

Friends of Israel Disabled Veterans, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2023 and 2022

**Friends of Israel Disabled Veterans, Inc.
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December 31, 2023 and 2022**

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Forvis Mazars, LLP
135 West 50th Street
New York, NY 10020-1299
P 212.812.7000 | F 212.375.6888
forvismazars.us



Independent Auditor's Report

Board of Directors
Friends of Israel Disabled Veterans, Inc.
New York, New York

Opinion

We have audited the financial statements of Friends of Israel Disabled Veterans, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Friends of Israel Disabled Veterans, Inc. as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of Israel Disabled Veterans, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Israel Disabled Veterans, Inc.'s ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Board of Directors
Friends of Israel Disabled Veterans, Inc.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Friends of Israel Disabled Veterans, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Friends of Israel Disabled Veterans, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Forvis Mazars, LLP

New York, New York
August 14, 2024

**Friends of Israel Disabled Veterans, Inc.
Statements of Financial Position
December 31, 2023 and 2022**

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 4,995,987	\$ 3,006,405
Investments	16,105	260,689
Contributions receivable	1,271,393	354,426
Prepaid expenses and other receivables	188,533	141,720
Beneficial interest in remainder trust	1,638,111	1,744,961
Beneficial interest in perpetual trust	167,577	157,003
Security deposits	20,621	20,621
Right-of-use asset operating lease	60,955	105,126
Property and equipment, net	1,803	2,335
Total assets	<u>\$ 8,361,085</u>	<u>\$ 5,793,286</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 57,904	\$ 54,827
Operating lease liability	62,235	105,974
Grants payable	2,205,115	1,000,000
Total liabilities	<u>2,325,254</u>	<u>1,160,801</u>
Net Assets		
Without donor restrictions	2,689,689	2,460,361
With donor restrictions	3,346,142	2,172,124
Total net assets	<u>6,035,831</u>	<u>4,632,485</u>
Total liabilities and net assets	<u>\$ 8,361,085</u>	<u>\$ 5,793,286</u>

See Notes to Financial Statements

Friends of Israel Disabled Veterans, Inc.
Statements of Activities
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support						
Contributions and bequests	\$ 4,322,191	\$ 3,860,229	\$ 8,182,420	\$ 2,006,926	\$ 1,224,953	\$ 3,231,879
Direct mail	28,732	-	28,732	258,405	-	258,405
Special event revenues	73,005	-	73,005	130,404	-	130,404
Change in value in beneficial interest in remainder trust	-	168,151	168,151	-	(84,251)	(84,251)
Change in value of perpetual trust	-	10,574	10,574	-	(42,444)	(42,444)
Net assets released from restrictions	2,864,936	(2,864,936)	-	1,876,251	(1,876,251)	-
Total revenues and other support	7,288,864	1,174,018	8,462,882	4,271,986	(777,993)	3,493,993
Expenses						
Program services						
Facilities and special programs	6,016,900	-	6,016,900	2,400,000	-	2,400,000
Supporting services						
Management and general	252,359	-	252,359	168,634	-	168,634
Fundraising	842,833	-	842,833	590,608	-	590,608
Total supporting services	1,095,192	-	1,095,192	759,242	-	759,242
Total expenses	7,112,092	-	7,112,092	3,159,242	-	3,159,242
Change in Net Assets Before Investment Income	176,772	1,174,018	1,350,790	1,112,744	(777,993)	334,751
Investment income	52,556	-	52,556	1,198	-	1,198
Change in Net Assets	229,328	1,174,018	1,403,346	1,113,942	(777,993)	335,949
Net Assets, Beginning of Year	2,460,361	2,172,124	4,632,485	1,346,419	2,950,117	4,296,536
Net Assets, End of Year	\$ 2,689,689	\$ 3,346,142	\$ 6,035,831	\$ 2,460,361	\$ 2,172,124	\$ 4,632,485

See Notes to Financial Statements

**Friends of Israel Disabled Veterans, Inc.
Statements of Functional Expenses
Years Ended December 31, 2023 and 2022**

	2023					2022				
	Program Services	Supporting Services				Program Services	Supporting Services			
	Facilities and Special Programs	Management and General	Fundraising	Total Supporting Services	Total	Facilities and Special Programs	Management and General	Fundraising	Total Supporting Services	Total
Transmissions to Israel-Zahal										
Disabled Veterans Organization	\$ 6,016,900	\$ -	\$ -	\$ -	\$ 6,016,900	\$ 2,400,000	\$ -	\$ -	\$ -	\$ 2,400,000
Salaries	-	103,546	278,573	382,119	382,119	-	82,319	222,565	304,884	304,884
Payroll taxes and employee benefits	-	20,181	54,293	74,474	74,474	-	12,976	35,085	48,061	48,061
Professional fees	-	38,290	103,013	141,303	141,303	-	26,188	70,806	96,994	96,994
Insurance	-	737	1,983	2,720	2,720	-	588	1,589	2,177	2,177
Data processing	-	9,683	26,051	35,734	35,734	-	5,318	14,377	19,695	19,695
Direct mail	-	-	81,440	81,440	81,440	-	-	79,185	79,185	79,185
Occupancy	-	13,384	36,007	49,391	49,391	-	9,621	26,013	35,634	35,634
Telephone and online services	-	3,163	8,508	11,671	11,671	-	4,340	11,734	16,074	16,074
Office supplies	-	28,355	76,285	104,640	104,640	-	21,699	58,668	80,367	80,367
Postage, printing, and publications	-	5,586	15,028	20,614	20,614	-	4,543	12,283	16,826	16,826
Cost of events (including food and space rental)	-	-	119,643	119,643	119,643	-	-	42,759	42,759	42,759
Advertising	-	-	13,066	13,066	13,066	-	-	719	719	719
Travel	-	-	25,084	25,084	25,084	-	-	12,009	12,009	12,009
Depreciation	-	144	388	532	532	-	130	352	482	482
Bad debt	-	28,000	-	28,000	28,000	-	-	-	-	-
Miscellaneous	-	1,290	3,471	4,761	4,761	-	912	2,464	3,376	3,376
Total expenses	\$ 6,016,900	\$ 252,359	\$ 842,833	\$ 1,095,192	\$ 7,112,092	\$ 2,400,000	\$ 168,634	\$ 590,608	\$ 759,242	\$ 3,159,242

See Notes to Financial Statements

**Friends of Israel Disabled Veterans, Inc.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022**

	2023	2022
Operating Activities		
Change in net assets	\$ 1,403,346	\$ 335,949
Items not requiring (providing) operating cash flows		
Depreciation	532	482
Stock donation	(1,279,870)	(147,154)
Realized and unrealized loss (gain) on investments	(42,242)	275
Change in value in beneficial interest in remainder trust	(168,151)	84,251
Change in value of perpetual trust	(10,574)	42,444
Noncash operating lease expense	432	848
Changes in		
Contributions receivable	(916,967)	286,691
Prepaid expenses and other receivables	(46,813)	(141,720)
Accounts payable and accrued expenses	3,077	(57,451)
Grants payable	1,205,115	-
Net cash provided by operating activities	147,885	404,615
Investing Activities		
Purchase of property and equipment	-	(2,660)
Purchase of investments	(8,397)	(387)
Proceeds from sales of investments	1,850,094	364,001
Net cash provided by investing activities	1,841,697	360,954
Net Change in Cash and Cash Equivalents	1,989,582	765,569
Cash and Cash Equivalents, Beginning of Year	3,006,405	2,240,836
Cash and Cash Equivalents, End of Year	<u>\$ 4,995,987</u>	<u>\$ 3,006,405</u>
Supplemental Cash Flows Information		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ -	\$ 133,885

See Notes to Financial Statements

**Friends of Israel Disabled Veterans, Inc.
Notes to Financial Statements
December 31, 2023 and 2022**

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Zahal Disabled Veterans Organization (ZDVO) was founded to represent, lobby for, and rehabilitate the quadriplegic, paraplegic, blind, burned, amputee, and other disabled Israeli veterans. To facilitate their rehabilitation, four Beit Halochem Centers (the Centers) were built in Tel Aviv, Haifa, Jerusalem, and Beer Sheva, and a rest and recreational facility in Nahariya. The campaign for the fifth center in Ashdod started in 2015. Construction began in April 2018 but was paused during the COVID-19 pandemic. Construction, phase B, resumed at the end of 2022, but was stopped on October 7, 2023, when the war in Israel began. It resumed in June 2024 and is expected to be completed by December 2025. Over 8,000 veterans and their families will benefit from a center of their own. Friends of Israel Disabled Veterans, Inc. (Friends) is the official U.S. tax-exempt representative of ZDVO. Its major mission is to bring awareness of and raise funds for these Centers and the veterans they serve.

The Centers are dedicated to providing comprehensive treatment and services. Limited by serious handicaps, many disabled find it difficult to re-establish a daily regimen necessary to physical and mental well-being. Providing the means to succeed is Beit Halochem's top priority. The veterans receive individualized physical and hydrotherapy, psychological counseling, sports, vocational, and academic training. The Centers also provide programs and activities for the entire family, bringing together parents and children in an environment of "normalcy" and warmth.

Academic scholarships give the disabled veterans the opportunity to go to college, either to continue what they were learning before being disabled, or new fields, as their disabilities often prevent them from pursuing their original goals.

The Centers also provide state-of-the-art sports training and sports scholarships. Some of the members progress so well that they are given specialized training in order to compete in the Paralympics and other games specifically geared to disabled athletes around the world. The Centers' veterans have won gold medals at many of these events. Becoming a successful athlete gives the disabled veteran strength of mind and spirit, enabling him or her to overcome the painful obstacles of the disability.

The Centers enable these men and women to regain control of their lives, with self-confidence and dignity, in an atmosphere of love, encouragement, and deep appreciation for their tremendous sacrifice.

ZDVO took upon itself to care for a population of civilians that found themselves standing on the front line and being injured side by side with soldiers during terror attacks. Today civilian victims of terror can become equal members of one of the four Beit Halochem Centers and enjoy Beit Halochem Centers and benefit from their services.

Friends was incorporated in 1987 as a nonprofit organization.

The Friends' website is available for more information about individual disabled veterans, current events at Beit Halochem in Israel and in the U.S., and donation opportunities.

Friends is funded primarily by contributions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and change in net assets during the reporting period. Actual results could differ from those estimates.

**Friends of Israel Disabled Veterans, Inc.
Notes to Financial Statements
December 31, 2023 and 2022**

Cash and Cash Equivalents

Friends considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents. At December 31, 2023 and 2022, cash equivalents consisted primarily of money market accounts.

At December 31, 2023, Friends' cash accounts exceeded federally insured limits by approximately \$4,162,000.

Investments and Net Investment Return

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

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Allowance for Doubtful Accounts

Friends determines whether an allowance for uncollectibles should be provided for its receivables. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts, and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. No allowance for doubtful accounts was deemed necessary as of December 31, 2023 or 2022.

Property and Equipment

Property and equipment acquisitions over \$1,500 are stated at cost, less accumulated depreciation, and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

	Estimated Useful Lives
Computer and equipment	3 years
Furniture and fixtures	3 years

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

**Friends of Israel Disabled Veterans, Inc.
Notes to Financial Statements
December 31, 2023 and 2022**

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to Friends either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift		Value Recognized
<i>Conditional gifts, with or without restriction</i>		
Gifts that depend on Friends overcoming a donor-imposed barrier to be entitled to the funds		Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>		
Received at date of gift – cash and other assets		Fair value
Received at date of gift – property, equipment, and long-lived assets		Estimated fair value
Expected to be collected within one year		Net realizable value
Collected in future years		Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are reported as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction. There were no conditional contributions at December 31, 2023 or 2022.

Special Events Revenue

Revenue from special events is reported at the amount that reflects the consideration to which Friends expects to be entitled in exchange for the direct cost of the benefits received by the participant at the event. Contributions received related to the special events are also reflected as revenue from special events.

**Friends of Israel Disabled Veterans, Inc.
Notes to Financial Statements
December 31, 2023 and 2022**

Transmissions to Israel-Zahal Disabled Veterans Fund

Friends grants funds to ZDVO for different programs. Grants are recorded when approved by the Board of Directors. Funds approved for transmission are recorded as grants payable.

Income Taxes

Friends is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, Friends is subject to federal income tax on any unrelated business taxable income. Friends files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the separate statements of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and fundraising categories based on hours worked, square footage of space used, and other methods.

Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2. Investments and Fair Value Measurements

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**Friends of Israel Disabled Veterans, Inc.
Notes to Financial Statements
December 31, 2023 and 2022**

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and December 31, 2022:

	Fair Value Measurements at Report Date Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2023			
State of Israel bonds	\$ 15,000	\$ -	\$ 15,000
Fixed-income securities			
Municipal bonds	28	-	28
Total investments reported on the fair value hierarchy	15,028	\$ -	\$ 15,028
Cash and cash equivalents	1,077		
Total investments	\$ 16,105		
Beneficial interest in trust			
Remainder trust	\$ 1,638,111	\$ -	\$ -
Perpetual trust	167,577	-	1,638,111
	\$ 1,805,688	\$ -	\$ 1,805,688

Friends of Israel Disabled Veterans, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

	Fair Value Measurements at Report Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2022				
State of Israel bonds	\$ 15,000	\$ -	\$ 15,000	\$ -
Equities				
Financial services	2,250	2,250	-	-
Mutual funds				
Large blend	145,727	145,727	-	-
Fixed-income securities				
Municipal bonds	28	-	28	-
Total investments reported on the fair value hierarchy	163,005	\$ 147,977	\$ 15,028	\$ -
Cash and cash equivalents	97,684			
Total investments	\$ 260,689			
Beneficial interest in trust				
Remainder trust	\$ 1,744,961	\$ -	\$ -	\$ 1,744,961
Perpetual trust	157,003	-	-	157,003
	\$ 1,901,964	\$ -	\$ -	\$ 1,901,964

Following is a description of the valuation methodology and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2023 and December 31, 2022.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

**Friends of Israel Disabled Veterans, Inc.
Notes to Financial Statements
December 31, 2023 and 2022**

Note 3. Contributions Receivable

Contributions receivable have been discounted over the payment period using a discount rate of 4.5% in 2023 and 0.3% in 2022. Contributions receivable are due as follows:

	Years Ending December 31	2023		
		Without Donor Restrictions	With Donor Restrictions	Total
2024		\$ -	\$ 673,600	\$ 673,600
2025		-	603,600	603,600
2026		-	3,600	3,600
2027		-	3,600	3,600
2028		-	3,600	3,600
Thereafter		-	14,400	14,400
		-	1,302,400	1,302,400
		-	(31,007)	(31,007)
Less discount		\$ -	\$ 1,271,393	\$ 1,271,393
2022				
	Years Ending December 31	Without Donor Restrictions	With Donor Restrictions	Total
2023		\$ 134,426	\$ 124,000	\$ 258,426
2024		-	96,000	96,000
		\$ 134,426	\$ 220,000	\$ 354,426

Note 4. Beneficial Interest in Trusts

(A) In June 2011, Friends was bequeathed a 25% interest in the residual assets of the Chai Trust (the Trust). The Trust provides for annual fixed distributions for a period of 20 years to other named beneficiaries, as well as annual distributions to Friends. At the conclusion of the 20-year period, the Trust will be liquidated and any residual assets distributed to the beneficiaries. Friends received distributions of \$275,000 in 2023 and \$256,250 in 2022. As of December 31, 2023 and 2022, the value of Friends' interest in the Trust is based on the present value of estimated future cash flows, valued by the trustee to be worth \$1,638,111 and \$1,744,961, respectively.

**Friends of Israel Disabled Veterans, Inc.
Notes to Financial Statements
December 31, 2023 and 2022**

Anticipated future distributions, recorded at present value using a discount rate of 5% as of December 31, 2023, are as follows:

2024	\$ 286,000
2025	295,000
2026	304,000
2027	313,000
Thereafter	654,000
	<u>1,852,000</u>
Less present value discount	<u>(213,889)</u>
Total	<u>\$ 1,638,111</u>

The present value discount was \$213,889 at December 31, 2023 and \$277,039 at December 31, 2022.

(B) In 2014, Friends was bequeathed a 9.1% interest in the Kamaiko Charitable Endowment Fund 2, a perpetual trust. The trust provides for annual distributions of 5% of the assets of the trust in perpetuity. The fair value of Friends' proportionate share of the trust at December 31, 2023 and 2022 was \$167,577 and \$157,003, respectively.

Note 5. Property and Equipment

	2023	2022
Computer and equipment	\$ 6,462	\$ 6,462
Furniture and fixtures	<u>2,660</u>	<u>2,660</u>
	9,122	9,122
	<u>(7,319)</u>	<u>(6,787)</u>
Less accumulated depreciation	<u>\$ 1,803</u>	<u>\$ 2,335</u>

**Friends of Israel Disabled Veterans, Inc.
Notes to Financial Statements
December 31, 2023 and 2022**

Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	2023	2022
Program for paralyzed veterans	\$ 7,263	\$ 7,862
Showers at Beit Hakochem Jerusalem	31,962	31,962
Time restrictions	3,139,340	1,975,297
Kamaiko perpetual trust	167,577	157,003
	<u>\$ 3,346,142</u>	<u>\$ 2,172,124</u>

Net assets with donor restrictions were released from restrictions for the following:

	2023	2022
Time restrictions	\$ 2,681,268	\$ 1,732,270
Program for paralyzed veterans	183,668	143,981
	<u>\$ 2,864,936</u>	<u>\$ 1,876,251</u>

Note 7. Zahal Disabled Veterans Organization

During 2023 and 2022, Friends granted the sum of \$6,016,900 and \$2,400,000, respectively, to Zahal Disabled Veterans Fund of ZDVO, which included funding for programs for severely wounded, young disabled, sports, cultural and educational activities, equipment, and academic and sports scholarships.

Note 8. Pension

Friends has a defined contribution 401(k) plan which covers substantially all employees. All participating eligible employees receive a matching of employees' contributions up to a maximum 3% not to exceed IRS guidelines. The expense for the years ended December 31, 2023 and 2022 was \$8,736 and \$5,754, respectively.

**Friends of Israel Disabled Veterans, Inc.
Notes to Financial Statements
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Note 9. Liquidity and Availability

Friends' financial assets available within one year of the balance sheet date for general expenditures as of December 31, 2023 and 2022 are:

	2023	2022
Financial assets at year-end		
Cash and cash equivalents	\$ 4,995,987	\$ 3,006,405
Investments	16,105	260,689
Contributions receivable	1,271,393	354,426
Beneficial interest in remainder trust	1,638,111	1,744,961
Beneficial interest in perpetual trust	167,577	157,003
Total financial assets	8,089,173	5,523,484
Less restrictions		
Beneficial interest in remainder trust	(1,638,111)	(1,744,961)
Beneficial interest in perpetual trust	(167,577)	(157,003)
Less other net assets with donor restrictions	(1,540,454)	(270,160)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,743,031	\$ 3,351,360

Friends manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Friends has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days' operating expenses. Friends has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets to meet 30 to 45 days of expected expenditures. To achieve these targets, Friends forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended December 31, 2023 and 2022, the level of liquidity and reserves was managed within the policy requirements.

Note 10. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions Receivable and Revenues

Approximately 91% of all contribution receivable was due from two donor in 2023 and 42% was due from one donor in 2022. In addition, approximately 40% of contribution revenues were received from two donors in 2023 and 46% of contribution revenues were received from two donors in 2022.

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Note 11. Leases

Accounting Policies

Friends determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. Friends determines lease classification as operating or finance at the lease commencement date.

Friends combines lease and non-lease components, such as maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office buildings.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. Friends has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that Friends is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

Friends has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

Friends has entered into the following lease arrangements:

Operating Lease

Friends has a lease for office space that expires in 2025. The lease contains a renewal option for a one year period. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

All Leases

Friends has no material related-party leases.

Friends lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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Quantitative Disclosures

The lease costs and other required information for the years ended December 31, 2023 and 2022 are:

	2023	2022
Lease cost		
Operating lease cost	<u>\$ 46,584</u>	<u>\$ 31,056</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 44,171	\$ 28,759
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ -	\$ 133,885
Weighted-average remaining lease term		
Operating leases	1.33 years	2.33 years
Weighted-average discount rate	2.93%	2.93%
Operating leases		

Future minimum lease payments and reconciliation to the statement of financial position at December 31, 2023 are as follows:

	Operating Lease
2024	\$ 47,323
2025	15,917
Total future undiscounted lease payments	63,240
Less interest	<u>(1,005)</u>
Lease liabilities	<u>\$ 62,235</u>

Note 12. Revenue from Contracts with Special Event Attendees

Special Events Revenue

Revenue from special events is reported at the amount that reflects the consideration to which Friends expects to be entitled in exchange for the direct cost of the benefits received by the participant at the event. Contributions received related to the special events are also reflected as special events income.

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Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by Friends. Revenue for performance obligations satisfied over a period of time is generally recognized when goods are provided to donors over a period of time and Friends does not believe it is required to provide additional goods or services related to that sale.

Transaction Price

Friends determines the transaction price based on standard charges for goods and services provided. For the years ended December 31, 2023 and 2022, Friends recognized revenue of approximately \$10,800 and \$23,336, respectively, from goods and services that transfer to the attendee at a point in time.

Note 13. Subsequent Events

Subsequent events have been evaluated through August 14, 2024, which is the date the financial statements were available to be issued.