

# **Friends of Israel Disabled Veterans, Inc.**

## **Independent Auditor's Report and Financial Statements**

December 31, 2023 and 2022

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

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## 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**

|  | <b>2023</b>             | <b>2022</b>             |
|--|-------------------------|-------------------------|
| <b>ASSETS</b>                          |                         |                         |
| 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                   |
| <br>Total assets                       | <br><u>\$ 8,361,085</u> | <br><u>\$ 5,793,286</u> |
| <b>LIABILITIES AND NET ASSETS</b>      |                         |                         |
| <b>Liabilities</b>                     |                         |                         |
| Accounts payable and accrued expenses  | \$ 57,904               | \$ 54,827               |
| Operating lease liability              | 62,235                  | 105,974                 |
| Grants payable                         | 2,205,115               | 1,000,000               |
| <br>Total liabilities                  | <br><u>2,325,254</u>    | <br><u>1,160,801</u>    |
| <br><b>Net Assets</b>                  |                         |                         |
| Without donor restrictions             | 2,689,689               | 2,460,361               |
| With donor restrictions                | 3,346,142               | 2,172,124               |
| <br>Total net assets                   | <br><u>6,035,831</u>    | <br><u>4,632,485</u>    |
| <br>Total liabilities and net assets   | <br><u>\$ 8,361,085</u> | <br><u>\$ 5,793,286</u> |

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

|  | 2023                             |                               |                     | 2022                             |                               |                     |
|--|----------------------------------|-------------------------------|---------------------|----------------------------------|-------------------------------|---------------------|
|  | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total               | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total               |
| <b>Revenues and Other Support</b>                            |                                  |                               |                     |                                  |                               |                     |
| 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<br>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                             | <u>7,288,864</u>                 | <u>1,174,018</u>              | <u>8,462,882</u>    | <u>4,271,986</u>                 | <u>(777,993)</u>              | <u>3,493,993</u>    |
| <b>Expenses</b>  |                                  |                               |                     |                                  |                               |                     |
| Program services   |                                  |                               |                     |                                  |                               |                     |
| Facilities and special programs                              | <u>6,016,900</u>                 | <u>-</u>                      | <u>6,016,900</u>    | <u>2,400,000</u>                 | <u>-</u>                      | <u>2,400,000</u>    |
| Supporting services  |                                  |                               |                     |                                  |                               |                     |
| Management and general                                       | <u>252,359</u>                   | <u>-</u>                      | <u>252,359</u>      | <u>168,634</u>                   | <u>-</u>                      | <u>168,634</u>      |
| Fundraising  | <u>842,833</u>                   | <u>-</u>                      | <u>842,833</u>      | <u>590,608</u>                   | <u>-</u>                      | <u>590,608</u>      |
| Total supporting services                                    | <u>1,095,192</u>                 | <u>-</u>                      | <u>1,095,192</u>    | <u>759,242</u>                   | <u>-</u>                      | <u>759,242</u>      |
| Total expenses   | <u>7,112,092</u>                 | <u>-</u>                      | <u>7,112,092</u>    | <u>3,159,242</u>                 | <u>-</u>                      | <u>3,159,242</u>    |
| Change in Net Assets Before<br>Investment Income             |                                  |                               |                     |                                  |                               |                     |
|  | <u>176,772</u>                   | <u>1,174,018</u>              | <u>1,350,790</u>    | <u>1,112,744</u>                 | <u>(777,993)</u>              | <u>334,751</u>      |
| Investment income  | <u>52,556</u>                    | <u>-</u>                      | <u>52,556</u>       | <u>1,198</u>                     | <u>-</u>                      | <u>1,198</u>        |
| Change in Net Assets   |                                  |                               |                     |                                  |                               |                     |
|  | <u>229,328</u>                   | <u>1,174,018</u>              | <u>1,403,346</u>    | <u>1,113,942</u>                 | <u>(777,993)</u>              | <u>335,949</u>      |
| Net Assets, Beginning of Year                                | <u>2,460,361</u>                 | <u>2,172,124</u>              | <u>4,632,485</u>    | <u>1,346,419</u>                 | <u>2,950,117</u>              | <u>4,296,536</u>    |
| Net Assets, End of Year                                      | <u>\$ 2,689,689</u>              | <u>\$ 3,346,142</u>           | <u>\$ 6,035,831</u> | <u>\$ 2,460,361</u>              | <u>\$ 2,172,124</u>           | <u>\$ 4,632,485</u> |

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

|  | 2023                |                                 |                        |                     |                     | 2022                            |                        |                   |                           |                     |
|--|---------------------|---------------------------------|------------------------|---------------------|---------------------|---------------------------------|------------------------|-------------------|---------------------------|---------------------|
|  | Program Services    | Supporting Services             |                        |                     | Total               | Program Services                | Supporting Services    |                   |                           | Total               |
|  |                     | Facilities and Special Programs | Management and General | Fundraising         |                     | Facilities and Special Programs | Management and General | Fundraising       | Total Supporting Services |                     |
| 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                 | 222,585           | 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               |
| <b>Total expenses</b>  | <b>\$ 6,016,900</b> | <b>\$ 252,359</b>               | <b>\$ 842,833</b>      | <b>\$ 1,095,192</b> | <b>\$ 7,112,092</b> | <b>\$ 2,400,000</b>             | <b>\$ 168,634</b>      | <b>\$ 590,608</b> | <b>\$ 759,242</b>         | <b>\$ 3,159,242</b> |

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

|  | <b>2023</b>      | <b>2022</b>      |
|--|------------------|------------------|
| <b>Operating Activities</b>  |                  |                  |
| Change in net assets   |                  |                  |
| Items not requiring (providing) operating cash flows                         |                  |                  |
| Depreciation   | \$ 1,403,346     | \$ 335,949       |
| Stock donation   | 532              | 482              |
| Realized and unrealized loss (gain) on investments                           | (1,279,870)      | (147,154)        |
| Change in value in beneficial interest in remainder trust                    | (42,242)         | 275              |
| Change in value of perpetual trust   | (168,151)        | 84,251           |
| Noncash operating lease expense  | (10,574)         | 42,444           |
| 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                                    | <u>147,885</u>   | <u>404,615</u>   |
| <b>Investing Activities</b>  |                  |                  |
| Purchase of property and equipment   | -                | (2,660)          |
| Purchase of investments  | (8,397)          | (387)            |
| Proceeds from sales of investments   | <u>1,850,094</u> | <u>364,001</u>   |
| Net cash provided by investing activities                                    | <u>1,841,697</u> | <u>360,954</u>   |
| <b>Net Change in Cash and Cash Equivalents</b>                               |                  |                  |
| <b>Cash and Cash Equivalents, Beginning of Year</b>                          | <u>1,989,582</u> | <u>765,569</u>   |
| <b>Cash and Cash Equivalents, End of Year</b>                                | <u>3,006,405</u> | <u>2,240,836</u> |
| <b>Supplemental Cash Flows Information</b>                                   |                  |                  |
| Right-of-use assets obtained in exchange for new operating lease liabilities | \$ -             | \$ 133,885       |

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

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**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**

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**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:

|                        | <u>Estimated<br/>Useful Lives</u> |
|------------------------|-----------------------------------|
| 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**  
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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 |
|--------------------|------------------|
|--------------------|------------------|

*Conditional gifts, with or without restriction*

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

*Unconditional gifts, with or without restriction*

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

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**

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***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**

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**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<br>in Active<br>Markets for<br>Identical Assets | Significant<br>Other<br>Inputs | Significant<br>Unobservable<br>Inputs |                     |   |
|  | <u>Fair Value</u>   | <u>(Level 1)</u>               | <u>(Level 2)</u>                      | <u>(Level 3)</u>    |   |
| <b>December 31, 2023</b>                                     |   |                                |                                       |                     |   |
| State of Israel bonds  | \$ 15,000   | \$ -                           | \$ 15,000                             | \$ -                |   |
| Fixed-income securities                                      |   |                                |                                       |                     |   |
| Municipal bonds  |   | 28                             | -                                     | 28                  | - |
| Total investments<br>reported on the fair<br>value hierarchy | 15,028  | \$ -                           | \$ 15,028                             | \$ -                |   |
| Cash and cash equivalents                                    |   | 1,077                          |                                       |                     |   |
| Total investments  |   | <u>\$ 16,105</u>               |                                       |                     |   |
| Beneficial interest in trust                                 |   |                                |                                       |                     |   |
| Remainder trust  | \$ 1,638,111  | \$ -                           | \$ -                                  | \$ 1,638,111        |   |
| Perpetual trust  | <u>167,577</u>  | <u>\$ -</u>                    | <u>\$ -</u>                           | <u>167,577</u>      |   |
|  | <u>\$ 1,805,688</u>   | <u>\$ -</u>                    | <u>\$ -</u>                           | <u>\$ 1,805,688</u> |   |

**Friends of Israel Disabled Veterans, Inc.**  
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| <u>Fair Value Measurements at Report Date Using</u>    |                      |   |  |  |  |
|--|----------------------|---|--|--|--|
|  | <u>Quoted Prices</u> | <u>Significant<br/>in Active<br/>Markets for<br/>Identical Assets</u> | <u>Significant<br/>Other<br/>Observable<br/>Inputs</u> | <u>Significant<br/>Unobservable<br/>Inputs</u> |  |
|  | <u>Fair Value</u>    | <u>(Level 1)</u>  | <u>(Level 2)</u>                                       | <u>(Level 3)</u>                               |  |
| <b>December 31, 2022</b>                               |                      |   |  |  |  |
| 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.**  
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**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:

| <b>Years Ending<br/>December 31</b> | <b>2023</b>                           |                                    |              |
|-------------------------------------|---------------------------------------|------------------------------------|--------------|
|                                     | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b> |
| 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    |
| Less discount                       |                                       | (31,007)                           | (31,007)     |
|                                     | \$ -                                  | \$ 1,271,393                       | \$ 1,271,393 |

| <b>Years Ending<br/>December 31</b> | <b>2022</b>                           |                                    |                   |
|-------------------------------------|---------------------------------------|------------------------------------|-------------------|
|                                     | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>      |
| 2023                                | \$ 134,426                            | \$ 124,000                         | \$ 258,426        |
| 2024                                | -                                     | 96,000                             | 96,000            |
|                                     | <b>\$ 134,426</b>                     | <b>\$ 220,000</b>                  | <b>\$ 354,426</b> |

**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.**  
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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             |
|                             | 1,852,000           |
| 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**

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

**Friends of Israel Disabled Veterans, Inc.**  
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**Note 6. Net Assets With Donor Restrictions**

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

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

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

|                                | <u>2023</u>               | <u>2022</u>               |
|--------------------------------|---------------------------|---------------------------|
| Time restrictions              | \$ 2,681,268              | \$ 1,732,270              |
| Program for paralyzed veterans | 183,668                   | 143,981                   |
|                                | <hr/> <u>\$ 2,864,936</u> | <hr/> <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.**  
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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:

|   | <b>2023</b>      | <b>2022</b>      |
|---|------------------|------------------|
| 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          |
| <br>Total financial assets  | <br>8,089,173    | <br>5,523,484    |
| <br>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)        |
| <br>Financial assets available to meet cash needs<br>for general expenditures within one year | <br>\$ 4,743,031 | <br>\$ 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.

**Friends of Israel Disabled Veterans, Inc.**  
**Notes to Financial Statements**  
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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.

**Friends of Israel Disabled Veterans, Inc.**  
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**Quantitative Disclosures**

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

|  | <u>2023</u>      | <u>2022</u>      |
|--|------------------|------------------|
| <b>Lease cost</b>  |                  |                  |
| Operating lease cost   | <u>\$ 46,584</u> | <u>\$ 31,056</u> |
| <b>Other information</b>   |                  |                  |
| 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  | 1.33 years       | 2.33 years       |
| Operating leases   |                  |                  |
| 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:

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

**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.