

Financial Statements

Pilgrims of Ibillin, Inc.
(a nonprofit organization)
Years Ended December 31, 2019 and 2018



Table of Contents

Independent Auditors' Report	3
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pilgrims of Ibillin, Inc.
South Milwaukee, WI

Report on the Financial Statements

We have audited the accompanying financial statements of Pilgrims of Ibillin, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 our audits to obtain reasonable assurance about whether the financial statements are free of 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 risk 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 Pilgrims of Ibillin, Inc., as of December 31, 2019 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 the Pilgrims of Ibillin, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our reported dated July 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harris CPAs

Meridian, Idaho
05/21/2020



PILGRIMS OF IBILLIN, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2019
With Comparative Totals as of December 31, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Assets		
Cash and cash equivalents	\$ 317,062	\$ 310,899
Prepaid expenses	<u>1,761</u>	<u>6,391</u>
Total Assets	<u>\$ 318,823</u>	<u>\$ 317,290</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts and salaries payable	\$ 2,418	\$ 125
Pilgrimage trip deposits	<u>14,950</u>	<u>0</u>
Total Liabilities	17,368	125
Net Assets		
Without Donor Restrictions	75,435	33,298
With Donor Restrictions	<u>226,020</u>	<u>283,867</u>
Total Net Assets	<u>301,455</u>	<u>317,165</u>
Total Liabilities and Net Assets	<u>\$ 318,823</u>	<u>\$ 317,290</u>

See notes to financial statements.

PILGRIMS OF IBILLIN, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Revenue and Other Support				
Contributions	\$ 218,958	\$ 52,073	\$ 271,031	\$ 460,998
Pilgrimage trips	54,378		54,378	110,125
Other income	<u>9,351</u>		<u>9,351</u>	<u>1,440</u>
	282,687	52,073	334,760	572,563
Net assets released from restriction	<u>109,920</u>	<u>(109,920)</u>	<u>0</u>	<u>0</u>
Total Revenue and Support	392,607	(57,847)	334,760	572,563
Expenses				
Program services				
Mar Elias Educational Institute	105,106		105,106	175,378
Pilgrimage trips	68,327		68,327	100,601
Peace Partners	46,993		46,993	0
Other programs	<u>25,975</u>		<u>25,975</u>	<u>36,739</u>
Total Program Services	246,401	0	246,401	312,718
Supporting services				
General & administrative	81,029		81,029	63,824
Fundraising	<u>23,040</u>	<u>0</u>	<u>23,040</u>	<u>39,864</u>
Total Supporting Services	<u>104,069</u>		<u>104,069</u>	<u>103,688</u>
Total Expenses	<u>350,470</u>	<u>0</u>	<u>350,470</u>	<u>416,406</u>
Change in Net Assets	42,137	(57,847)	(15,710)	156,157
Net Assets				
Beginning of Year	<u>33,298</u>	<u>283,867</u>	<u>317,165</u>	<u>161,008</u>
End of Year	<u>\$ 75,435</u>	<u>\$ 226,020</u>	<u>\$ 301,455</u>	<u>\$ 317,165</u>

See notes to financial statements.

PILGRIMS OF IBILLIN, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	2019						2018	
	Program Services							
	Mar Elias Educational Institute	Pilgrimage Trips	Peace Partners	Other Programs	General & Administrative	Fundraising	Total	Total
Grants to other organizations	\$ 100,800	\$	\$ 43,404	\$	\$	\$	\$ 144,204	\$ 186,920
Travel and meeting expenses		65,456		19,030	14,756		99,242	119,376
Salaries and related expenses	4,306	2,871	3,589	3,589	22,967	20,096	57,418	65,300
Contract services				1,054	22,371	1,300	24,725	20,595
Office expenses				2,268	13,516	1,585	17,369	10,030
Other				34	7,419	59	7,512	14,185
	<u>\$ 105,106</u>	<u>\$ 68,327</u>	<u>\$ 46,993</u>	<u>\$ 25,975</u>	<u>\$ 81,029</u>	<u>\$ 23,040</u>	<u>\$ 350,470</u>	<u>\$ 416,406</u>

See notes to financial statements

PILGRIMS OF IBILLIN, INC.
STATEMENTS OF CASH FLOWS
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (15,710)	\$ 156,157
Changes in operating assets and liabilities:		
Prepaid expenses	4,630	(5,364)
Accounts and salaries payable	2,293	(5,949)
Pilgrim trip deposits	<u>14,950</u>	<u>(14,825)</u>
Net Change in Cash and Cash Equivalents	6,163	130,019
Cash and Cash Equivalents - Beginning of Year	<u>310,899</u>	<u>180,880</u>
Cash and Cash Equivalents - End of Year	<u>\$ 317,062</u>	<u>\$ 310,899</u>

See notes to financial statements.

PILGRIMS OF IBILLIN, INC.

NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies

Nature of Organization

Pilgrims of Ibillin, Inc. (the Organization) is a nonprofit corporation with constituents in all of the 50 states. The Organization's mission is to support the Mar Elias Educational Institutions and other mission projects that cultivate a just peace in Israel and Palestine. The Organization provides this support through financial resources, education, and peace building projects. The Organization operates a number of different programs to assist in achieving its mission. The largest of the Organizations programs are as follows: Mars Elias Educational Institution and Pilgrimage trips.

Mars Elias Educational Institution is the core of the work of Pilgrims of Ibillin, Inc. It's an intentionally interfaith peace-building K-12 school in Norther Israel – near Haifa – in the town of Ibillin. This program brings together students from faith traditions and villages across the Galilee region. Pilgrims of Ibillin was an early partner for the school when it first began, and our partnership continues the support in the form of scholarships for students in need, building the new learning center, and supplementing support for the growing range of extra-curricular opportunities.

Pilgrimage trips are bi-annual opportunities for groups or individuals from the United States to visit a mixture of holy sites and peacemaking groups on both sides of the green lines (Israel and West Bank, but does not go to the Gaza Strip). The trip also includes visits to the Organization's peace partners as often as possible and a few days at the Mar Elias schools. These groups are typically comprised of Christian communities, typically protestant, from all over the United States, and are open to everybody.

Accounting Pronouncements Adopted

For the year ended December 31, 2019, the Network adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

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.

PILGRIMS OF IBILLIN, INC.
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The Organization reports net assets and revenues, expenses, gains and losses are classified according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

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 income and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value

The Organization uses fair value reporting for financial assets and liabilities. A hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. Fair value is defined as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy established, prioritizes fair value measurements based on the types of inputs used in the valuation technique. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short term, highly liquid nature.

Cash and Cash Equivalents

The Organization considers all short-term investments purchased with maturity of three months or less to be cash equivalents.

Concentration of Credit and Income Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000. The Organization held uninsured cash balances of \$67,062 and \$60,914, as of December 31, 2019 and 2018, respectively.

The Organization received bequest income from one donor which comprised 23% and 46% of total revenue for the years ended December 31, 2019 and 2018, respectively.

PILGRIMS OF IBILLIN, INC.
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Contributions and Donor Imposed Restrictions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, 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 restriction.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Salaries and related expenses are allocated based on Management's estimate of time and effort associated with staff duties and functions. General and administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Fundraising expenses include expenses for publicizing and conducting fundraising campaigns and any other activities that involve soliciting contributions.

Advertising

The Organization expenses advertising as costs are incurred. Advertising expenses totaled \$59 and \$985 for the year ended December 31, 2019 and 2018, respectively.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is made in the financial statements.

Presentation of Certain Taxes

The Organization collects various taxes from customers and remits these amounts to applicable taxing authorities. The Organization's accounting policy is to exclude these taxes from income and program expenses.

PILGRIMS OF IBILLIN, INC.
NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

Uncertain Tax Positions

The accounting standard on accounting for uncertainty in income taxes 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 that guidance, the Organization 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 that 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 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal 2019. The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2016.

Prior Year Comparative Totals

The financial statements include certain 2018 summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the 2018 financial statement from which the summarized information was derived.

Subsequent Events

The Organization has evaluated subsequent events through 05/21/2020, which is the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact operations; however the related financial impact and duration cannot be reasonably estimated at this time.

PILGRIMS OF IBILLIN, INC.
NOTES TO FINANCIAL STATEMENTS

Note B – Liquidity and Availability of Resources

The Organization’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets available within one year:		
Cash and cash equivalents	\$	317,062
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions		<u>(226,020)</u>
Total financial assets available within one year after restriction	\$	<u>91,042</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. At December 31, 2019, all net assets with donor restrictions are available for payment of any major expenditures incurred.

Note C – Net Assets

The Organization reports net assets according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net asset with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. All net assets with donor restrictions are restricted for the purpose of use within the program for which the grants or donations were received.

The detail of the Organization’s net asset categories at December 31, is as follows:

	<u>2019</u>	<u>2018</u>
Net assets without donor restrictions	\$ 75,435	\$ 33,298
Net assets with donor restrictions:		
Mar Elias Educational Institute for purpose of education and scholarships	226,020	254,393
Other various donor restrictions	<u>0</u>	<u>29,474</u>
Total net assets with donor restrictions	<u>226,020</u>	<u>283,867</u>
Total net assets	<u>\$ 301,455</u>	<u>\$ 317,165</u>