

**WIZO - WOMEN'S INTERNATIONAL  
ZIONIST ORGANIZATION**

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT**

**DECEMBER 31, 2017**

**WIZO - WOMEN'S INTERNATIONAL  
ZIONIST ORGANIZATION**

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## **Independent Auditor's Report**

**Board of Directors  
WIZO - Women's International  
Zionist Organization**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of WIZO - Women's International Zionist Organization, which comprise the balance sheet as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WIZO - Women's International Zionist Organization as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited WIZO - Women's International Zionist Organization's December 31, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Loeb & Troper LLP*

June 27, 2018

**WIZO - WOMEN'S INTERNATIONAL  
ZIONIST ORGANIZATION**

**BALANCE SHEET**

**DECEMBER 31, 2017**

**(With Summarized Financial Information for December 31, 2016)**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,271,999	\$ 3,343,199
Investments (Note 4)	9,647,196	3,811,921
Investments - certificates of deposit	275,654	378,817
Contributions receivable (Note 3)	176,649	383,338
Prepaid expenses	101,289	133,346
Security deposits	15,000	15,000
Office equipment (net of accumulated depreciation of \$99,275 in 2017 and \$133,157 in 2016)	7,735	2,491
Condominium (net of accumulated depreciation of \$82,453 in 2017 and \$79,399 in 2016)	39,681	42,735
	<u>14,535,203</u>	<u>8,110,847</u>
Total assets	<u>\$ 14,535,203</u>	<u>\$ 8,110,847</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 44,452	\$ 66,996
Annuity payable (Note 5)	6,199	6,622
	<u>50,651</u>	<u>73,618</u>
Total liabilities	<u>50,651</u>	<u>73,618</u>
Net assets (Exhibit B)		
Unrestricted	6,332,473	5,453,072
Temporarily restricted (Note 6)	8,152,079	2,584,157
	<u>14,484,552</u>	<u>8,037,229</u>
Total net assets	<u>14,484,552</u>	<u>8,037,229</u>
Total liabilities and net assets	<u>\$ 14,535,203</u>	<u>\$ 8,110,847</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**WIZO - WOMEN'S INTERNATIONAL  
ZIONIST ORGANIZATION**

**EXHIBIT B**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2017  
(With Summarized Financial Information  
for the Year Ended December 31, 2016)**

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
Revenues, gains and other support				
Contributions	\$ 1,648,840	\$ 196,591	\$ 1,845,431	\$ 1,640,127
Bequests	360	7,605,515	7,605,875	1,785
Special events income	\$ 2,672,541			
Direct cost of special events	<u>(847,424)</u>	1,825,117	1,825,117	1,842,159
Membership dues	23,877		23,877	24,494
Investment gain (loss) - net (Note 4)	452,331		452,331	291,831
Net assets released from restrictions (Note 6)	2,247,140	(2,247,140)		
Change in value of split-interest agreements (Note 5)		12,956	12,956	3,937
Total revenues, gains and other support	<u>6,197,665</u>	<u>5,567,922</u>	<u>11,765,587</u>	<u>3,804,333</u>
Expenses (Exhibit C)				
Program services				
Israel projects	<u>4,104,696</u>		<u>4,104,696</u>	<u>3,277,632</u>
Supporting services				
Management and general	340,844		340,844	439,318
Fund raising	<u>872,724</u>		<u>872,724</u>	<u>1,091,245</u>
Total supporting services	<u>1,213,568</u>		<u>1,213,568</u>	<u>1,530,563</u>
Total expenses	<u>5,318,264</u>		<u>5,318,264</u>	<u>4,808,195</u>
Change in net assets (Exhibit D)	879,401	5,567,922	6,447,323	(1,003,862)
Net assets - beginning of year	<u>5,453,072</u>	<u>2,584,157</u>	<u>8,037,229</u>	<u>9,041,091</u>
Net assets - end of year (Exhibit A)	<u>\$ 6,332,473</u>	<u>\$ 8,152,079</u>	<u>\$ 14,484,552</u>	<u>\$ 8,037,229</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**WIZO - WOMEN'S INTERNATIONAL  
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**EXHIBIT C**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2017  
(With Summarized Financial Information  
for the Year Ended December 31, 2016)**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Direct Cost of Special Events</b>	<b>Total</b>	
	<b>Israel Projects</b>	<b>Management and General</b>	<b>Fund Raising</b>		<b>2017</b>	<b>2016</b>
Transfers to Israel for projects	\$ 4,104,696				\$ 4,104,696	\$ 3,277,632
Salaries		\$ 137,712	\$ 321,329		459,041	498,095
Payroll taxes and employee benefits		25,493	59,482		84,975	98,575
Occupancy (Note 7)		23,516	54,871		78,387	77,108
Telephone		1,461	3,410		4,871	5,380
Office, stationery and printing		22,696	21,805		44,501	61,857
Postage		4,895	3,264		8,159	10,468
Professional fees		42,766	15,817		58,583	94,092
Travel		4,708	2,216		6,924	3,718
Maintenance		30,385			30,385	12,829
Membership recruitment			18,144		18,144	9,409
Meetings and conferences			244,386		244,386	428,267
Advertising		1,473	3,437		4,910	7,083
Computer consultants		11,998	27,994		39,992	34,060
Insurance		850	1,983		2,833	601
Credit card fees		425	57,193		57,618	59,904
Food, facility rental and entertainment				\$ 847,424	847,424	840,857
Legal						1,500
Bad debt		16,440			16,440	87,571
Depreciation		1,554	3,626		5,180	6,403
Miscellaneous		14,472	33,767		48,239	33,643
<b>Total expenses</b>	<b>4,104,696</b>	<b>340,844</b>	<b>872,724</b>	<b>847,424</b>	<b>6,165,688</b>	<b>5,649,052</b>
Less expenses deducted directly from revenues on the statement of activities						
Direct cost of special events				(847,424)	(847,424)	(840,857)
<b>Total expenses reported on the statement of activities (Exhibit B)</b>	<b>\$ 4,104,696</b>	<b>\$ 340,844</b>	<b>\$ 872,724</b>	<b>\$ -</b>	<b>\$ 5,318,264</b>	<b>\$ 4,808,195</b>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**WIZO - WOMEN'S INTERNATIONAL  
ZIONIST ORGANIZATION**

**STATEMENT OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 6,447,323	\$ (1,003,862)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	5,180	6,403
Net gain on investments	(208,684)	(84,210)
Change in value of split-interest agreements	(12,956)	(3,937)
Investment gain on investments held for annuity obligations	11,185	2,025
Decrease (increase) in assets		
Contributions receivable	206,689	219,932
Prepaid expenses	32,057	(45,006)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(22,544)	4,892
	<u>6,458,250</u>	<u>(903,763)</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Proceeds from sale of investments	675,056	705,937
Purchase of investments	(6,198,484)	(891,626)
Purchase of fixed assets	(7,370)	
	<u>(5,530,798)</u>	<u>(185,689)</u>
Net cash used by investing activities		
Cash flows from financing activities		
Payments of annuity obligation	(2,500)	(2,500)
Proceeds from investment income subject to annuity agreements	3,848	4,032
	<u>1,348</u>	<u>1,532</u>
Net cash provided by financing activities		
Change in cash and cash equivalents	928,800	(1,087,920)
Cash and cash equivalents - beginning of year	<u>3,343,199</u>	<u>4,431,119</u>
Cash and cash equivalents - end of year	<u>\$ 4,271,999</u>	<u>\$ 3,343,199</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.



**WIZO - WOMEN'S INTERNATIONAL  
ZIONIST ORGANIZATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**NOTE 1 - NATURE OF ORGANIZATION**

WIZO - Women's International Zionist Organization ("WIZO USA") was incorporated in New York State as a not-for-profit corporation in July 1980. WIZO USA is funded primarily by special events, and contributions and bequests to support various social welfare institutions in Israel, such as day care centers, schools, youth clubs, community centers, golden age clubs and other welfare facilities.

WIZO USA has been determined by the Internal Revenue Service to be a charitable organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of accounting* - The financial statements are prepared on the accrual basis of accounting.

*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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and cash equivalents* - Cash equivalents consist of highly liquid instruments with original maturities when acquired of three months or less.

*Investments* - Investments are recorded at fair value. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based upon the markets' fluctuations, and that such changes could materially affect the financial statements.

*Investments - certificates of deposit* - Certificates of deposit have maturity dates of more than three months and are considered investments for purposes of cash flow reporting.

*Contributions receivable* - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the present value of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

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**WIZO - WOMEN'S INTERNATIONAL  
ZIONIST ORGANIZATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Allowance for doubtful accounts* - WIZO USA determines whether an allowance for uncollectibles should be provided for contributions receivable. Such estimates are based on management's assessments of the aged basis of its contributions, current economic conditions, subsequent receipts and historical information. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted.

*Fixed assets* - Fixed assets with a cost of \$2,000 and an estimated useful life of greater than one year are capitalized. Depreciation of office equipment and the condominium is recorded on the straight-line method over estimated useful lives of five to seven years and twenty years, respectively.

*Unrestricted net assets* - Unrestricted net assets consist of net assets having no restriction as to use or purpose imposed by donors.

*Temporarily restricted net assets* - Temporarily restricted net assets are those net assets whose use has been limited by donors to a specific time period or purpose.

*Contributions* - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as temporarily restricted or permanently 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 to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Functional allocation of expenses* - The costs of providing the organization's programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Transfers to Israel* - Transfers of funds to Israel for specific programs are recognized when granted by the Board. There were no amounts payable as of December 31, 2017.

*Rent expense* - Rent is recorded on the straight-line basis over the term of the lease. Deferred rent, when material, is recorded for the difference between the fixed payment and the rent expense.

*Advertising* - Advertising costs are expensed as incurred.

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**WIZO - WOMEN'S INTERNATIONAL  
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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Special events* - WIZO USA conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefit received by the participant at the event. All proceeds received are recorded as special events revenue in the accompanying statement of activities.

*Summarized financial information* - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 the organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

***Fair Value Measurements***

*Fair Value Measurements* establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that WIZO USA has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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**WIZO - WOMEN'S INTERNATIONAL  
ZIONIST ORGANIZATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Fair Value Measurements (continued)***

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 as compared to those used at December 31, 2016.

***U.S. government obligations and equities*** - Valued at the closing price reported on the active market on which the individual items are traded.

***Corporate bonds and preferred corporate bonds*** - Valued based on a computerized pricing service, or for less actively traded issues by utilizing a yield-based matrix system to arrive at an estimated market value.

***Foreign bonds*** - Certain foreign bonds are valued at the closing price reported on the active market in which the bonds are traded. Other foreign bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

***Mutual funds*** - Valued at the net asset value (NAV) of shares held at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while WIZO USA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The assets at fair value as of December 31, 2017 are set forth by level within the fair value hierarchy in Note 4.

***Uncertainty in income taxes*** - WIZO USA has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2014 and subsequent remain subject to examination by applicable taxing authorities.

***Subsequent events*** - Subsequent events have been evaluated through June 27, 2018, which is the date the financial statements were available to be issued.

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**WIZO - WOMEN'S INTERNATIONAL  
ZIONIST ORGANIZATION**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**NOTE 3 - CONTRIBUTIONS RECEIVABLE**

WIZO USA receives unconditional promises to give. These promises to give have been discounted to present value using a 3% discount rate. Contributions receivable are due as follows:

2018 and past due	\$ 245,908
2019	70,174
2020	49,067
2021	20,200
2022	<u>8,900</u>
	394,249
Less discount to present value	<u>(7,600)</u>
	386,649
Less allowance for accounts doubtful of collection	<u>(210,000)</u>
	<u>\$ 176,649</u>

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**WIZO - WOMEN'S INTERNATIONAL  
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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**NOTE 4 - INVESTMENTS**

The following table sets forth by level, within the hierarchy, the assets at fair value at December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Corporate bonds	\$ <u>-</u>	\$ <u>774,529</u>	\$ <u>774,529</u>
Preferred corporate bonds	<u>-</u>	<u>1,433,247</u>	<u>1,433,247</u>
U.S. Government obligations - treasury bond	<u>5,589,252</u>	<u>-</u>	<u>5,589,252</u>
U.S. Government obligations - treasury notes	<u>701,440</u>	<u>-</u>	<u>701,440</u>
Foreign bonds	<u>-</u>	<u>133,063</u>	<u>133,063</u>
Mutual funds - closed end	<u>18,160</u>	<u>-</u>	<u>18,160</u>
Equities			
Healthcare	26,040	-	26,040
Logistic services	11,144	-	11,144
Utilities	8,551	-	8,551
Financial	<u>215,898</u>	<u>-</u>	<u>215,898</u>
Total equities	<u>261,633</u>	<u>-</u>	<u>261,633</u>
Total investments reported on the fair value hierarchy	\$ <u>6,570,485</u>	\$ <u>2,340,839</u>	8,911,324
Cash			<u>735,872</u>
Total investments			\$ <u>9,647,196</u>

Investment gain (loss) consists of:

Interest and dividends	\$ 243,647
Unrealized gain	256,610
Realized loss	<u>(47,926)</u>
Net investment gain	\$ <u>452,331</u>

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**WIZO - WOMEN'S INTERNATIONAL  
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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**NOTE 5 - ANNUITY PAYABLE**

WIZO USA is the trustee of a charitable remainder annuity trust received from a donor in which WIZO USA has an irrevocable remainder interest. Under the agreement, WIZO USA invests the donated assets and distributes to the donor designees income generated from those assets until the death of the donor. WIZO USA will be able to utilize that part of the gift in which it has an interest upon the death of the respective life beneficiary. The present value of the annuity payable as of December 31, 2017 is \$6,199. The change in value of the split interest agreement was \$12,956 for the year ended December 31, 2017.

At the time of the gift, and adjusted annually, WIZO USA records contribution income and a liability for amounts payable to annuitants using an actuarial calculation based on estimated mortality rates and other assumptions that could change in the near term. The discount rate used in the calculation is 5%.

The fair value of investments held for the trust as of December 31, 2017 were as follows:

Corporate bonds	\$ 49,859
Preferred corporate bonds	10,240
Equities - financial	<u>7,953</u>
Total	68,052
Cash	<u>12,712</u>
Total assets held for the trust	\$ <u><u>80,764</u></u>

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets in the amount of \$8,293,533 as of December 31, 2017 are available for the following:

Future periods	\$ 288,397
Battered Women and Children	5,863,682
Beit Zipora	<u>2,000,000</u>
	\$ <u><u>8,152,079</u></u>

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**WIZO - WOMEN'S INTERNATIONAL  
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**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS (continued)**

Temporarily restricted net assets were released from donor restrictions by satisfying the following restricted purposes:

Burros Center for Prevention of Violence	\$ 100,000
Battered Women and Children	1,220,346
Terror Victim Emergency Relief	266,511
Passage of time	160,283
Beit Zipora	<u>500,000</u>
	<u>\$ 2,247,140</u>

**NOTE 7 - LEASE COMMITMENT**

On September 1, 2012, WIZO USA entered into a lease agreement expiring August 31, 2020.

Rent expense for 2017 was \$76,701.

Future minimum lease payments are as follows:

2018	\$ 75,833
2019	77,500
2020	<u>51,667</u>
	<u>\$ 205,000</u>

**NOTE 8 - CONCENTRATIONS**

Financial instruments which potentially subject WIZO USA to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

In 2017, WIZO received bequests totaling \$7,605,875 from the estate of two donors.