ISRAEL TENNIS CENTERS FOUNDATION, INC.

Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2017 and 2016

MARKS PANETH

ACCOUNTANTS & ADVISORS

ISRAEL TENNIS CENTERS FOUNDATION, INC.

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2017 AND 2016

CONTENTS

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MARKS PANETH
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Israel Tennis Centers Foundation, Inc.

We have audited the accompanying financial statements of Israel Tennis Centers Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2017 and 2016, 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 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 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 Israel Tennis Centers Foundation, Inc. as of December 31, 2017 and 2016, 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.

Marks Paneth LLP

New York, NY
October 16, 2018

Morison KSi
Independent member

ISRAEL TENNIS CENTERS FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 1,737,053	$ 1,424,904
Investments	18,332,518	18,061,213
Contributions receivable - net	4,295,533	4,312,679
Inventory	24,135	13,858
Prepaid expenses and other assets	40,705	46,287
Equipment - net	2,985	18,892
Charitable gift annuity receivable	158,629	166,363
Cash surrender value of life insurance	315,251	333,637
TOTAL ASSETS	$ 24,906,809	$ 24,377,833
LIABILITIES		
Accounts payable and accrued expenses	$ 136,288	$ 110,583
Revolving line of credit	2,225,827	2,754,671
Grants payable	-	189,500
Charitable gift annuity payable	557,457	578,204
TOTAL LIABILITIES	2,919,572	3,632,958
NET ASSETS		
Unrestricted		
Board designated planned giving fund	312,814	459,955
Board designated endowment fund	11,192,528	10,480,269
Operating fund	(4,788,560)	(4,985,613)
Total unrestricted net assets	6,716,782	5,954,611
Temporarily restricted	7,295,851	6,815,660
Permanently restricted	7,974,604	7,974,604
TOTAL NET ASSETS	21,987,237	20,744,875
TOTAL LIABILITIES AND NET ASSETS	$ 24,906,809	$ 24,377,833

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

ISRAEL TENNIS CENTERS FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	For the Year Ended December 31, 2017				For the Year Ended December 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT:								
Contributions:	$ 1,422,593	3,553,023	$ -	$ 4,975,616	$ 1,825,228	4,053,547	$ -	$ 5,878,775
Net assets released from restrictions	3,072,832	(3,072,832)	-	-	2,640,837	(2,640,837)	-	-
TOTAL PUBLIC SUPPORT	4,495,425	480,191	-	4,975,616	4,466,065	1,412,710	-	5,878,775
EXPENSES:								
Program services in Israel	4,197,648	-	-	4,197,648	3,712,903	-	-	3,712,903
Management and Administration	417,089	-	-	417,089	432,210	-	-	432,210
Fundraising	1,020,655	-	-	1,020,655	1,068,551	-	-	1,068,551
TOTAL EXPENSES	5,635,392	-	-	5,635,392	5,213,664	-	-	5,213,664
OTHER REVENUE AND EXPENSES								
Net investment income	2,111,094	-	-	2,111,094	801,341	-	-	801,341
Change in value of split-interest arrangements	(190,570)	-	-	(190,570)	(33,144)	-	-	(33,144)
Change in cash surrender value of life insurance	(18,386)	-	-	(18,386)	910	-	-	910
TOTAL OTHER REVENUE AND EXPENSES	1,902,138	-	-	1,902,138	769,107	-	-	769,107
CHANGES IN NET ASSETS	762,171	480,191	-	1,242,362	21,508	1,412,710	-	1,434,218
Net assets at beginning of year	5,954,611	6,815,660	7,974,604	20,744,875	5,933,103	5,402,950	7,974,604	19,310,657
NET ASSETS - END OF YEAR	$ 6,716,782	$ 7,295,851	$ 7,974,604	$ 21,987,237	$ 5,954,611	$ 6,815,660	$ 7,974,604	$ 20,744,875

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

ISRAEL TENNIS CENTERS FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(With Comparative Totals for 2016)

	For the Year Ended December 31, 2017				
		Supporting Services			
	Program Services	Management and Administration	Fundraising	Total 2017	Total 2016
Salaries	$ 375,008	$ 175,038	$ 451,489	$ 1,001,535	$ 1,114,345
Payroll taxes and fringe benefits	72,822	33,990	87,673	194,485	229,258
Total salaries and related costs	447,830	209,028	539,162	1,196,020	1,343,603
Grant expense	3,485,151	-	-	3,485,151	2,705,144
Provision for uncollectible accounts	-	117,012	-	117,012	124,834
Exhibitions and events	25,506	-	133,324	158,830	477,866
Professional fees	13,295	19,991	46,826	80,112	41,521
Printing	30	65	31,423	31,518	30,233
Travel	30,681	7,219	32,766	70,666	52,299
Insurance	6,681	3,306	8,995	18,982	22,386
Conferences and meetings	14,178	14,178	15,838	44,194	47,657
Interest and bank charges	69,277	12,063	12,063	93,403	91,067
Occupancy	27,398	14,105	35,587	77,090	76,879
Computer equipment support	12,918	5,864	18,640	37,422	35,928
Telephone	147	33	4,824	5,004	19,625
Postage	47	437	27,927	28,411	25,244
Donor recognition	-	-	10,896	10,896	13,438
Marketing	-	-	53,160	53,160	34,211
Office supplies	13,342	7,237	16,459	37,038	24,866
Depreciation	5,704	2,774	7,429	15,907	18,104
Taxes	-	-	3,917	3,917	3,460
Other	45,463	3,777	21,419	70,659	25,299
TOTAL EXPENSES	$ 4,197,648	$ 417,089	$ 1,020,655	$ 5,635,392	$ 5,213,664

ISRAEL TENNIS CENTERS FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	For the Year Ended December 31, 2016			
		Supporting Services		
	Program Services	Management and Administration	Fundraising	Total
Salaries	$ 521,479	$ 169,431	$ 423,435	$ 1,114,345
Payroll taxes and fringe benefits	107,257	34,848	87,153	229,258
Total salaries and related costs	628,736	204,279	510,588	1,343,603
				-
Grant expense	2,705,144	-	-	2,705,144
Provision for uncollectible accounts	-	124,834	-	124,834
Exhibitions and events	185,335	-	292,531	477,866
Professional fees	6,200	12,400	22,921	41,521
Printing	-	589	29,644	30,233
Travel	20,706	6,904	24,689	52,299
Insurance	9,783	2,932	9,671	22,386
Conferences and meetings	15,289	15,262	17,106	47,657
Interest and bank charges	62,969	14,049	14,049	91,067
Occupancy	32,298	11,535	33,046	76,879
Computer equipment support	14,911	3,651	17,366	35,928
Telephone	7,569	-	12,056	19,625
Postage	-	7,815	17,429	25,244
Donor recognition	-	-	13,438	13,438
Marketing	4,600	-	29,611	34,211
Office supplies	10,080	3,082	11,704	24,866
Depreciation	7,911	2,372	7,821	18,104
Taxes	-	-	3,460	3,460
Other	1,372	22,506	1,421	25,299
TOTAL EXPENSES	$ 3,712,903	$ 432,210	$ 1,068,551	$ 5,213,664

ISRAEL TENNIS CENTERS FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 1,242,362	$ 1,434,218
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Provision for uncollectible accounts	117,012	124,834
Discount on contributions receivable	(9,206)	87,366
Depreciation	15,907	18,104
Net realized and unrealized gains	(1,781,107)	(481,091)
Change in value of split-interest agreements	190,570	33,144
Change in cash surrender value of life insurance policies	18,386	(910)
Change in operating assets and liabilities		
Contributions receivable	(90,660)	(1,363,199)
Inventory	(10,277)	(819)
Prepaid expenses and other assets	5,582	22,921
Charitable gift annuity receivable	7,734	53,652
Accounts payable and accrued expenses	25,705	(33,882)
Grants payable	(189,500)	189,500
Charitable gift annuity payable	(211,317)	(101,956)
Net Cash Used in Operating Activities	(668,809)	(18,118)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(2,900,482)	(3,778,943)
Proceeds from sale of investments	4,410,284	3,976,071
Net Cash Provided by Investing Activities	1,509,802	197,128
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving line of credit	-	30,000
Repayments from revolving line of credit	(528,844)	-
Net Cash (Used in) Provided by Financing Activities	(528,844)	30,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	312,149	209,010
Cash and cash equivalents - beginning of year	1,424,904	1,215,894
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,737,053	$ 1,424,904
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 69,277	$ 62,970

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

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Israel Tennis Centers Foundation, Inc. (the "Foundation"), is incorporated in the state of New York and is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and similar provisions at the state level. The Foundation conducts fundraising activities to provide social and health programs for children of diverse economic, cultural and religious backgrounds in Israel. The Foundation fulfills this purpose primarily by making grants to cover certain program expenses of the Israel Tennis Center ("ITC"), an Israeli not-for-profit corporation, which operates fourteen tennis centers in Israel to serve approximately 20,000 children annually. ITC provides a place for youth to develop values and life skills through tennis including self-esteem, socialization, sportsmanship skills and the "art" of cooperation among children from multicultural backgrounds.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting and Use of Estimates -*** The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting. The Foundation follows accounting principles generally accepted in the United States of America ("U.S. GAAP").

B. ***Basis of Presentation*** – The Foundation's net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets represents those resources that have no donor restrictions as to their use or the donor imposed restrictions have expired. Included in unrestricted net assets are board designated net assets, as discussed in Note 10.

- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by the actions of the Foundation or the passage of time.

- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained intact in perpetuity by the Foundation.

C. ***Cash and Cash Equivalents -*** Cash and cash equivalents include all liquid debt instruments purchased with maturities of 90 days or less.

D. ***Investments –*** Investment transactions are recorded on a trade-date basis. Realized gains and losses on sales of investments are determined on a specific identification basis and are included in investment activity in the statements of activities. Interest income is recognized when earned and dividends are recorded on the ex-dividend date. Net investment income is recorded as either unrestricted or temporarily restricted, in accordance with donor intent. Interest, dividends, realized and unrealized gains and losses [collectively "net investment income (loss)"] are included in the accompanying statements of activities as either unrestricted or temporarily restricted, in accordance with donor intent.

E. ***Fair Value Measurements –*** The Fair Value Measurement and Disclosures Topic of the FASB ASC ("Topic 820"), defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value measurements are the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described below:

- **Level 1 -** Quoted prices in active markets for identical assets or liabilities.

- **Level 2 -** Observable inputs based on quoted prices in inactive markets or in active markets for similar assets or liabilities. Inputs other than quoted prices that are observable, or inputs that are not directly observable, but are corroborated by observable market data.

- **Level 3 -** Unobservable inputs that are supported by little or no market activity and that are significant to the measurement of the assets or liabilities.

F. ***Cash Surrender Value of Life Insurance -*** The Foundation is the owner of certain life insurance policies on various donors who have named the Foundation as the beneficiary. The amounts of these policies are adjusted annually based on their present cash surrender value at the end of each year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. ***Inventory -*** Inventory consists of exhibition merchandise and is stated at the lower of cost (first-in, first-out method) or market.

H. ***Property and Equipment -*** Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. The Foundation capitalizes property and equipment with a cost of $1,000 or more and a useful life in excess of one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, ranging from 3 to 5 years.

I. ***Grants Payable –*** Grants are recognized when they are approved by the Executive Officers of the Board of Directors. Any unpaid grants at year end are considered grants payable. Grants payable in more than one year are discounted to their net present value at the time grants are approved. There was no grant payable as of December 31, 2017. As of December 31, 2016 the grant payable amounted to $189,500.

J. ***Contributions –*** Contributions, including unconditional promises to give, are recognized as revenue when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or there is an implied time restriction on the use of the assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recorded at their net realizable value if they are expected to be collected within one year. 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 rates of return applicable to when the promises are received. Amortization of the discounts is included in contribution income. Conditional promises to give are not recorded as support until the conditions are substantially met.

Contributed goods and services meeting certain criteria are recorded as contributions at their estimated fair value at the date of donation. Contributed services are recognized as contributions at their estimated fair value if the services (a) create or enhance non-financial assets or (b) require specialized skills that are performed by people with those skills and would otherwise be purchased by the Foundation. Volunteers also provide services throughout the year (primarily for fundraising) that are not recognized as contributions in the financial statements since these are not susceptible to objective measurement or valuation.

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value as of the date of donation. For the years ended December 31, 2017 and 2016, the Foundation received noncash donations with an estimated fair market value of $58,214 and $120,004, respectively.

K. ***Functional Allocation of Expenses -*** The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

L. ***Use of Estimates -*** The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

M. ***Recent Accounting Pronouncements*** – Effective for the year ended December 31, 2017, the Foundation adopted the guidance issued by the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2015-07, *Disclosure for Investments in Certain Entities that Calculate NAV*. Under the amendment, investments in entities for which fair value is calculated using the net asset value ("NAV") are no longer required to categorize within the fair value hierarchy those investments that use NAV as a practical expedient, although there must be a reconciliation of the fair value hierarchy to amounts presented in the statements of financial position. The Foundation has reflected the effects of this amendment as of and for the years ended December 31, 2017 and 2016.

NOTE 3 – INVESTMENTS

Investments and net investment income consists of the following as of December 31, 2017 and 2016:

	2017	2016
Investments at Fair Value		
Equity	$ 9,475,347	$ 8,119,729
Fixed income	912,192	1,011,722
Hedge funds	1,078,734	766,133
Real estate (REITs)	-	794,857
Tangible assets	13,943	279,117
State of Israel bonds	6,540,400	6,540,400
Alternative investments	311,912	549,255
Total Investments	$ 18,332,518	$ 18,061,213
Investment Income		
Interest and dividend income	$ 378,735	$ 366,901
Net realized gain	779,710	118,336
Net unrealized gain (loss)	1,001,397	362,755
Less management fees	(48,748)	(46,651)
Net Investment Income	$ 2,111,094	$ 801,341

At December 31, 2017 and 2016, alternative investments represent approximately 1.7% and 3% of the Foundation's total investment portfolio. These investments are not publicly traded and do not have readily determinable fair values. Accordingly, the fair values of these investments have been estimated by management based on the net asset value per share (or its equivalent, such as member units or an ownership interest in partner's capital to which a proportionate share of net assets is attributed) of the investment as provided by the respective fund managers. Such amounts could differ significantly from the amounts that could be realized in a current transaction.

The Foundation's alternative investments consisted of the following as of December 31, 2017:

	Fair Value	Unfunded Commitments as of December 31, 2017	Redemption Frequency	Redemption Notice Period
Cerberus International SPV, Ltd	$ 144,744	$ -	Semi-Annually	120 days
NB Crossroads Fund XVII – Asset Allocation LP	13,755	50,000	None Allowed	N/A
NB Crossroads Fund XVIII - Asset Allocation LP	153,413	65,000	None Allowed	N/A
	$ 311,912	$ 115,000		

The Foundation's alternative investments consisted of the following as of December 31, 2016:

	Fair Value	Unfunded Commitments as of December 31, 2016	Redemption Frequency	Redemption Notice Period
Cerberus International SPV, Ltd	$ 242,604	$ -	Semi-Annually	120 days
NB Crossroads Fund XVII – Asset Allocation LP	112,786	50,000	None Allowed	N/A
NB Crossroads Fund XVIII - Asset Allocation LP	193,865	65,000	None Allowed	N/A
	$ 549,255	$ 115,000		

NOTE 3 – INVESTMENTS (Continued)

Cerberus International SPV, Ltd ("Cerberus"): Cerberus is a partnership that invests in publicly traded or privately issued debt, equity and equity-related securities, bank debt, mortgage-backed securities, asset-backed securities, other structured finance instruments, pools of loans, loans to distressed companies, distressed real estate and real estate-related securities (including debt secured by real estate). The investment objective of Cerberus is to maximize total return on capital by seeking capital appreciation and, from time to time, current income, through the development and management of a portfolio consisting of a broad range of distressed Investments. The Foundation may redeem up to 16.67% of its capital account balance as of any semi-annual redemption date with 120 days' notice. Redemptions in excess of 16.67% will be satisfied over no more than five successive redemption dates in amounts up to 20%, 25%, 33.33%, 50%, and 100% of the Foundation's remaining account balance on each successive redemption date, respectively.

NB Crossroads Fund XVII - Asset Allocation LP and NB Crossroads Fund XVIII - Asset Allocation LP: These limited partnerships were formed for the purpose of acquiring, holding, selling and exchanging, either directly or indirectly, interests in limited partnerships or other pooled investment vehicles that are organized to make investments in venture capital, mid-cap buyout, large-cap buyout, and special situation investment funds, as well as securities, including co-investments. The investment in NB Crossroads Fund XVII - Asset Allocation LP cannot be redeemed until termination of the partnership on March 31, 2017 (extended from March 31, 2016 on March 25, 2016), or prior liquidation at the discretion of the management of the fund. The partnership in NB Crossroads Fund XVII was liquidated as of June 25, 2018. The partnership in NB Crossroads Fund XVIII was extended to March 31, 2019.

In addition to liquidity risks, these alternative investments expose the Foundation to certain other risks, including counterparty risks, economic, and governmental risks, and market risk.

The value, liquidity, and related income of certain securities with contractual cash flows, such as asset backed securities collateralized by mortgage obligations, commercial mortgage backed securities, and mutual funds investing in these securities or entities, are particularly sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Due to the various risks associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying investment portfolio.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable generally consist of pledges from donors that will be received over a period of less than one to five years.

At December 31, 2017 and 2016, contributions receivable consisted of the following:

	2017	2016
Contributions receivable, due in:		
Less than one year	$ 1,504,766	$ 1,922,368
One to five years	2,241,757	2,696,554
More than five years	1,111,840	242,500
Total contributions receivable	4,585,363	4,861,422
Allowance for contributions receivable	(422,934)	(399,642)
Unamortized discount to present value	(139,896)	(149,101)
Contributions receivable, net	$ 4,295,533	$ 4,312,679

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate ranging from 1.03% and 2.66%.

NOTE 5 – FAIR VALUE MEASUREMENTS

For financial instruments, including cash equivalents, certain investments, receivables, payables and debt, the carrying amount approximates fair value because of the short maturity of these instruments.

Financial assets carried at fair value as of December 31, 2017 are classified in the table in one of the three levels as follows:

	Level 1	Level 2	Total
Investments:			
Equity	$ 9,475,347	$ -	$ 9,475,347
Fixed income	912,182	-	912,182
Hedge funds	-	1,078,734	1,078,734
Tangible assets - Commodities	13,943	-	13,943
State of Israel bonds	-	6,540,400	6,540,400
Subtotal	10,401,472	7,619,134	18,020,606
Alternative investments valued at net asset value per share practical expedient			311,912
Total Assets Carried at Fair Value			$ 18,332,518

Financial assets carried at fair value as of December 31, 2016 are classified in the table in one of the three levels as follows:

	Level 1	Level 2	Total
Investments:			
Equity	$ 8,119,729	$ -	$ 8,119,729
Fixed income	1,011,722	-	1,011,722
Hedge funds	-	766,133	766,133
Real estate - REITs	794,857		794,857
Tangible assets - Commodities	279,117	-	279,117
State of Israel bonds	-	6,540,400	6,540,400
Subtotal	10,205,425	7,306,533	17,511,958
Alternative investments valued at net asset value per share practical expedient			549,255
Total Assets Carried at Fair Value			$ 18,061,213

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended December 31, 2017 and 2016, there were no transfers.

Realized gains and losses and the changes in unrealized gains and losses for alternative investments held at year-end are included in net investment income in the accompanying statements of activities for the years ended December 31, 2017 and 2016.

NOTE 6 – EQUIPMENT

Equipment consist of the following as of December 31, 2017 and 2016:

	2017	2016
Computer equipment	$ 100,385	$ 100,385
Office equipment	28,469	28,469
Furniture and equipment	14,967	14,967
Total cost	143,821	143,821
Accumulated depreciation	140,836	124,929
Net book value	$ 2,985	$ 18,892

Depreciation expense amounted to $15,907 and $18,104 for the years ended December 31, 2017 and 2016, respectively.

NOTE 7 – CHARITABLE GIFT ANNUITIES

From time to time, the Foundation receives gifts under charitable gift annuities, whereby the donor contributes assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor or parties designated by the donor. The present values of the Foundation's annuity payment obligation to donors at December 31, 2017 and 2016 totaled $557,457 and $578,204, respectively. To minimize the risks associated with some of its charitable gift annuities, the Foundation purchased annuity contracts as a way of fixing its stream of annuity payments to fund its corresponding liabilities.

The income stream generated by these annuity contracts are used to fund the Foundation's obligations to its donors under the charitable gift annuities. The annuity contracts are recorded in the Statements of Financial Position as charitable gift annuity receivables in the amount of $158,629 and $166,363 at December 31, 2017 and 2016, respectively. The annuity payments receivable is valued initially at the present value of the estimated future stream of cash to be received. These annuity contracts do not relieve the Foundation from its obligations to its donors. Failure of the underlying insurance companies to honor their obligations could result in losses to the Foundation. The Foundation evaluates the financial condition of its insurance companies and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the insurance company to minimize its exposure of significant losses from insolvencies. As of December 31, 2017 and 2016, the Foundation does not believe an allowance for uncollectible amounts is necessary.

All other Charitable Gift Annuity assets are held by Northern Trust Bank under an agreement whereby they maintain custody of the assets, invest them, and disburse annual annuity payments to the donors. The annual annuity payment amounts are derived based on uniform gift annuity rates as adopted by the American Council on Gift Annuities. The present value of the annuity payment obligation was calculated using Ordinary Life Annuities - Expected Return Multiple Tables published by the Internal Revenue Service with discount rates ranging from 5.1% to 9.7%.

Adjustments to the annuity liability reflect amortization of the discounts and changes in the life expectancies of the donors and are recognized as changes in the value of split-interest agreements in unrestricted net assets. Upon the death of the donors, the corresponding annuity liability will be closed and a change in the value of split-interest agreements will be recognized.

NOTE 8 – REVOLVING LINE OF CREDIT

The Foundation obtained a $2,500,000 revolving line of credit from a certain bank on June 3, 2013, which was increased to $3,500,000 in a May 6, 2014 amendment to the credit agreement. The revolving line of credit bears interest at the LIBOR daily floating rate plus a margin of 1.75%. The revolving line of credit is collateralized by certain accounts maintained by the Foundation with the bank with balances aggregating $9,400,357 and $9,479,696 as of December 31, 2017 and 2016, respectively. The principal amount of the revolving line of credit is due upon demand and interest is payable every month. As of December 31, 2017 and 2016, the outstanding principal balance on the revolving line of credit was $2,225,827 and $2,754,671, respectively.

NOTE 8 – REVOLVING LINE OF CREDIT (Continued)

For the years ended December 31, 2017 and 2016 interest expense related to the revolving line of credit amounted to $69,277 and $62,970, respectively. As of October 16, 2018, the outstanding principal balance on the revolving line of credit is $1,325,827.

NOTE 9 – RESTRICTED NET ASSETS

Temporarily Restricted

Temporarily restricted net assets consist of the following at December 31:

	2017	2016
Unconditional promises to give, net	$ 4,295,534	$ 4,018,442
Support of international junior tennis tournaments	1,079,094	1,162,992
Advanced training programs	136,922	128,172
Designated grants	1,749,803	1,474,325
Donor special intentions	34,498	31,729
	$ 7,295,851	$ 6,815,660

The Foundation's temporarily restricted net assets are accounted for in the Eisenberg Challenger Fund, the Ben B. and Joyce E. Eisenberg Fund, the Liza and Larry Krulik Fund and various other funds used to track donations subject to donor-imposed restrictions.

The Eisenberg Challenger Fund and Ben B. and Joyce E. Eisenberg Fund were established in connection with the permanently restricted Eisenberg Funds. The purpose of these funds is to account for the income of the permanently restricted funds, which is to be used to fund a tennis tournament, the Eisenberg Challenger Cup, and the operations of the Ben B. and Joyce E. Eisenberg Jerusalem Tennis Center.

In 1995, the Foundation created the Liz and Larry Krulik Fund, upon the request of the two contributors, with a contribution of stock valued at $500,000 on the date of the donation. The purpose of this fund is to sponsor two International Junior Tennis Tournaments in Israel in connection with the International Tennis Federation's world circuit for children.

Permanently Restricted

Permanently restricted net assets consist of the following at December 31:

	2017	2016
Sponsorship of Eisenberg Challenger Cup in Israel	$ 573,604	$ 573,604
Endowment for Programs for Children with Developmental and Physical Disabilities	650,000	650,000
Endowment for Clay Courts at ITC Ramat Hasharon	250,000	250,000
Support of Ben B. and Joyce E. Eisenberg Jerusalem Tennis Center and general operational expenses	6,501,000	6,501,000
	$ 7,974,604	$ 7,974,604

Permanently restricted net assets consist of the Eisenberg Challenger Fund, Ben B. and Joyce E. Eisenberg Israel Tennis Center Fund, the Ettenberg Family Foundation endowment for programs for children with developmental and physical disabilities and the Endowment for clay courts at ITC Ramat Hasharon. The Eisenberg Challenger Fund and the Ben B. and Joyce E. Eisenberg Israel Tennis Center Fund are permanently restricted endowments invested in mutual funds and Israel Bonds whose income is transferable to temporarily restricted net assets for use pursuant to the stipulations of the donors. Once those stipulations are satisfied this income is transferred to unrestricted net assets. The income related to the Ettenberg Family Foundation endowment is to be used for programs related to children with developmental and physical disabilities. This contribution, net of collections, is included in contributions receivable.

The Eisenberg Challenger Fund was established in 1990 upon the request of a donor. It was created with a donation of $1,000,000, of which $500,000 was subsequently released by the donors to be used for operations. The income generated from this fund is to be used to fund a tennis tournament, the Eisenberg Challenger Cup, in Israel.

NOTE 9 – RESTRICTED NET ASSETS (Continued)

In 1992, the Foundation established the Ben B. and Joyce E. Eisenberg Jerusalem Tennis Center Fund at the request of the donor. The purpose of this fund is to finance the operations of the Ben B. and Joyce E. Eisenberg Jerusalem Tennis Center. The fund was initially established by a $2,000,000 contribution. A second contribution in the amount of $5,000,000 was subsequently made, of which $500,000 was subsequently released by the donor to be used for operations. Additional contributions totaling $74,604 were subsequently added to these funds. The income generated from this fund is to be used first to fund the operations of the Ben B. and Joyce E. Eisenberg Jerusalem Tennis Center and the remainder, if any, is to be added to the unrestricted operating fund.

The endowment for clay courts at ITC Ramat Hasharon was established by a donor in 2014. The income to be generated from this endowment is to be used to maintain the clay courts at ITC Ramat Hasharon in perpetuity. During 2015, the donor agreement was amended to allow for the transfer to Israel of $50,000 for clay court renovation to be performed in 2016. The funds were transferred to Israel in December 2015.

NOTE 10 – ENDOWMENTS

The Foundation adheres to the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). NYPMIFA creates a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. In addition, in accordance with U.S. GAAP, any unappropriated earnings on endowment funds that would otherwise be considered unrestricted by the donor should be reflected as temporarily restricted until appropriated by the Board of Directors.

The Foundation's endowments consist of a number of funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument (if applicable) at the time the accumulation is added to the fund, and (d) the portion of investment return added to the permanent endowment to maintain its purchasing power, if required.

The Foundation classifies as temporarily restricted net assets (a) the portion of donor-restricted term endowment funds that is deemed to be restricted over a donor-specified period, and (b) the portion of donor-restricted endowment funds with donor-imposed purpose restrictions that have not yet been met.

Board Designed Funds

The Board Designated Endowment Fund was initially established by the Board of Directors through a transfer of unrestricted assets from the Operating Fund. In subsequent years, additional transfers have been made from the Operating Fund to the Endowment Fund with Board approval. The principal balance in this fund is to be maintained unless otherwise designated by the Board. At December 31, 2017 and 2016, board-designated assets consisted of the net assets in the Board Designated Planned Giving Fund and a Board Designated Endowment Fund totaling $11,505,342 and $10,940,224 respectively.

Endowment net asset composition at December 31, 2017 and 2016, included $11,192,528 and $10,480,269, respectively, of board-designated endowment funds included in unrestricted net assets. Permanently restricted endowment funds amounted to $7,974,604 as of December 31, 2017 and 2016.

NOTE 10 – ENDOWMENTS (Continued)

The following schedule summarizes the changes in endowment net assets for the year ended December 31, 2017:

	Board Designated Planned Giving Fund	Board Designated Endowment Fund	Permanently Restricted	Total
Net investment income	$ 61,815	$ 1,908,067	$ 127,305	$ 2,097,187
Contribution (Note 9)	-	507,478	-	507,478
Expenditure of endowment assets	-	(1,703,286)	(127,305)	(1,830,591)
Other changes:				
Change in value of split-interest arrangement	(190,570)	-	-	(190,570)
Change in value of life insurance policies	(18,386)	-	-	(18,386)
Change in endowment net assets	(147,141)	712,259	-	565,118
Balance at beginning of year	459,955	10,480,269	7,974,604	18,914,828
Balance at end of year	$ 312,814	$ 11,192,528	$ 7,974,604	$ 19,479,946

The following schedule summarizes the changes in endowment net assets for the year ended December 31, 2016:

	Board Designated Planned Giving Fund	Board Designated Endowment Fund	Permanently Restricted	Total
Net investment income (loss)	$ 38,118	$ 646,804	$ 115,921	$ 800,843
Contribution (Note 9)	-	542,594	-	542,594
Expenditure of endowment assets	-	(1,014,836)	(115,921)	(1,137,757)
Other changes:				
Change in value of split-interest arrangement	(33,144)	-	-	(33,144)
Change in value of life insurance policies	910	-	-	910
Change in endowment net assets	5,884	174,562	-	180,446
Balance at beginning of year	454,071	10,305,707	7,974,604	18,734,382
Balance at end of year	$ 459,955	$ 10,480,269	$ 7,974,604	$ 18,914,828

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the value of the original gift as of the gift date of its donor- restricted endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified purpose, as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce the maximum yield possible, while assuming a relatively low level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 4% annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy based on a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

NOTE 10 – ENDOWMENTS (Continued)

The Annual Allocation to be distributed to the Israel Tennis Centers from the Endowment Fund is generally funded as follows: first, from contributions collected, net of costs incurred to fund the Foundation's operations, and second, to the extent there is a deficit in funding the Annual Allocation, an amount not to exceed 7% of the three year rolling average of the fair market value of the Endowment Fund (as of December 31 each year), up to a maximum of $1.5 million. The Foundation's Endowment Committee and Board may make additional "emergency" or "special" allocations from the Endowment Fund beyond the Annual Allocation amount. In establishing its spending policy, the Foundation considered the long-term expected return on its endowment. The Foundation's policy is to spend the income earned on the endowment assets, and not spend any of the endowment principal, except as needed for emergency purposes.

Investment return on permanently restricted endowment funds is recognized directly as unrestricted. For the years ended December 31, 2017 and 2016 investment income amounted to $127,305 and $115,921, respectively.

NOTE 11 – COMMITMENT AND CONTINGENCIES

a) The Foundation leases office space and equipment under several non-cancellable operating leases expiring in various months through July 2020. Rent charged to expense amounted to $77,089 and $76,879 for the years ended December 31, 2017 and 2016, respectively.

   Future minimum rentals due under non-cancellable operating leases as of December 31, 2017 were as follows:

2018	$49,377
2019	2,110
2020	1,319
	$52,806

b) ***Income Taxes -*** The Foundation has no uncertain tax positions as of December 31, 2017 and 2016 in accordance with Accounting Standards Codification ("ASC") Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 12 – RELATED PARTY TRANSACTIONS

During the years ended December 31, 2017 and 2016, the Foundation made grants to the ITC of approximately $3,600,000 and $2,700,000, respectively. In 2017 and 2016, the Foundation paid additional program expenses of approximately $39,000 and $0, respectively, related to the ITC to support operations.

NOTE 13 – EMPLOYEE BENEFIT PLAN

The Foundation has a defined contribution pension plan (the "Plan") for all full-time employees. Full-time employees are eligible for participation in the Plan the first day of the month after they are employed. The Foundation contributed $27,218 and $24,942 to the Plan for the years ended December 31, 2017 and 2016, respectively. In 2016, the foundation reduced its contribution from 6% to 3% of gross payroll for full-time employees.

NOTE 14 – CONCENTRATIONS

a) Cash and cash equivalents that potentially subject the Foundation to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits by approximately $858,000 and $886,000, as of December 31, 2017 and 2016, respectively. This excess includes outstanding checks. Cash accounts with participating banks are insured up to $250,000 per depositor.

b) Pledges receivable from two donors accounted for approximately 49% and 37% of the gross contribution receivables as of December 31, 2017 and 2016, respectively.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the statement of financial position date through October 16, 2018, the date the financial statements were available to be issued.