of employment if earlier, under certain conditions Ms. DeLee would be paid the balance in the SERP account. If those conditions were not met, the CEO/President would forfeit the right to any payment from the SERP, and the balance in the account would be retained by the Organization or returned to donors to the extent of the restricted donations contributed to the account.

The Board limited contributions to the SERP to the amount of donations that were restricted by the donors for that purpose, amounting to \$138,889 in 2017 and \$101,750 in 2018. The SERP account was recorded as restricted cash, and the donations were recorded as net assets with donor restrictions. In January 2018, Ms. DeLee announced that she would be stepping down from her position as President and CEO as of September 1, 2018, and she terminated her employment on or about that date. After her termination, the Board determined that the

AMERICANS FOR PEACE NOW, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

**8. Net Assets with Donor Restrictions and Payment Under Supplemental Retirement Program
(continued)**

conditions set forth in the agreement in order for Ms. DeLee to vest in the SERP account had been met. Consequently, the Organization recorded compensation expense of \$230,363 in 2018, with a corresponding liability for compensation payable at December 31, 2018. The amount of compensation was the balance in the SERP account including investment income, net of losses on contributed securities and payment of certain legal and other administrative costs. The Organization recorded net assets released from restrictions of \$240,587, which was used for the compensation and the related administrative costs.

The liability for compensation payable was paid in full in January 2019 by a transfer to Ms. DeLee from the SERP account.

9. Concentrations and Risk

The Organization maintains some cash in money market accounts which are not insured by the Federal Deposit Insurance Corporation. The Organization may occasionally maintain cash balances at a bank in excess of federally insured limits. Contributions from two individuals accounted for approximately 18% of total contributions in 2019 and contributions from three individuals accounted for approximately 24% of total contributions in 2018.

10. Severance Policy

The Board of Directors intends to pay a severance allowance to employees terminated by the Organization for reasons other than unsatisfactory performance. The severance allowance under this policy is equal to one week's salary for each year of service. No severance allowances have been paid in prior years. The Organization has not recorded a liability for severance expense because it is not possible to estimate the amount of such allowances that may be paid in the future. Based on salary levels and length of service of current employees, the maximum exposure under this policy was approximately \$142,072 as of December 31, 2019 and \$137,745 as of December 31, 2018. The maximum exposure was reduced in 2018 because no payments were made under the severance policy to the President and CEO upon her termination of employment in 2018.

11. Subsequent Events

Management has evaluated subsequent events through November 9, 2020, the date these financial statements were available to be issued, and has determined that there are no other subsequent events which occurred that require recognition or additional disclosure in these financial statements.