

American Jewish World Service, Inc.

Financial Report

April 30, 2014 and December 31, 2013

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Independent Auditor's Report

To the Board of Trustees
American Jewish World Service, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of American Jewish World Service, Inc. ("AJWS"), which comprise the statements of financial position as of April 30, 2014 and December 31, 2013, and the related statements of activities, functional expenses and cash flows for the four months and 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 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 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 AJWS as of April 30, 2014 and December 31, 2013, and the changes in its net assets and its cash flows for the four months ended April 30, 2014 and for the year ended December 31, 2013 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited AJWS's 2012 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 6, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McGladrey LLP

New York, New York
August 15, 2014

American Jewish World Service, Inc.

Statements of Financial Position

April 30, 2014 and December 31, 2013

(with summarized comparative financial information as of December 31, 2012)

	April 30, 2014	December 31,	
		2013	2012
ASSETS			
Cash and cash equivalents	\$ 13,075,129	\$ 18,075,754	\$ 14,655,990
Contributions receivable, net	22,128,626	20,318,990	5,557,988
Investments	7,594,405	7,479,130	7,235,243
Prepaid expenses and other assets	547,868	353,505	424,250
Property and equipment, net of accumulated depreciation and amortization of \$3,324,426, \$3,175,140 and \$2,725,274, respectively	<u>1,103,145</u>	<u>1,234,096</u>	<u>1,455,477</u>
Total assets	<u>\$ 44,449,173</u>	<u>\$ 47,461,475</u>	<u>\$ 29,328,948</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued expenses	\$ 707,469	\$ 927,632	\$ 1,151,585
Grants payable	5,434,422	14,516,355	10,615,260
Deferred rent	247,037	262,840	275,531
Unearned revenue	106,509	91,876	56,069
Charitable gift annuity obligation	<u>215,366</u>	<u>216,372</u>	<u>255,312</u>
Total liabilities	<u>6,710,803</u>	<u>16,015,075</u>	<u>12,353,757</u>
Commitments and contingencies			
Net assets:			
Unrestricted:			
Undesignated	260,111	1,362,143	403,069
Unrestricted designated for donor-advised fund	7,201,359	788,221	2,208,477
Unrestricted designated for long-term investment	2,165,014	2,121,200	2,037,438
Board-designated for reserve funds	<u>4,491,321</u>	<u>4,443,861</u>	<u>3,858,331</u>
Total unrestricted	14,117,805	8,715,425	8,507,315
Restricted	<u>23,620,565</u>	<u>22,730,975</u>	<u>8,467,876</u>
Total net assets	<u>37,738,370</u>	<u>31,446,400</u>	<u>16,975,191</u>
Total liabilities and net assets	<u>\$ 44,449,173</u>	<u>\$ 47,461,475</u>	<u>\$ 29,328,948</u>

See Notes to Financial Statements.

American Jewish World Service, Inc.

Statements of Activities

Four Months Ended April 30, 2014 and Year Ended December 31, 2013

(with summarized comparative financial information for the year ended December 31, 2012)

	Four months ended April 30, 2014			Years ended December 31,			2012 Total
	Unrestricted	Restricted	Total	2013		Total	
				Unrestricted	Restricted		
Contributions and revenue:							
Individuals	\$ 2,202,939	\$ 4,161,575	\$ 6,364,514	\$ 12,837,865	\$ 16,211,395	\$ 29,049,260	\$ 27,271,249
Donor-advised fund	9,000,000	-	9,000,000	25,000,000	-	25,000,000	20,599,959
Bequests	2,500	-	2,500	37,699	-	37,699	125,561
Foundations and corporations	54,250	285,332	339,582	520,887	18,156,082	18,676,969	2,418,934
Special event revenue, net of expenses of \$15,045 in 2014, \$12,553 in 2013 and \$108,784 in 2012	(4,163)	-	(4,163)	5,640	-	5,640	71,184
Donated services and goods	24,606	-	24,606	60,304	-	60,304	444,593
Investment income, net of expenses of \$9,069 in 2014, \$9,240 in 2013 and \$8,396 in 2012	110,440	3,669	114,109	241,005	5,222	246,227	190,602
Study tours and miscellaneous revenue	90,956	22,851	113,807	327,039	4,741	331,780	558,744
Net assets released from restrictions	3,583,837	(3,583,837)	-	20,114,341	(20,114,341)	-	-
Total contributions and revenue	15,065,365	889,590	15,954,955	59,144,780	14,263,099	73,407,879	51,680,826
Program services:							
International	4,557,297	-	4,557,297	44,282,024	-	44,282,024	37,766,051
National	1,500,471	-	1,500,471	4,350,395	-	4,350,395	6,666,207
Communications	644,215	-	644,215	1,986,130	-	1,986,130	2,234,469
Strategic Learning, Research and Evaluation	286,453	-	286,453	905,883	-	905,883	2,308
Total program services expenses	6,988,436	-	6,988,436	51,524,432	-	51,524,432	46,669,035
Supporting services:							
Finance and administration	1,229,818	-	1,229,818	3,412,808	-	3,412,808	3,842,370
Development	1,444,731	-	1,444,731	3,999,430	-	3,999,430	3,757,490
Total supporting services expenses	2,674,549	-	2,674,549	7,412,238	-	7,412,238	7,599,860
Total expenses	9,662,985	-	9,662,985	58,936,670	-	58,936,670	54,268,895
Change in net assets	5,402,380	889,590	6,291,970	208,110	14,263,099	14,471,209	(2,588,069)
Net assets:							
Beginning	8,715,425	22,730,975	31,446,400	8,507,315	8,467,876	16,975,191	19,563,260
Ending	\$ 14,117,805	\$ 23,620,565	\$ 37,738,370	\$ 8,715,425	\$ 22,730,975	\$ 31,446,400	\$ 16,975,191

See Notes to Financial Statements.

American Jewish World Service, Inc.

Statements of Functional Expenses

Four Months Ended April 30, 2014 and Year Ended December 31, 2013

(with summarized comparative financial information for the year ended December 31, 2012)

	Four months ended April 30, 2014									Years ended December 31,									
										2013									2012
	International	National	Communications	Strategic Learning, Research and Evaluation	Program Services Total	Finance and Administration	Development	Supporting Services Total	Total	International	National	Communications	Strategic Learning, Research and Evaluation	Program Services Total	Finance and Administration	Development	Supporting Services Total	Total	Total
Salaries and benefits	\$ 845,299	\$ 950,738	\$ 428,659	\$ 217,929	\$ 2,442,625	\$ 892,990	\$ 845,883	\$ 1,738,873	\$ 4,181,498	\$ 3,077,314	\$ 2,853,921	\$ 1,285,175	\$ 742,031	\$ 7,958,441	\$ 2,272,200	\$ 2,252,471	\$ 4,524,671	\$ 12,483,112	\$ 12,957,061
Program grants (donor-advised)	2,499,384	-	-	-	2,499,384	-	-	-	2,499,384	25,526,817	-	-	-	25,526,817	-	-	-	25,526,817	18,266,671
Program grants (nondonor-advised)	666,734	-	-	3,500	670,234	-	-	-	670,234	13,832,616	-	-	-	13,832,616	-	-	-	13,832,616	14,037,298
Professional services	202,463	62,556	68,581	7,410	341,010	104,152	113,929	218,081	559,091	863,787	99,483	241,296	43,718	1,248,284	292,421	335,382	627,803	1,876,087	2,175,076
Donated services and goods	5,226	3,893	2,090	932	12,141	3,887	8,577	12,464	24,605	14,822	11,454	6,750	2,091	35,117	10,261	14,926	25,187	60,304	444,593
Travel and conference	143,507	255,476	23,595	17,582	440,160	34,554	64,898	99,452	539,612	324,445	518,681	42,951	31,959	918,036	79,026	162,215	241,241	1,159,277	1,911,293
Occupancy	103,912	116,130	50,294	22,032	292,368	105,296	105,248	210,544	502,912	353,561	366,665	162,433	49,880	932,539	283,512	269,281	552,793	1,485,332	1,454,608
Telecommunications and systems applications	13,711	26,713	24,349	2,007	66,780	15,504	18,640	34,144	100,924	56,097	87,899	102,968	7,191	254,155	52,482	73,453	125,935	380,090	418,210
Printing and publications	5,230	4,916	11,813	128	22,087	2,306	118,890	121,196	143,283	15,106	30,298	16,735	201	62,340	24,824	421,383	446,207	508,547	448,974
Office supplies and other office expenses	20,032	21,677	10,240	4,146	56,095	19,941	22,582	42,523	98,618	70,225	60,405	35,763	9,863	176,256	56,211	57,317	113,528	289,784	301,581
Postage	854	1,697	555	214	3,320	1,429	56,626	58,055	61,375	1,080	4,794	2,914	97	8,885	4,308	199,497	203,805	212,690	222,925
Advertising	916	5,178	1,868	109	8,071	1,711	1,739	3,450	11,521	5,878	35,885	15,607	16	57,386	56,627	9,418	66,045	123,431	153,168
Partner support	-	8,783	-	-	8,783	-	830	830	9,613	1,708	153,390	-	-	155,098	-	3,798	3,798	158,896	469,652
(Recoveries) bad debts	-	-	-	-	-	(30,284)	-	(30,284)	(30,284)	-	-	-	-	-	55,356	-	55,356	55,356	132,998
Depreciation and amortization	33,739	27,036	16,324	7,237	84,336	34,498	30,452	64,950	149,286	115,776	93,181	52,953	16,333	278,243	92,172	79,451	171,623	449,866	492,732
Miscellaneous	16,290	15,678	5,847	3,227	41,042	43,834	56,437	100,271	141,313	22,792	34,339	20,585	2,503	80,219	133,408	120,838	254,246	334,465	382,055
Subtotal	4,557,297	1,500,471	644,215	286,453	6,988,436	1,229,818	1,444,731	2,674,549	9,662,985	44,282,024	4,350,395	1,986,130	905,883	51,524,432	3,412,808	3,999,430	7,412,238	58,936,670	54,268,895
Special event expenses	-	-	-	-	-	-	15,045	15,045	15,045	70	50	47	10	177	48	12,328	12,376	12,553	108,784
Investment management fee	-	-	-	-	-	9,069	-	9,069	9,069	-	-	-	-	-	9,240	-	9,240	9,240	8,396
Total	\$ 4,557,297	\$ 1,500,471	\$ 644,215	\$ 286,453	\$ 6,988,436	\$ 1,238,887	\$ 1,459,776	\$ 2,698,663	\$ 9,687,099	\$ 44,282,094	\$ 4,350,445	\$ 1,986,177	\$ 905,893	\$ 51,524,609	\$ 3,422,096	\$ 4,011,758	\$ 7,433,854	\$ 58,958,463	\$ 54,386,075

See Notes to Financial Statements.

American Jewish World Service, Inc.

Statements of Cash Flows

Four Months Ended April 30, 2014 and Year Ended December 31, 2013

(with summarized comparative financial information for the year ended December 31, 2012)

	Four months ended April 30, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Cash flows from operating activities:			
Change in net assets	\$ 6,291,970	\$ 14,471,209	\$ (2,588,069)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:			
(Recoveries) bad debt	(30,284)	55,356	132,998
Donated securities	(115,931)	(1,355,868)	(1,054,849)
Depreciation and amortization	149,286	449,866	492,732
Net realized and unrealized gains on investments	(74,455)	(137,331)	(66,779)
Actuarial (gain) loss on charitable gift annuity obligation	-	(11,001)	15,558
(Decrease) increase in deferred rent	(15,803)	(12,691)	9,731
Changes in operating assets and liabilities:			
(Increase) decrease in contributions receivable	(1,820,870)	(14,928,064)	272,736
(Increase) decrease in prepaid expenses and other assets	(194,363)	70,745	(17,240)
(Decrease) increase in accounts payable and accrued expenses	(220,163)	(223,953)	416,036
(Decrease) increase in grants payable	(9,081,933)	3,901,095	(1,669,862)
Increase (decrease) in unearned revenue	14,633	35,807	(168,961)
Net cash (used in) provided by operating activities	(5,097,913)	2,315,170	(4,225,969)
Cash flows from investing activities:			
Proceeds from notes receivable	-	-	50,000
Purchases of equipment	(18,335)	(228,485)	(181,066)
Purchases of marketable securities and equities	(5,117,748)	(8,167,431)	(1,209,852)
Proceeds from sale of marketable securities and equities	5,234,377	9,528,449	2,208,502
Net cash provided by investing activities	98,294	1,132,533	867,584
Cash flows from financing activities:			
Contributions subject to charitable gift annuity obligation	6,641	-	4,750
Payments on obligations under charitable gift annuity obligation	(7,647)	(27,939)	(14,605)
Net cash used in financing activities	(1,006)	(27,939)	(9,855)
Net (decrease) increase in cash and cash equivalents	(5,000,625)	3,419,764	(3,368,240)
Cash and cash equivalents:			
Beginning	18,075,754	14,655,990	18,024,230
Ending	<u>\$ 13,075,129</u>	<u>\$ 18,075,754</u>	<u>\$ 14,655,990</u>

See Notes to Financial Statements.

American Jewish World Service, Inc.

Notes to Financial Statements

(with summarized comparative information as of and for the year ended December 31, 2012)

Note 1. Organization

American Jewish World Service, Inc. ("AJWS"), a not-for-profit organization incorporated under the laws of the State of New York, is the leading Jewish organization working to promote human rights and end poverty in the developing world. AJWS advances the health and rights of women, girls and LGBT people; promotes recovery from conflict, disasters and oppression; and defends access to food, land and livelihoods. AJWS pursues lasting change by supporting grassroots and global human rights organizations in Africa, Asia, Latin America and the Caribbean and by mobilizing supporters in the U.S. to advocate for global justice. Working together, the AJWS community strives to build a more just and equitable world.

Note 2. Significant Accounting Policies

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Fiscal Year Change: AJWS has changed its fiscal year end from December 31 to April 30. As a result, the accompanying financial statements reflect a 12-month period from January 1, 2013 to December 31, 2013 and a 4-month period from January 1, 2014 to April 30, 2014.

Cash and Cash Equivalents: AJWS maintains cash in bank accounts which, at times, may exceed federally insured limits. AJWS has not experienced any losses in such accounts.

For the purpose of the statements of cash flows, AJWS considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Investments: Investments are stated at fair value, which is the prevailing market value, in the accompanying statements of financial position. Realized and unrealized gains and losses are recognized in change in net assets in the statements of activities.

Property and Equipment: AJWS's policy for capitalization of property and equipment is limited to purchases of \$1,000 and more. Property and equipment (consisting of leasehold improvements, furniture and office equipment) is recorded at cost or, if donated, at fair value at the date of donation. Depreciation and amortization are recorded using the straight-line method over the lesser of the estimated useful life of the assets or lease term.

Revenue Recognition and Classification of Net Assets: AJWS reports gifts of cash and other assets as restricted support 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, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unconditional promises due in less than one year are recorded at their net realizable value. Unconditional promises to give due in one year or more are recorded at the present value of their net realizable value, using a discount rate, which also considers the credit risk factors of the donor at the time the promise is received. Amortization of the discount is offset against contributions revenue. Allowance for doubtful contributions received is provided by management based on AJWS's experience with the donors and their ability to pay.

Study tour revenue is recognized in the period the trip takes place. Study tour revenue received in advance is recognized as unearned revenue.

AJWS receives certain contributed services and materials that meet the criteria established by Accounting Standards Codification ("ASC") 958 for recognition as contributions.

American Jewish World Service, Inc.

Notes to Financial Statements

(with summarized comparative information as of and for the year ended December 31, 2012)

Note 2. Significant Accounting Policies (Continued)

AJWS sent several hundred unpaid volunteers to work with AJWS's grassroot partners overseas. The volunteers made a significant contribution of time and services that have helped develop AJWS's programs at these organizations. In 2012, AJWS recognized \$325,000 in contributed time and services related to these volunteers; however, many of the volunteers in 2013 and 2012 did not meet the criteria for recognition under ASC 958 and, therefore, the value of their contributed time and services are not reflected in the financial statements.

The restricted net assets line includes both permanently and temporarily restricted net assets. Permanently restricted net assets totaled \$9,300 at April 30, 2014, December 31, 2013 and 2012.

Temporarily restricted net assets contain donor-imposed restrictions that permit AJWS to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of AJWS.

Permanently restricted net assets contain donor-imposed restrictions that stipulate that resources be maintained permanently, but permit AJWS to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Expenses: The costs of providing program services and supporting services have been allocated in the financial statements among functional categories depending upon the ultimate purpose of the expense. Functional expenses that are not exclusively attributable to program services or supporting services have been allocated by management in accordance with various criteria.

Grants are recorded as an expense and a payable when grants are approved and communicated to the grantees. All grants payable are expected to be paid within the following year except \$523,050, which is expected to be paid in fiscal year 2016.

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 and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Information: The financial statements include certain prior-year (2012) summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with AJWS's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

For comparison, certain 2012 amounts have been reclassified, where appropriate, to conform to the financial statement presentation used in 2014 and 2013. Such reclassifications had no effect on the reported 2012 total assets, liabilities, net assets and change in net assets.

Fair Value: AJWS applies Financial Accounting Standards Board ("FASB") ASC 820, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles. ASC 820 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in ASC 820, fair value is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, AJWS uses various methods including market price, income and cost approaches. Based on these approaches, AJWS often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. AJWS utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation

Notes to Financial Statements

(with summarized comparative information as of and for the year ended December 31, 2012)

Note 2. Significant Accounting Policies (Continued)

techniques, AJWS is required to provide the following information according to the fair value hierarchy, which ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1: Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2: Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or that can be derived principally from or corroborated by observable market data.
- Level 3: Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

For the four months ended April 30, 2014 and years ended December 31, 2013 and 2012, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market price activity of the instrument.

Income Taxes: AJWS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and from state income taxes. In addition, AJWS is not classified as a private foundation.

AJWS has adopted the standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, AJWS may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated AJWS's tax positions and concluded that AJWS had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Generally, AJWS is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2010, which is the standard statute of limitations look-back period.

Subsequent Events: AJWS evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available for issuance, which was August 15, 2014 for these financial statements.

American Jewish World Service, Inc.

Notes to Financial Statements

(with summarized comparative information as of and for the year ended December 31, 2012)

Note 3. Contributions and Contributions Receivable

Contributions receivable were expected to be collected as follows:

	<u>April 30, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Within one year	\$ 10,511,887	\$ 8,144,727	\$ 3,706,091
One to five years	<u>11,736,600</u>	<u>12,331,600</u>	<u>1,975,000</u>
	22,248,487	20,476,327	5,681,091
Less discount to present value at rates ranging from 0.28% to 0.70%	(49,009)	(56,201)	(9,730)
Allowance for uncollectibles	<u>(70,852)</u>	<u>(101,136)</u>	<u>(113,373)</u>
	<u>\$ 22,128,626</u>	<u>\$ 20,318,990</u>	<u>\$ 5,557,988</u>

In addition to the contributions receivable noted above, certain donors provided conditional contributions or have confirmed their intentions to recommend annual contributions over a period of one to five years, as follows (approximately):

	<u>April 30, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Conditional receivables	<u>\$ 2,501,000</u>	<u>\$ 1,736,000</u>	<u>\$ 1,259,000</u>

These anticipated contributions have not been recognized in the accompanying financial statements as they do not meet the criteria for recognition of contributions revenue under FASB ASC 958-605.

A significant portion of AJWS's total contributions and revenue, excluding donated services and materials, were provided by one contributor during the four months ended April 30, 2014, two contributors during the year ended December 31, 2013 and one contributor during the year ended December 31, 2012. These contributions amounted to 82%, 70% and 62%, respectively, when donor-advised funds from one of the contributors is included. When donor-advised contributions are excluded, the percentages become 58%, 55% and 36% during the four months ended April 30, 2014 and the years ended December 31, 2013 and 2012, respectively.

The receivable balances related to these contributions amounted to \$18,606,285 and \$14,606,285 at April 30, 2014 and December 31, 2013, respectively, which equals 84% and 71% of the total contributions receivable (gross) at April 30, 2014 and December 31, 2013, respectively. There was no receivable balance from these contributors as of December 31, 2012.

American Jewish World Service, Inc.

Notes to Financial Statements

(with summarized comparative information as of and for the year ended December 31, 2012)

Note 4. Investments and Fair Value Measurements

Investments consist of the following as of April 30, 2014:

Description	Fair value	Fair value measurements using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets:				
Cash and cash equivalents:				
Money market funds	\$ 3,616,486	\$ 3,616,486	\$ -	\$ -
Investments:				
Money market funds	348,483	348,483	-	-
Exchange-traded fund	3,039,297	3,039,297	-	-
Mutual funds	3,928,570	3,928,570	-	-
Bonds:				
Government securities	109,380	-	109,380	-
Municipal bond	168,675	-	168,675	-
Subtotal of investments	7,594,405	7,316,350	278,055	-
Total	\$ 11,210,891	\$ 10,932,836	\$ 278,055	\$ -

American Jewish World Service, Inc.

Notes to Financial Statements

(with summarized comparative information as of and for the year ended December 31, 2012)

Note 4. Investments and Fair Value Measurements (Continued)

Investments consist of the following as of December 31, 2013:

Description	Fair value	Fair value measurements using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets:				
Cash and cash equivalents:				
Money market funds	\$ 3,639,746	\$ 3,639,746	\$ -	\$ -
Investments:				
Money market funds	5,108,187	5,108,187	-	-
Exchange-traded fund	1,263,501	1,263,501	-	-
Mutual funds	680,683	680,683	-	-
Bonds:				
Government securities	259,763	-	259,763	-
Municipal bond	164,589	-	164,589	-
Corporate notes	2,407	2,407	-	-
Subtotal of investments	7,479,130	7,054,778	424,352	-
Total	\$ 11,118,876	\$ 10,694,524	\$ 424,352	\$ -

American Jewish World Service, Inc.

Notes to Financial Statements
(with summarized comparative information as of and for the year ended December 31, 2012)

Note 4. Investments and Fair Value Measurements (Continued)

Investments consist of the following as of December 31, 2012:

Description	Fair value	Fair value measurements using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets:				
Cash and cash equivalents:				
Money market funds	\$ 8,884,338	\$ 8,884,338	\$ -	\$ -
Investments:				
Money market funds	181,741	181,741	-	-
Exchange-traded fund	680,895	680,895	-	-
Bonds:				
Government securities	832,765	-	832,765	-
Fixed income	336,262	-	336,262	-
Municipal bond	179,567	-	179,567	-
Corporate notes	5,024,013	5,024,013	-	-
Subtotal of investments	7,235,243	5,886,649	1,348,594	-
Total	\$ 16,119,581	\$ 14,770,987	\$ 1,348,594	\$ -

Investments held in money market funds are held at two financial institutions and corporate notes are held at one financial institution.

The activities of AJWS's investments are as follows:

	Four months ended April 30, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Beginning balance	\$ 7,479,130	\$ 7,235,243	\$ 7,112,265
Donated securities	115,931	1,355,868	1,054,849
Proceeds from sales	(5,234,377)	(9,528,449)	(2,208,502)
Investment return	115,973	249,037	172,978
Purchases	5,117,748	8,167,431	1,103,653
Ending balance	<u>\$ 7,594,405</u>	<u>\$ 7,479,130</u>	<u>\$ 7,235,243</u>

American Jewish World Service, Inc.

Notes to Financial Statements

(with summarized comparative information as of and for the year ended December 31, 2012)

Note 4. Investments and Fair Value Measurements (Continued)

The components of investment return are as follows:

	<u>Four months ended April 30, 2014</u>	<u>Year ended December 31, 2013</u>	<u>Year ended December 31, 2012</u>
Interest and dividend income	\$ 52,736	\$ 120,379	\$ 132,219
Realized (losses) gains	(11,094)	36,299	(8,267)
Unrealized gains	85,549	101,032	75,046
Management fees	(10,826)	(15,901)	(15,803)
Change in accrued interest and others	(392)	7,228	(10,217)
	<u>\$ 115,973</u>	<u>\$ 249,037</u>	<u>\$ 172,978</u>

Note 5. Property and Equipment

Property and equipment, at cost, are as follows:

	<u>April 30, 2014</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>Depreciation/ amortization period</u>
Computer equipment	\$ 909,839	\$ 903,552	\$ 731,553	3 years
Computer software	646,071	646,071	604,617	4 years
Office equipment	390,166	390,166	386,682	5 years
Office furniture	718,618	718,618	709,269	10 years
Leasehold improvements	1,762,877	1,750,829	1,748,630	Lease Term
	4,427,571	4,409,236	4,180,751	
Less accumulated depreciation and amortization	<u>(3,324,426)</u>	<u>(3,175,140)</u>	<u>(2,725,274)</u>	
	<u>\$ 1,103,145</u>	<u>\$ 1,234,096</u>	<u>\$ 1,455,477</u>	

Depreciation and amortization expense are as follows:

	<u>Four months ended April 30, 2014</u>	<u>Year ended December 31, 2013</u>	<u>Year ended December 31, 2012</u>
Depreciation and amortization	<u>\$ 149,286</u>	<u>\$ 449,866</u>	<u>\$ 492,732</u>

American Jewish World Service, Inc.

Notes to Financial Statements

(with summarized comparative information as of and for the year ended December 31, 2012)

Note 6. Charitable Gift Annuity Obligations

AJWS has established a gift annuity program, whereby donors may contribute assets to AJWS in exchange for the right to receive a fixed-dollar annual return during their lifetimes. A portion of the transfer is considered to be a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuities and the present value of the liabilities for future payments, determined on an actuarial basis, is recognized as an unrestricted contribution on the date of the gift.

The actuarial gains (losses) and appreciation (amortization) of the present value discount on annuity obligations are recorded as miscellaneous unrestricted revenue as follows:

	Four months ended April 30, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Actuarial gains (losses) and appreciation (amortization)	<u>\$ -</u>	<u>\$ 11,001</u>	<u>\$ (15,558)</u>

Note 7. Restricted Net Assets

Restricted net assets are restricted for the following purposes as:

	April 30, 2014	December 31, 2013	December 31, 2012
International	\$ 18,989,477	\$ 19,027,546	\$ 4,735,913
National	894,724	621,357	550,554
Communications	344,348	-	-
Strategic Learning, Research and Evaluation	58,444	-	185,000
Finance and Administration	754,893	281,987	378,376
Development	287,650	287,650	425,000
Time-restricted	1,915,318	2,140,357	1,821,220
Philanthropy	366,411	362,778	362,513
Permanently restricted endowment	9,300	9,300	9,300
	<u>\$ 23,620,565</u>	<u>\$ 22,730,975</u>	<u>\$ 8,467,876</u>

American Jewish World Service, Inc.

Notes to Financial Statements

(with summarized comparative information as of and for the year ended December 31, 2012)

Note 7. Restricted Net Assets (Continued)

Net assets released from restrictions consist of the following:

	Four months ended April 30, 2014	Year ended December 31, 2013	Year ended December 31, 2012
International	\$ 1,661,420	\$ 13,819,670	\$ 13,833,468
National	650,768	2,527,501	4,011,146
Communications	155,652	750,000	652,375
Strategic Learning, Research and Evaluation	41,556	485,000	-
Finance and Administration	227,093	796,389	820,592
Development	620,000	926,750	500,000
Time-restricted	227,348	733,194	385,974
Philanthropy	-	75,837	141,795
	<u>\$ 3,583,837</u>	<u>\$ 20,114,341</u>	<u>\$ 20,345,350</u>

Note 8. Board-Designated Net Assets

Unrestricted net assets represent the portion of expendable funds that are available for support of AJWS's operations. This line item also includes the net assets of a reserve fund, which are designated by the board of trustees. The objective of the reserve fund is to meet expenses occurring during times of financial shortfall. The amounts designated by the board of trustees for reserve funds are as follows:

	April 30, 2014	December 31, 2013	December 31, 2012
Board-designated for reserve funds	<u>\$ 4,491,321</u>	<u>\$ 4,443,861</u>	<u>\$ 3,858,331</u>

Note 9. Donor-Advised Fund

AJWS has a donor-advised fund (the "Fund") within the meaning of Section 4966(d)(2) of the Internal Revenue Code of 1986, for the purpose of facilitating grants to non-U.S. grantee organizations. The Fund is owned and controlled by AJWS, which serves as the "sponsoring organization" of the Fund within the meaning of Code Section 4966(d)(1). The assets of the Fund include the initial gift made upon its creation and any subsequent gifts. The Fund's assets are held as cash or cash equivalents, with any earnings from the investment of the assets of the Fund transferred to AJWS for its own charitable purposes and operations. AJWS makes grants from the Fund based on donor recommendations with all donor-imposed restrictions being honored by AJWS; however, AJWS has full discretion to accept or reject a grant recommendation.

Revenue for granting purposes is as follows:

	Four months ended April 30, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Donor-advised fund, net of administrative fees	<u>\$ 8,912,522</u>	<u>\$ 24,106,561</u>	<u>\$ 19,960,626</u>

American Jewish World Service, Inc.

Notes to Financial Statements
(with summarized comparative information as of and for the year ended December 31, 2012)

Note 9. Donor-Advised Fund (Continued)

Grants expense from the Fund is as follows:

	Four months ended April 30, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Program grants (donor-advised)	\$ 2,499,384	\$ 25,526,817	\$ 18,266,671

Note 10. Joint Costs

AJWS produced several publications to educate the public that included appeals for contributions. Joint costs were incurred and allocated as follows:

	Four months ended April 30, 2014	Year ended December 31, 2013	Year ended December 31, 2012
International	\$ -	\$ -	\$ 4,136
National	3,975	15,900	18,166
Communications	17,626	74,355	69,687
Development	3,975	22,567	18,273
Finance and Administration	-	6,667	2,143
	\$ 25,576	\$ 119,489	\$ 112,405

Note 11. 403(b) Plan

AJWS established a 403(b) plan, available to all eligible employees who qualify, under Section 401(a) of the Code. AJWS also makes a safe-harbor matching contribution to each participant who makes salary deferrals to the plan. Employer contributions under the plan are as follows:

	Four months ended April 30, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Employer 403(b) plan contributions	\$ 123,906	\$ 366,859	\$ 348,756

Note 12. Contingencies

In 2014, the donor-advised fund awarded certain conditional grants to various grantee organizations. The remaining portions of these grants are conditional to AJWS's determination of the grantees' proper use of the previously distributed funds as well as sufficient funds being on deposit with AJWS. Conditional grants as of April 30, 2014 amounted to approximately \$10,045,000.

Various claims and regulatory reviews arise in the ordinary course of AJWS's activities. Based upon information currently available, management believes that any liability arising from them will not materially affect the financial position or operations of AJWS.

American Jewish World Service, Inc.

Notes to Financial Statements

(with summarized comparative information as of and for the year ended December 31, 2012)

Note 13. Commitments

AJWS leases its office space under noncancelable operating leases expiring in June 2017. Rents under these leases are subject to escalations for their share of increases in real estate taxes. AJWS subleased part of its office space under noncancelable operating leases. Sublease income under the leases amounted to approximately \$29,000, \$84,000 and \$79,000 for the four months ended April 30, 2014 and years ended December 31, 2013 and 2012, respectively. Minimum future obligations under the leases, net of sublease income and exclusive of required payments for increases in real estate taxes, are as follows:

Year ending April 30,	Gross Rent	Sublease	Net Total
2015	\$ 1,131,731	\$ (40,332)	\$ 1,091,399
2016	1,005,715	-	1,005,715
2017	1,025,040	-	1,025,040
2018	183,966	-	183,966
	<u>\$ 3,346,452</u>	<u>\$ (40,332)</u>	<u>\$ 3,306,120</u>

Rent expense under these leases (inclusive of escalations) charged to operations amounted to approximately \$365,000, \$1,099,000 and \$1,060,000 for the four months ended April 30, 2014 and years ended December 31, 2013 and 2012, respectively.

For financial statement purposes, rent expense is recognized on a straight-line basis over the term of the lease. The difference between rental payments made under these leases and rent expense calculated on a straight-line basis is reflected in the accompanying statements of financial position as deferred rent.

Note 14. Donated Services and Goods

AJWS received specialized service volunteers and donated goods, which are recorded in the accompanying financial statements at fair value as follows (approximately):

	Four months ended April 30, 2014	Year ended December 31, 2013	Year ended December 31, 2012
Volunteer services	\$ -	\$ -	\$ 325,000
Legal services	22,000	60,000	120,000
Donated goods	3,000	-	-
	<u>\$ 25,000</u>	<u>\$ 60,000</u>	<u>\$ 445,000</u>

Notes to Financial Statements

(with summarized comparative information as of and for the year ended December 31, 2012)

Note 15. Endowments

AJWS is subject to the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), and has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. AJWS classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by AJWS in a manner consistent with the standard of prudence prescribed by NYPMIFA.

AJWS's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. In conjunction with a contribution received by AJWS in 2009, AJWS has established a fund designated for long-term ("LT") investments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of trustees has determined that when AJWS receives a contribution and the donor restricts AJWS from spending the principal, New York law requires AJWS to maintain the original historical dollar value of the contribution received as an endowment. This amount is recorded as permanently restricted and income from interest and dividends is recorded as unrestricted or temporarily restricted, depending on the donor's specification.

AJWS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that AJWS must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that provide a high total return (income and capital gains) over the long term, consistent with the preservation of principal. AJWS expects that earnings growth will match or exceed inflation and that the real (i.e., inflation-adjusted) value of the endowment will be maintained. Actual returns in any given year may vary.

To satisfy its long-term rate-of-return objectives, AJWS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

AJWS's board of trustees determines the amount of appropriation each year. In establishing this policy, AJWS considered the long-term expected return on its endowment. Accordingly, over the long term, AJWS expects the current spending policy to support the objective of maintaining the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

American Jewish World Service, Inc.

Notes to Financial Statements
(with summarized comparative information as of and for the year ended December 31, 2012)

Note 15. Endowments (Continued)

Endowment net asset composition by type of fund as of April 30, 2014 is as follows:

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Undesignated	LT Investment			
Donor-restricted endowment funds	\$ -	\$ -	\$ 3,399	\$ 9,300	\$ 12,699
Board-designated endowment funds	-	2,165,014	-	-	2,165,014
Total funds	\$ -	\$ 2,165,014	\$ 3,399	\$ 9,300	\$ 2,177,713

Endowment net asset composition by type of fund as of December 31, 2013 is as follows:

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Undesignated	LT Investment			
Donor-restricted endowment funds	\$ -	\$ -	\$ 3,399	\$ 9,300	\$ 12,699
Board-designated endowment funds	-	2,121,200	-	-	2,121,200
Total funds	\$ -	\$ 2,121,200	\$ 3,399	\$ 9,300	\$ 2,133,899

Endowment net asset composition by type of fund as of December 31, 2012 is as follows:

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Undesignated	LT Investment			
Donor-restricted endowment funds	\$ -	\$ -	\$ 3,399	\$ 9,300	\$ 12,699
Board-designated endowment funds	-	2,037,438	-	-	2,037,438
Total funds	\$ -	\$ 2,037,438	\$ 3,399	\$ 9,300	\$ 2,050,137

American Jewish World Service, Inc.

Notes to Financial Statements
(with summarized comparative information as of and for the year ended December 31, 2012)

Note 15. Endowments (Continued)

Changes in endowment net assets for the years ended December 31, 2012 and 2013 and the four months ended April 30, 2014 are as follows:

	Unrestricted		Temporarily Restricted	Permanently Restricted	Total
	Undesignated	LT Investment			
Endowment net assets, December 31, 2011	\$ 90,311	\$ 2,000,000	\$ 3,399	\$ 9,300	\$ 2,103,010
Investment return:					
Investment income	-	70,630	-	-	70,630
Unrealized and realized gains	-	75,204	-	-	75,204
Total investment return	-	145,834	-	-	145,834
Investment expenses:					
Management fee	-	(8,396)	-	-	(8,396)
Appropriation of endowment assets for expenditure:					
Assets for expenditure	100,000	(100,000)	-	-	-
Release of funds	(190,311)	-	-	-	(190,311)
Total appropriation of endowment assets for expenditures	(90,311)	(100,000)	-	-	(190,311)
Endowment net assets, December 31, 2012	-	2,037,438	3,399	9,300	2,050,137
Investment return:					
Investment income	-	70,805	-	-	70,805
Unrealized and realized gains	-	121,407	-	-	121,407
Total investment return	-	192,212	-	-	192,212
Investment expenses:					
Management fee	-	(8,450)	-	-	(8,450)
Appropriation of endowment assets for expenditure:					
Assets for expenditure	100,000	(100,000)	-	-	-
Release of funds	(100,000)	-	-	-	(100,000)
Total appropriation of endowment assets for expenditures	-	(100,000)	-	-	(100,000)
Endowment net assets, December 31, 2013	-	2,121,200	3,399	9,300	2,133,899
Investment return:					
Investment income	-	17,281	-	-	17,281
Unrealized and realized gains	-	29,186	-	-	29,186
Total investment return	-	46,467	-	-	46,467
Investment expenses:					
Management fee	-	(2,653)	-	-	(2,653)
Endowment net assets, April 30, 2014	\$ -	\$ 2,165,014	\$ 3,399	\$ 9,300	\$ 2,177,713

American Jewish World Service, Inc.

Notes to Financial Statements

(with summarized comparative information as of and for the year ended December 31, 2012)

Note 16. Self-Insured Unemployment

AJWS is required to provide for unemployment claims for former employees by making payments to a state unemployment insurance program or by self-insurance. Since January 2014, AJWS is self-insured for unemployment claims under a plan monitored by a third-party administrator. Annually, the administrator determines AJWS's required contributions to the plan to pay future unemployment claims as they arise. AJWS had a deposit balance in the plan of approximately \$15,500 at April 30, 2014, which is included in prepaid expenses and other assets in the accompanying statement of financial position.

Unemployment claims made through June 30, 2014 remain the responsibility of the state unemployment fund and, beginning with claims made after June 30, 2014, AJWS has responsibility for 25% of such claims increasing to 100% for claims made after March 31, 2015.

In accordance with generally accepted accounting practices, AJWS is required to accrue for expected future claims during the period of employment of those eligible to make unemployment claims. Management has estimated that any accrual at April 30, 2014 would be immaterial to the financial statements and, therefore, no amount has been accrued in these financial statements.