

GIVAT HAVIVA EDUCATIONAL FOUNDATION, INC.
(A Non-for-profit Organization)
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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ESHEL·AMINOV & PARTNERS LLP

Certified Public Accountants

Under Exclusive Cooperation

Independent Auditors' Report

To the Board of Directors
Givat Haviva Educational Foundation, Inc.

We have audited the accompanying financial statements of Givat Haviva Educational Foundation, Inc. (a nonprofit organization), 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 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.

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 Givat Haviva Educational Foundation, 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, appearing to be the initials "EA" or similar, written in a cursive style.

Eshel, Aminov & Partners LLP
New York, NY
November 13, 2020

Eshel, Aminov & Partners LLP

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GIVAT HAVIVA EDUCATIONAL FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 159,780	\$ 77,128
Contributions receivables	36,150	54,202
Other receivables	-	10,000
Short-term investments	-	3,375
Total current assets	195,930	144,705
Other Assets:		
Security deposits	1,400	1,400
Total other assets	1,400	1,400
Total assets	\$ 197,330	\$ 146,105
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payables and accrued expenses	\$ 140,170	\$ 141,436
Total current liabilities	140,170	141,436
Net Assets:		
Without donor restriction	21,010	(49,533)
With donor restriction	36,150	54,202
Total net assets	57,160	4,669
Total liabilities and net assets	\$ 197,330	\$ 146,105

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

GIVAT HAVIVA EDUCATIONAL FOUNDATION, INC.
STATEMENTS OF ACTIVITIES

	For the Year Ended December 31,			
	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support				
Contributions	\$ 1,014,004	\$ 36,150	\$ 1,050,154	\$ 760,646
Interest income	26	-	26	33
Other income	14,000	-	14,000	10,000
Net assets released from restriction	54,202	(54,202)	-	-
Total Revenue and Support	1,082,232	(18,052)	1,064,180	770,679
Expenses:				
Program services	829,468	-	829,468	639,513
Management and general	84,290	-	84,290	95,864
Fundraising	97,931	-	97,931	114,961
Total expenses	1,011,689	-	1,011,689	850,338
Increase (decrease) in net assets	70,543	(18,052)	52,491	(79,659)
Net assets at beginning of year	(49,533)	54,202	4,669	84,328
Net assets at end of year	\$ 21,010	\$ 36,150	\$ 57,160	\$ 4,669

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

GIVAT HAVIVA EDUCATIONAL FOUNDATION, INC.
STATEMENTS OF FUNTIONAL EXPENSES

For the year ended December 31, 2019				
	Program Services	Management and General	Fundraising	Total
Funds remitted to GH Israel	\$ 726,772	\$ -	\$ -	\$ 726,772
Educational programs	18,306	-	-	18,306
Salaries	38,000	40,000	69,290	147,290
Benefits and taxes	9,872	10,393	18,003	38,268
Rent	8,011	8,433	4,292	20,736
Professional fees	-	9,700	-	9,700
Travel	16,661	-	-	16,661
Printing, postage and mailing	3,717	3,913	1,991	9,621
Office expense	6,225	6,552	3,335	16,112
Computer expense	1,097	1,155	588	2,840
Insurance	567	597	304	1,468
Dues and subscriptions	-	3,175	-	3,175
Equipment rental	240	252	128	620
Bank fees	-	120	-	120
	\$ 829,468	\$ 84,290	\$ 97,931	\$ 1,011,689

For the year ended December 31, 2018				
	Program Services	Management and General	Fundraising	Total
Funds remitted to GH Israel	\$ 523,294	\$ -	\$ -	\$ 523,294
Educational programs	19,467	-	-	19,467
Salaries	45,873	48,287	81,280	175,440
Benefits and taxes	11,288	11,882	20,000	43,170
Rent	8,159	8,588	5,228	21,975
Professional fees	-	9,905	-	9,905
Travel	18,237	-	-	18,237
Printing, postage and mailing	2,588	2,724	1,658	6,970
Office expense	5,242	5,517	3,359	14,118
Computer expense	2,934	3,089	1,880	7,903
Insurance	646	679	413	1,738
Dues and subscriptions	-	3,205	-	3,205
Equipment rental	1,785	1,878	1,143	4,806
Bank fees	-	110	-	110
	\$ 639,513	\$ 95,864	\$ 114,961	\$ 850,338

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

GIVAT HAVIVA EDUCATIONAL FOUNDATION, INC.
STATEMENT OF CASH FLOW

	Year ended December 31,	
	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 52,491	\$ (79,659)
Changes in assets and liabilities:		
Prepaid expenses and other current assets	-	1,611
Contribution receivables	18,052	(1,511)
Other receivables	10,000	(10,000)
Other payables and accrued expenses	(1,266)	86,192
Net cash provided by (used in) operating activities	79,277	(3,367)
Cash flow from investing activities:		
Proceeds from sale of investments	3,375	36
Net cash provided by investing activities	3,375	36
Net increase (decrease) in cash and cash equivalents	82,652	(3,331)
Cash and cash equivalents at the beginning of the year	77,128	80,459
Cash and cash equivalents at the end of the year	\$ 159,780	\$ 77,128

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

GIVAT HAVIVA EDUCATIONAL FOUNDATION, INC. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND NATURE ACTIVITIES:

Givat Haviva Educational Foundation, Inc. (“GHEF” or the “Organization”) is a New York not-for-profit organization devoted to the advancement of Jewish-Arab reconciliation, cultural and religious pluralism, democratic values and peace in the Middle East. These goals are accomplished through educational programs both in Israel and the United States. The organization is a nonprofit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. GHEF's support comes from donor contributions.

The following programs at Givat Haviva Israel are supported by the GHEF with the funds raised here in the USA:

Face to Face - An educational program that facilitates encounters between high school students (11th - 12th grades) in a two-day workshop on the Givat Haviva Israel campus. The joint groups are led by Jewish and Arab facilitators and are designed to foster familiarity, break stereotypes and promote dialogue.

Children Teaching Children - A unique educational program, offering in-depth two-year activity in grades 8 and 9, in both Jewish and Arab schools. The program focuses on accepting the other, equality, acquaintance and friendship.

The Arts Center at Givat Haviva - The Art Center sponsors numerous programs that promote Jewish-Arab cooperation and coexistence for youth and adults. We support the Through Other Eyes project, which deals with meeting between Arab and Jewish youth by means of photography. The project brings together youth from the two sectors and creates direct personal contact between them, exposes them to the subject of coexistence and questions of identity through the techniques of photography.

Shared Communities - Shared Communities employs a holistic approach to creating and maintaining social cohesion among Jewish and Arab communities who are in close physical proximity to one another, but rarely, if ever interact.

Yihiye Beseder – Hebrew language enrichment program for Arab schools that focuses on enhancing the knowledge of Hebrew language and culture among Arab students in Israel. The program aims to minimize the growing gap within the Israeli education system between Jews and Arabs. This necessary response works to remedy this dilemma by providing tools for Arab teens that will ease their integration into the Israeli academic and labor circles.

Soccer for Peace – The Soccer for Peace Camp encourages shared living by bringing Jewish and Arab youth together to focus on a common passion: soccer. Through playing together and communicating with one another in facilitated team-building activities, campers challenge preconceived notions and learn first-hand about the possibility of enjoyably sharing goals, activities, and friendship with each other.

Bara'em Hi - Tech Program - The program at Givat Haviva offers career training to high school students in the region, primarily Arab students from disadvantaged backgrounds, the opportunity to study computer engineering and technology and begin earning credits toward a bachelor's degree in computer engineering while still in high school. The computer courses are taught by faculty from Netanya Academic College's Department of Computer Science and are identical to those offered at the college, and students who complete the three-year program at Givat Haviva will be eligible to complete degrees in computer engineering at the Netanya Academic College in an additional two years.

Givat Haviva International School (GHIS) - GHIS is a two year boarding-school program that aims to promote peace in the Middle East and globally by developing a multicultural and international network of leaders that will work together to create dialogue, understanding and collaboration between individuals and societies.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) requires the Organization to report information regarding its financial position and activities in accordance to the following net asset classifications:

Net Assets without Donor Restrictions:

Net assets that are not subject to donor-imposed restriction and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets with Donor Restrictions:

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

**GIVAT HAVIVA EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing programs. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounting estimates used include depreciation, bad debts, and revenue and cost allocations.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows:

	DECEMBER 31,	
	2019	2018
Cash and cash equivalent	\$ 159,780	\$ 77,128
Restricted cash for program expenses	-	-
Total Cash	\$ 159,780	\$ 77,128

Concentration of Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. As of December 31, 2019, and 2018, approximately \$0 and \$0, exceeds the FDIC limit of \$250,000, respectively.

Credit risk associated with contribution and other receivables is considered to be limited due to high historical collections rates and because substantial portions of the outstanding amount are due from 3 and 5 donors that accounted for 100% and 92% for years ended December 31, 2019, and 2018, respectively.

Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Contributions Receivable and Credit Policies

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-free interest rates applicable to the years in which promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Givat determines the allowance for uncollected receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2019 and 2018, the allowance for uncollectable receivables was \$0.

GIVAT HAVIVA EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

As of December 31, 2019, the Organization's contributions receivable consisted of promises to give without donor restrictions in the amount of \$36,150 which are expected to be collected within one year. As of December 31, 2018, contributions receivable consisted of promises to give without donor restrictions in the amount of \$54,202. Contributions from 1 donor that accounted for 14% and 19% for the years ended December 31, 2019, and 2018, respectively.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Property and Equipment

Property and equipment is recorded at cost or fair value at the date of acquisition/donation, less accumulated depreciation. Depreciation of property and equipment is provided for by using the straight-line method over the estimated useful lives of the respective assets. Improvements are capitalized, while repairs and maintenance costs are charged to operations as incurred.

The annual depreciation and amortization rates are:

Furniture and fixtures	10 years
Office equipment	5 years
Computers	5 years

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, contribution receivable, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions

Contributions received are recorded as net assets without donor restriction or net assets with donor restriction, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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 statements of activities as net assets released from restrictions.

In-Kind Contributions

The Organization received donated professional services and other advertising services of \$0 for the year ended December 31, 2019 and 2018. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contributions and are reported as in-kind contributions and supporting services on the accompanying statements of activities and statements of functional expenses.

Several volunteers have made significant contributions of their time in furtherance of the Organization's mission. These services are not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

Functional Expense

The costs of providing program services and supporting services are summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs are allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources.

Management allocates salaries of employees that work solely for a specific program to that program. The Fundraiser's salary is allocated solely to fundraising. Administrative salaries are allocated 45% to programs, 50% to admin and 5% to fundraising, administrative salaries are derived from a Director and Bookkeeper, the allocation follows the time spent. Benefits and taxes follow the salary allocation. The additional desk for the Fundraiser was allocated solely to fundraising. The rest of rent was allocated by how Management's time is allocated. Computer expense, insurance and

GIVAT HAVIVA EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

equipment rentals follow the allocation of total rent. Professional fees, dues & subscription, and bank fees are allocated to administration. Travel for participants and management to the locations programs are held is allocated solely to programs. Office expenses are allocated evenly to Programs, Administration and Fundraising.

Income Taxes

GHEF is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(a) as an organization described in section 501(c)(3). Accordingly, no provision for federal or state income taxes has been made. The Internal Revenue Service has determined that the Organization is a not for profit organization and not a private foundation, under section 509(a) of the Internal Revenue Code. GHEF is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, a tax exempt organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that GHEF is not subject to unrelated business income tax and not required to files an Exempt Organization Business Income Tax Return (Form 990-T).

NOTE 3 - PROPERTY AND EQUIPMENT:

Property and equipment consist as follows:

	December 31,	
	2019	2018
Leasehold Improvement	\$ 61,698	\$ 61,698
Office equipment	1,260	1,260
Computer equipment	21,214	21,214
Furniture and fixtures	2,421	2,421
Total cost of assets placed in service	86,593	86,593
Less accumulated depreciation	(86,593)	(86,593)
Net book value	\$ -	\$ -

Depreciation expense for the years ended December 31, 2019 and 2018 was \$0 and \$0, respectively.

NOTE 4 - FAIR VALUE MEASUREMENTS:

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 - Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

GIVAT HAVIVA EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED):

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability.

The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk or liquidity profile of the asset or liability.

The following table presents assets measured at fair value on a recurring basis at December 31, 2019 and 2018:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2019				
Money Market	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2018				
Money Market	\$ 3,375	\$ 3,375	\$ -	\$ -
	<u>\$ 3,375</u>	<u>\$ 3,375</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 - LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	DECEMBER 31,	
	2019	2018
Cash and cash equivalent	\$ 159,780	\$ 77,128
Other receivables	-	10,000
Total	<u>\$ 159,780</u>	<u>\$ 87,128</u>

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS:

Net asset with donor restrictions are restricted for the following purposes or periods.

	DECEMBER 31,	
	2019	2018
Subject to expenditure for specific purpose:		
Time	\$ 36,150	\$ 54,202
Total net assets with donor restrictions	<u>\$ 36,150</u>	<u>\$ 54,202</u>

NOTE 7 - RECENT ACCOUNTING GUIDANCE:

Adoption of ASU 2016-14

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented and did not have any effect on net assets.

GIVAT HAVIVA EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - RECENT ACCOUNTING GUIDANCE (CONTINUED):

Adoption of ASU 2016-18

On November 17, 2016, FASB issued Accounting Standards Update (ASU) 2016-18, Cash Flows (Topic 230) – Presentation of Restricted Cash in the Cash Flow. This update addresses presentation of a need for a reconciliation on the statement of cash flows between cash with donor restriction and cash without donor restriction. We have implemented ASU 2016-18 and have adjusted the presentation in these financial statements accordingly.

Adoption of ASU 2018-08

On November 19, 2018, FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 230) - Clarifying the Scope and Accounting for Contributions Received and Contributions Made. This will impact the way the Organization recognizes contributions as either a grant or exchange transaction. We have implemented ASU 2018-08 and have adjusted the presentation in these financial statements accordingly.

Future Implementation of ASU 2016-02

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the consolidated statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021.

NOTE 8 - COMMITMENTS AND CONTINGENCIES:

Litigation

The Organization is subject to legal proceedings, claims and litigation arising in the ordinary course of business. As of December 31, 2019, there are no commitments.

NOTE 9 - DEFINED CONTRIBUTION PLAN:

GHEF has defined contribution pension plans which qualify under Section 401 (k) of the Internal Revenue Code (the "Code"). It permits all full-time employees after working three months at GHEF to voluntarily contribute up to the maximum allowed under the Code. For the year ended December 31, 2019, and 2018, matching contributions charged to operations were approximately \$2,400 and \$3,774, respectively.

NOTE 10 - LEASES:

Operating Leases

GHEF leases its office premises under a collective lease agreement with three other organizations. On December 1, 2016, GHEF as the tenant and one other organization as Co-Occupants entered a new the lease agreement for their offices. During 2019 and 2018, GHEF leased an additional desk for the Fundraiser, the expense for this additional desk is \$3,870 and \$4,800, respectively. The lease for the fundraiser desk was terminated on September 30, 2019.

The term of the lease expires on December 31, 2018. GHEF and the Co-Occupant are all responsible for the full term of the lease for rent and communal expenses according to the square footage they occupy. The lease was renewed for another 22 months as of December 31, 2018 and terminated on October 31, 2020. The annual rent is approximately \$37,602 and \$38,892 for 2019 and 2018, respectively.

Lease expenses for the Organization for the year ended December 31, 2019, and 2018, were \$20,736 and \$21,975, respectively.

On November 1, 2020, GHEF as the tenant and one other organization as Co-Occupants entered into a 12-month lease agreement for their new office. The following is the Organization's future minimum lease payments under the new agreement:

2020	\$	2,715
2021		13,575
	\$	<u>16,290</u>

GIVAT HAVIVA EDUCATIONAL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 - RISKS AND UNCERTAINTIES:

The COVID-19 outbreak has caused disruption around the world and impacted our operations. While the disruption is currently expected to be temporary, the full extent of disruption is uncertain. In addition, there is an uncertainty regarding collections and future revenues. Management is carefully monitoring the situation and evaluating its options.

NOTE 12 - DATE OF MANAGEMENT'S REVIEW:

The Organization has evaluated all subsequent events through November 13, 2020, the date these financial statements were available to be issued.
