

**IRANIAN AMERICAN JEWISH FEDERATION
OF NEW YORK, INC.**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

AND

INDEPENDENT AUDITORS' REPORT

FRIEDMAN LLP[®]

ACCOUNTANTS AND ADVISORS

IRANIAN AMERICAN JEWISH FEDERATION OF NEW YORK, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Iranian American Jewish Federation of New York, Inc.

We have audited the accompanying financial statements of Iranian American Jewish Federation of New York, Inc. ("IAJF"), 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.

Auditors' 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 IAJF'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 IAJF'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.

(Continued)

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 Iranian American Jewish Federation of New York, 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 accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Freedman LLP". The signature is written in a cursive, flowing style.

November 12, 2020

IRANIAN AMERICAN JEWISH FEDERATION OF NEW YORK, INC.

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2019	2018
ASSETS		
Cash	\$ 3,298,787	\$ 3,667,218
Pledges receivable, net	4,701,186	4,212,732
Prepaid expenses	14,965	11,971
Total assets	\$ 8,014,938	\$ 7,891,921
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 8,261	\$ 1,025
Net assets		
Without donor restrictions	5,354,177	4,950,896
With donor restrictions	2,652,500	2,940,000
Total net assets	8,006,677	7,890,896
Total liabilities and net assets	\$ 8,014,938	\$ 7,891,921

See notes to financial statements.

IRANIAN AMERICAN JEWISH FEDERATION OF NEW YORK, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions	\$ 4,183,481	\$ 1,526,000	\$ 5,709,481
Events revenue	415,720	-	415,720
Interest income	34,127	-	34,127
Miscellaneous income	811	-	811
Net assets released from restrictions	1,813,500	(1,813,500)	-
Total revenue and support	6,447,639	(287,500)	6,160,139
Expenses			
Program services	5,119,087	-	5,119,087
Management and general	295,968	-	295,968
Fundraising	629,303	-	629,303
Total expenses	6,044,358	-	6,044,358
Change in net assets	403,281	(287,500)	115,781
Net assets, beginning of year	4,950,896	2,940,000	7,890,896
Net assets, end of year	\$ 5,354,177	\$ 2,652,500	\$ 8,006,677

See notes to financial statements.

IRANIAN AMERICAN JEWISH FEDERATION OF NEW YORK, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions	\$ 4,014,739	\$ 2,936,000	\$ 6,950,739
Events revenue	142,805	-	142,805
Interest income	15,378	-	15,378
Net assets released from restrictions	596,000	(596,000)	-
Total revenue and support	4,768,922	2,340,000	7,108,922
Expenses			
Program services	4,399,849	-	4,399,849
Management and general	298,154	-	298,154
Fundraising	428,265	-	428,265
Total expenses	5,126,268	-	5,126,268
Change in net assets	(357,346)	2,340,000	1,982,654
Net assets, beginning of year	5,308,242	600,000	5,908,242
Net assets, end of year	\$ 4,950,896	\$ 2,940,000	\$ 7,890,896

See notes to financial statements.

IRANIAN AMERICAN JEWISH FEDERATION OF NEW YORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Fundraising	Total
Grants and contributions				
Support the needy and victims of terror	\$ 398,000	\$ -	\$ -	\$ 398,000
Social programs	1,619,000	-	-	1,619,000
IDF soldiers	587,000	-	-	587,000
Educational organizations	991,000	-	-	991,000
Other	1,437,235	-	-	1,437,235
Total grants and contributions	5,032,235	-	-	5,032,235
Bank and credit card processing fees	-	-	10,814	10,814
Catering	-	-	60	60
Communications	-	2,201	-	2,201
Compensation and benefits	-	38,209	38,211	76,420
Event expenses	-	-	570,079	570,079
Insurance	-	5,396	-	5,396
Occupancy	-	15,883	-	15,883
Office expenses	-	4,766	10,139	14,905
Professional fees	-	11,000	-	11,000
Program management and development	-	218,513	-	218,513
Young leadership activities	86,852	-	-	86,852
Total functional expenses	\$ 5,119,087	\$ 295,968	\$ 629,303	\$ 6,044,358

See notes to financial statements.

IRANIAN AMERICAN JEWISH FEDERATION OF NEW YORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Fundraising	Total
Grants and contributions				
Support the needy and victims of terror	\$ 350,000	\$ -	\$ -	\$ 350,000
Social programs	1,670,500	-	-	1,670,500
IDF soldiers	576,000	-	-	576,000
Local projects and community assistance	705,987	-	-	705,987
Educational organizations	457,000	-	-	457,000
Other	560,500	-	-	560,500
Total grants and contributions	4,319,987	-	-	4,319,987
Bank and credit card processing fees	-	-	9,760	9,760
Communications	-	3,826	-	3,826
Compensation and benefits	-	41,172	41,174	82,346
Event expenses	-	-	364,506	364,506
Insurance	-	5,263	-	5,263
Occupancy	-	15,410	-	15,410
Office expenses	-	6,757	12,825	19,582
Professional fees	-	22,040	-	22,040
Program management and development	-	203,089	-	203,089
Program travel	-	597	-	597
Young leadership activities	79,862	-	-	79,862
Total functional expenses	\$ 4,399,849	\$ 298,154	\$ 428,265	\$ 5,126,268

See notes to financial statements.

IRANIAN AMERICAN JEWISH FEDERATION OF NEW YORK, INC.

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 115,781	\$ 1,982,654
Adjustments to reconcile change in net assets to net cash used in operating activities		
Changes in assets and liabilities		
Pledges receivable	(488,454)	(2,189,862)
Prepaid expenses	(2,994)	(11,971)
Accounts payable and accrued expenses	7,236	1,025
Deferred revenue	-	(20,000)
Net cash used in operating activities	(368,431)	(238,154)
Cash, beginning of year	3,667,218	3,905,372
Cash, end of year	\$ 3,298,787	\$ 3,667,218

See notes to financial statements.

IRANIAN AMERICAN JEWISH FEDERATION OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

1 - ORGANIZATION

The Iranian American Jewish Federation of New York, Inc. (“IAJF”) is a not-for-profit organization that was incorporated in 2002. Its primary function is to provide financial support to other charitable organizations which promote social, educational and other charitable services in the United States and Israel. It also provides social services to poor and disadvantaged individuals in the Iranian American Jewish community.

IAJF’s mission is to support social, educational, recreational, and medical programs via disbursing grants and contributions to other charitable organizations or individuals; to establish unity among Iranian Jews in the greater New York metropolitan area; to create an influential voice for the community; to empower the next generation of leaders through education, public affairs, and business; and to act as a conduit between the community and other groups.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

IAJF’s financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The financial statement presentation is in accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 958, “Not-for-Profit Entities”. Under ASC 958, the IAJF is required to report information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions. Net assets without donor restrictions are those net assets that are not subject to donor-imposed restrictions. Net assets with donor restrictions are subject to donor stipulations that limit the use of their contributions, which either expire by the passage of time or when used for specified purposes.

New Accounting Pronouncements Recently Adopted

IAJF adopted Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers” (Topic 606) as amended, effective January 1, 2019, using the modified retrospective transition method in connection with the IAJF’s special events revenues. This new accounting standard outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. This standard supersedes existing revenue recognition requirements and eliminates most industry-specific guidance from GAAP. The core principle of the new accounting standard is to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Management has determined that no judgement is necessary in the recognition of special events revenue. Revenue from special events are recognized at the point in time when the related services have been rendered.

IRANIAN AMERICAN JEWISH FEDERATION OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements Recently Adopted (Continued)

The IAJF also adopted ASU No. 2018-08, “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made”, for the year ended December 31, 2019 using the modified prospective approach. The ASU amends the new revenue recognition standard and long-standing contribution accounting guidance.

This ASU provides a more robust framework to determine when a transaction should be accounted for as a grant or as an exchange transaction and provides additional guidance about how to determine whether a grant is conditional. Contributions of cash or non-cash assets are considered conditional when the underlying agreement includes a performance barrier and a right of return or a right to release promised assets exists. Conditional promises to give are not recognized until the performance barrier and the right of return or release have been overcome. There was no restatement or cumulative effect to the financial statements as a result of adoption.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash balances in banks are insured by the Federal Deposit Insurance Corporation subject to certain limitations. For purposes of the statement of cash flows, IAJF considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Pledges Receivable

Pledges receivable are recorded at net realizable value if expected to be collected in one year and, if material, multiyear receivables are recorded at the present value of their estimated future cash flow. Amortization of the discount is included in contribution revenue. IAJF’s allowance for uncollectible pledges is based on management’s estimates of the creditworthiness of its contributors, current economic conditions and historical information. It is IAJF’s policy to charge off uncollectible receivables when management determines the individual outstanding pledge balance is deemed uncollectible. As of December 31, 2019 and 2018, pledges receivable were stated at the amount management expects to collect and no allowance was deemed necessary.

Revenue Recognition

All contributions are generally available for use in the year received unless specifically restricted by the donor. Support with donor restrictions whose restrictions are met in the same reporting period are shown as support without donor restrictions.

IRANIAN AMERICAN JEWISH FEDERATION OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions of cash and other assets are reported as support with donor restrictions if they are received with donor-imposed restrictions that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income Taxes

IAJF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding state provisions.

Functional Allocation of Expenses

The costs of providing IAJF's programs and other activities have been presented in the statement of functional expenses. Such costs are segregated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. IAJF allocates indirect costs by full-time equivalents under each activity.

Subsequent Events

These financial statements were approved by management and available for issuance on November 12, 2020. Management has evaluated subsequent events through this date.

3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The IAJF's financial assets available within one year of the statements of financial position date for general expenditures consist of the following components:

	Year Ended December 31,	
	2019	2018
Cash	\$ 3,298,787	\$ 3,667,218
Pledges receivable	4,740,650	4,281,950
Less those unavailable for general expenditures within one year	(1,182,500)	(1,202,500)
Total financial assets available within one year	\$ 6,856,937	\$ 6,746,668

IRANIAN AMERICAN JEWISH FEDERATION OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

3 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The IAJF has a goal to maintain financial assets, which consist of those disclosed above, on hand to meet six months of normal operating expenses, based on the annual approved budget. Excess funds will be primarily invested in an interest-bearing money market account.

To achieve the aforementioned goals, the IAJF utilizes cash forecasting for its future cash flows and monitors its levels of liquidity on a quarterly basis, while performing a reserve analysis annually. During each of the years ended December 31, 2019 and 2018, the levels of liquidity and reserves have satisfied the aforementioned policy requirements.

4 - PLEDGES RECEIVABLE

The IAJF received unconditional promises to give, restricted by time. Noncurrent pledges receivable have been discounted over the payment period using a discount rate of 2.988%. Outstanding pledges receivable were as follows as of December 31, 2019:

Amounts due in	
Less than one year	\$ 3,558,150
2021	695,000
2022	337,500
2023	150,000
	<hr/> 4,740,650
Discount on multi-year pledges receivable	(39,464)
Pledges receivable, net	<hr/> \$ 4,701,186

5 - CONCENTRATION OF RISK

Three donors accounted for approximately 16%, 13% and 12% of contributions during 2019. As of December 31, 2019, four donors accounted for approximately 19%, 16%, 12% and 11% of pledges receivable.

Four donors accounted for approximately 14%, 14%, 13% and 11% of contributions during 2018. As of December 31, 2018, three of these donors accounted for approximately 21%, 18% and 18% of pledges receivable.

IRANIAN AMERICAN JEWISH FEDERATION OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

6 - NET ASSETS WITH DONOR RESTRICTIONS

The following summarizes the changes in net assets with donor restrictions:

2019				
Program	Balance, January 1, 2019	Contributions	Released from Restrictions	Balance, December 31, 2019
Tel Aviv University	\$ 500,000	\$ -	\$ (500,000)	\$ -
Beit Ruth	1,500,000	50,000	(487,500)	1,062,500
Maccabee	-	61,000	(61,000)	-
Hadassah	275,000	-	(100,000)	175,000
Sunrise LI Day Camp	90,000	-	(25,000)	65,000
United Jewish Appeal	450,000	450,000	(450,000)	450,000
Iranian Jewish Centre	75,000	-	(25,000)	50,000
Amigour	50,000	750,000	(50,000)	750,000
Boys Town Project	-	25,000	(25,000)	-
Rachashei Lev	-	80,000	(80,000)	-
FIDF	-	75,000	-	75,000
Beit Dror	-	10,000	(10,000)	-
Jewish Day School	-	25,000	-	25,000
	\$ 2,940,000	\$ 1,526,000	\$ (1,813,500)	\$ 2,652,500

2018				
Program	Balance, January 1, 2018	Contributions	Released from Restrictions	Balance, December 31, 2018
Tel Aviv University	\$ 500,000	\$ -	\$ -	\$ 500,000
Beit Ruth	-	2,000,000	(500,000)	1,500,000
Maccabee	-	61,000	(61,000)	-
Jewish National Fund	-	10,000	(10,000)	-
Hadassah	-	275,000	-	275,000
Sunrise LI Day Camp	-	90,000	-	90,000
United Jewish Appeal	-	450,000	-	450,000
Iranian Jewish Centre	100,000	-	(25,000)	75,000
Amigour	-	50,000	-	50,000
	\$ 600,000	\$ 2,936,000	\$ (596,000)	\$ 2,940,000

IRANIAN AMERICAN JEWISH FEDERATION OF NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

7 - RELATED PARTY TRANSACTIONS

Members of the Board of Directors and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with IAJF. IAJF has a written ethics and conflicts policy that requires, among other things, annual disclosure of interests or affiliations that could be construed as creating a conflict or the appearance of a conflict with the interests of IAJF. The ethics and conflicts policy requires that no member of the Board of Directors or senior management can participate in any decision in which he or she, or an immediate family member, has a material financial interest. Each trustee and member of senior management is required to certify compliance with the ethics and conflicts policy on an annual basis and indicate whether IAJF does business with an entity in which he or she has a material financial interest. When such relationship exists, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of IAJF, and in accordance with applicable conflict of interest laws. No such associations are considered to be significant as of and for the years ended December 31, 2019 and 2018.

8 - COMMITMENTS

The IAJF has entered into various agreements in which management has authorized for grants to be paid to specific organizations through the year ending December 31, 2026. Future commitments are as follows:

Year Ending December 31,	
2020	\$ 1,549,000
2021	1,189,000
2022	900,000
2023	750,000
2024	650,000
Thereafter	1,650,000
	<u>\$ 6,688,000</u>

9 - SUBSEQUENT EVENTS

The spread of a novel strain of coronavirus ("COVID-19") around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the IAJF is unable to determine if it will have a material impact on its operations.