

AMERICAN FRIENDS OF  
SHALVA ISRAEL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 and 2022

# AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
American Friends of Shalva Israel, Inc.

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of American Friends of Shalva Israel, Inc. (the "Organization"), 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 each of 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 American Friends of Shalva Israel, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for each of 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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*

The Organization's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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## ***Auditors' 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 auditors' 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 the Organization'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 the Organization'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.

*EisnerAmper LLP*

EISNERAMPER LLP  
New York, New York  
November 6, 2024



# AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

## Statements of Financial Position

	December 31,	
	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 748,190	\$ 594,345
Pledges receivable, net	1,631,822	1,196,693
Investments	2,212,379	1,077,925
Prepaid expenses and other assets	101,422	72,855
Right-of-use asset	437,198	122,799
Total assets	<u>\$ 5,131,011</u>	<u>\$ 3,064,617</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 86,412	\$ 160,337
Operating lease liability	439,213	134,942
Total liabilities	<u>525,625</u>	<u>295,279</u>
Commitments (see Note J)		
Net Assets:		
Without donor restrictions	<u>777,796</u>	<u>171,607</u>
With donor restrictions:		
Perpetual in nature	1,810,915	1,000,915
Purpose restrictions	1,513,518	1,171,253
Time-restricted for future periods	503,157	425,563
Total net assets with donor restrictions	<u>3,827,590</u>	<u>2,597,731</u>
Total net assets	<u>4,605,386</u>	<u>2,769,338</u>
Total liabilities and net assets	<u>\$ 5,131,011</u>	<u>\$ 3,064,617</u>

See notes to financial statements.

# AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

## Statements of Activities

	Year Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue:</b>						
Contributions	\$ 5,002,844	\$ 1,982,317	\$ 6,985,161	\$ 1,694,607	\$ 1,116,867	\$ 2,811,474
Donated services	95,908	-	95,908	64,220	-	64,220
Special events (net of direct benefits to donors of \$266,389 in 2023 and \$200,308 in 2022)	2,173,498	293,292	2,466,790	1,987,449	405,317	2,392,766
Investment gains (losses)	27,112	96,785	123,897	(120,843)	(6,936)	(127,779)
Total support and revenue before net assets released from restrictions	7,299,362	2,372,394	9,671,756	3,625,433	1,515,248	5,140,681
Net assets released from restrictions	1,142,535	(1,142,535)	-	1,068,672	(1,068,672)	-
Total support and revenue	8,441,897	1,229,859	9,671,756	4,694,105	446,576	5,140,681
<b>Expenses:</b>						
Program services – grants and awards programs	6,648,869	-	6,648,869	4,129,324	-	4,129,324
Supporting services:						
Management and general	359,808	-	359,808	457,499	-	457,499
Fund-raising	827,031	-	827,031	481,835	-	481,835
Total supporting services	1,186,839	-	1,186,839	939,334	-	939,334
Total expenses	7,835,708	-	7,835,708	5,068,658	-	5,068,658
<b>Change in net assets</b>	606,189	1,229,859	1,836,048	(374,553)	446,576	72,023
Net assets, beginning of year	171,607	2,597,731	2,769,338	546,160	2,151,155	2,697,315
<b>Net assets, end of year</b>	<u>\$ 777,796</u>	<u>\$ 3,827,590</u>	<u>\$ 4,605,386</u>	<u>\$ 171,607</u>	<u>\$ 2,597,731</u>	<u>\$ 2,769,338</u>

See notes to financial statements.

# AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

## Statements of Functional Expenses

	Year Ended December 31,									
	2023					2022				
	Program Services	Supporting Services			Total	Program Services	Supporting Services			Total
	Grants and Awards Programs	Management and General	Fund-raising	Total Supporting Services		Grants and Awards Programs	Management and General	Fund-raising	Total Supporting Services	
Salaries	\$ 267,380	\$ 97,672	\$ 287,681	\$ 385,353	\$ 652,733	\$ 209,478	\$ 93,101	\$ 228,246	\$ 321,347	\$ 530,825
Payroll taxes and employee benefits	30,782	11,244	33,119	44,363	75,145	22,676	10,078	24,708	34,786	57,462
Total salaries and fringe benefits	298,162	108,916	320,800	429,716	727,878	232,154	103,179	252,954	356,133	588,287
Grants to Shalva Israel	5,872,000	-	-	-	5,872,000	3,580,000	-	-	-	3,580,000
Lecture fees (see Note G[1])	123,000	-	-	-	123,000	96,000	-	-	-	96,000
Catering and related expenses	-	-	321,868	321,868	321,868	-	-	151,642	151,642	151,642
Credit card processing fees	59,195	21,624	63,690	85,314	144,509	23,942	10,641	26,087	36,728	60,670
Professional and consulting fees	27,575	146,230	27,575	173,805	201,380	95,019	151,030	95,019	246,049	341,068
Insurance	12,422	4,538	13,366	17,904	30,326	7,194	3,197	7,838	11,035	18,229
Rent	47,630	17,399	51,247	68,646	116,276	52,145	23,176	56,817	79,993	132,138
Postage and delivery	5,692	2,079	6,124	8,203	13,895	5,975	2,656	6,510	9,166	15,141
Travel	154,951	4,450	155,876	160,326	315,277	4,891	2,174	5,329	7,503	12,394
Telephone	3,095	1,131	3,330	4,461	7,556	3,776	1,678	4,115	5,793	9,569
Computer maintenance	19,555	7,143	21,040	28,183	47,738	12,138	5,394	13,225	18,619	30,757
Printing and video	-	-	80,970	80,970	80,970	-	-	45,074	45,074	45,074
Website	7,161	2,616	7,704	10,320	17,481	-	-	-	-	-
Equipment rental and maintenance	5,649	2,064	6,078	8,142	13,791	5,400	2,401	5,885	8,286	13,686
Office and other expenses	12,782	4,051	13,752	17,803	30,585	10,690	4,751	11,648	16,399	27,089
Provision for bad debt	-	37,567	-	37,567	37,567	-	147,222	-	147,222	147,222
Total expenses	6,648,869	359,808	1,093,420	1,453,228	8,102,097	4,129,324	457,499	682,143	1,139,642	5,268,966
Less: direct benefits to donors	-	-	(266,389)	(266,389)	(266,389)	-	-	(200,308)	(200,308)	(200,308)
Total expenses per statements of activities	\$6,648,869	\$ 359,808	\$ 827,031	\$1,186,839	\$ 7,835,708	\$ 4,129,324	\$ 457,499	\$ 481,835	\$ 939,334	\$ 5,068,658

See notes to financial statements.

# AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

## Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,836,048	\$ 72,023
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision in allowance for bad debts	37,567	147,222
Noncash lease amortization	139,447	112,541
Realized and unrealized (gains) losses on investments	(63,272)	151,337
Donated securities	(82,478)	(17,716)
Proceeds from sale of donated securities	82,478	17,716
Contributions – perpetual in nature	(810,000)	-
Changes in:		
Pledges receivable, net	(472,696)	(290,861)
Prepaid expenses and other assets	(28,567)	(49,703)
Accounts payable and accrued expenses	(73,925)	55,369
Operating lease liability	(149,575)	(117,743)
Annuities payable	-	(904)
Net cash provided by operating activities	<u>415,027</u>	<u>79,281</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(1,071,182)	(1,051,181)
Proceeds from sales of investments	-	17,942
Net cash used in investing activities	<u>(1,071,182)</u>	<u>(1,033,239)</u>
<b>Cash flows from financing activities:</b>		
Contributions – perpetual in nature	<u>810,000</u>	<u>-</u>
Net cash provided by financing activities	<u>810,000</u>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	<b>153,845</b>	<b>(953,958)</b>
Cash and cash equivalents, beginning of year	<u>594,345</u>	<u>1,548,303</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 748,190</u></u>	<u><u>\$ 594,345</u></u>
<b>Supplemental disclosures of cash flow information:</b>		
Donated services	<u>\$ 95,908</u>	<u>\$ 64,220</u>
Noncash lease liability arising from obtaining right-of-use asset	<u><u>\$ 453,846</u></u>	<u><u>\$ 252,685</u></u>

See notes to financial statements.



# **AMERICAN FRIENDS OF SHALVA ISRAEL, INC.**

## **Notes to Financial Statements December 31, 2023 and 2022**

### **NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **[1] Organization:**

American Friends of Shalva Israel, Inc. (the "Organization") is a not-for-profit corporation exempt under Section 501(c)(3) of the Internal Revenue Code. It was formed on July 30, 2007 under the not-for-profit statutes of the State of Delaware. The Organization commenced operations on November 1, 2009 and is a successor organization to American Friends of Shalva, Inc., an Ohio not-for-profit organization. The mission and purposes of both organizations are identical.

The Organization was established for the primary purpose of raising funds to provide grants to support the annual operations of Shalva - The Israel Association to Relieve the Handicapped Child and Family, an Israeli not-for-profit organization ("Shalva Israel"). In connection with the construction of Shalva Israel's National Children's Center in Jerusalem, Israel (the "New Center"), the Organization has also raised funds in a capital campaign to assist in the cost of such construction (the "Capital Campaign").

#### **[2] Basis of accounting:**

The financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

#### **[3] Use of estimates:**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, support and revenue and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### **[4] Cash and cash equivalents:**

For financial reporting purposes, the Organization considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents.

#### **[5] Investments:**

The Organization's investments in equity securities, mutual funds, money market funds and U.S. Treasury bills with readily determinable fair values are reported at their fair values as of year-end in the statements of financial position.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost basis to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing each investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned on the ex-dividend date. Investment expenses include the services of investment custodians, and are presented net with investment gains/losses within the statements of activities, as required by U.S. GAAP.

## AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [6] Net assets:

The net assets of the Organization and changes therein are classified and reported as follows:

###### (i) *Net assets without donor restrictions:*

The Organization's net assets without donor restrictions represent those resources for which there are no restrictions by donors as to their use and are available for current operations.

###### (ii) *Net assets with donor restrictions:*

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or a specific period of time. Also included in net assets with donor restrictions are donor restrictions that are perpetual in nature and subject to the requirements of the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). These donors have stipulated that those resources be maintained in perpetuity, with the resultant income and net capital appreciation arising from the underlying assets to be used in satisfaction of the wishes of those donors. When a donor restriction expires, that is, when: (i) a stipulated time restriction ends; (ii) a purpose restriction is accomplished; or (iii) the funds are appropriated through an action of the Board of Directors, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions."

##### [7] Lease:

The Organization determines if an arrangement is a lease at inception. For the Organization's operating lease, the right-of-use ("ROU") asset represents the Organization's right to use the underlying asset for the lease term and the operating lease liability represents an obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since the Organization's lease agreement does not provide an implicit interest rate, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs, such as operating expense escalation and rubbish removal, are expensed as incurred.

##### [8] Revenue recognition:

###### (i) *Contributions and pledges:*

Contributions made to the Organization are recognized as revenue upon the receipt of cash, other assets, or of unconditional pledges. Contributions are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of the Organization's management. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. An allowance for uncollectible pledges receivable has been provided using management's judgment of potential defaults, which considers factors such as prior collection history, the type of contributions received and the nature of the Organization's fund-raising activity.

## AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [8] Revenue recognition: (continued)

###### (ii) *Special events:*

The Organization holds various fund-raising events to raise money for its operations. Gross proceeds paid by attendees at special events represent contribution revenue, as well as the payment of the direct costs of the benefits received by the attendee at the event, considered exchange revenue. Special event income is reported net of the direct benefits to donors. The exchange portion of the cash received is recognized as revenue when the special event takes place. The exchange portion of special event proceeds for a future year's event is deferred and recognized when the event takes place. The contribution portion is considered restricted by donors for time until the event takes place.

###### (iii) *Donated services:*

For recognition of donated services in the financial statements, such services must: (i) create or enhance non-financial assets; and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must: (i) require specialized skills; and (ii) be provided by individuals possessing these skills. Donated services are recorded as support at their estimated fair value at the dates of donation and are reported as net assets without donor restrictions. Donated services are reported as both contributions and offsetting expenses in the statements of activities.

###### (iv) *Donated securities:*

Donated securities are recorded at their estimated fair values, on the dates of donation. The Organization's policy is to sell donated securities immediately unless instructed by the investment committee differently, and, accordingly, for purposes of the statements of cash flows, donated securities and the proceeds generated from their sale are included within operating activities.

##### [9] Grants awarded to Shalva Israel:

The Organization awards grants to Shalva Israel, which provides multi-faceted programs for mentally and physically challenged children, as well as respite services for the families of these children. These unconditional grants are recorded as expenses at the time they are awarded. The Organization does not award multi-year grants.

##### [10] Functional allocation of expenses:

The costs of providing the Organization's program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by functional and natural classification. Accordingly, direct costs have been functionalized within the program and supporting services, based on the nature of the expense. Indirect costs have been allocated on the basis of time spent by employees and the nature of the expenses. The expenses that are allocated include credit card processing fees, rent, computer maintenance, equipment rental, insurance, office expenses, postage, telephone and travel.

##### [11] Income tax uncertainties:

The Organization follows the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes*, relating to accounting and reporting for uncertainty in income taxes. Because of the Organization's general tax-exempt status, ASC Topic 740 has not had, and is not expected to have, a material impact on the Organization's financial statements.

## AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### [12] Adoption of accounting principle:

In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires the immediate recognition of estimated credit losses that are expected to occur over the life of many financial assets. The new model, referred to as the current expected credit losses ("CECL") model, will apply to: (1) financial assets subject to credit losses and measured at amortized cost, and (2) certain off-balance sheet credit exposures. This includes loans, held-to-maturity debt securities, loan commitments, financial guarantees, and net investments in leases, as well as trade receivables. The ASU will be effective for annual periods beginning after December 15, 2022; accordingly, the Organization adopted this ASU for the year ended December 31, 2023. Results for the year ended December 31, 2022 continue to be reported in accordance with previously applicable U.S. GAAP. The adoption and application of the standard had no material effect on these financial statements.

##### [13] Subsequent events:

The Organization evaluated subsequent events through November 6, 2024, the date on which the financial statements were available to be issued.

#### NOTE B - PLEDGES RECEIVABLE

At each year-end, pledges receivable were estimated to be due as follows:

	December 31,	
	2023	2022
Less than one year	\$ 1,506,490	\$ 1,236,834
One to five years	991,138	804,138
	2,497,628	2,040,972
Reduction of pledges due in excess of one year to present value at 2.00% - 4.79% annually	(50,010)	(46,750)
	2,447,618	1,994,222
Allowance for doubtful collections	(815,796)	(797,529)
Pledges receivable, net	\$ 1,631,822	\$ 1,196,693

The majority of the pledges receivable represent amounts promised to the Capital Campaign. During 2023, the Organization wrote off approximately \$19,000 of uncollectible pledges against the allowance. During 2022, the Organization wrote off approximately \$77,000 of uncollectible pledges against the allowance.

As of December 31, 2023, pledges receivable from three donors totaling approximately \$1,408,000 represented approximately 56% of the outstanding gross pledges receivable. As of December 31, 2022, pledges receivable from three donors totaling approximately \$1,458,000 represented approximately 71% of the outstanding gross pledges receivable.

# AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE C - INVESTMENTS

At each year-end, investments consisted of the following:

	December 31,			
	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Money market funds	\$ 25,255	\$ 25,255	\$ 38,515	\$ 38,515
Domestic securities	69,507	514,135	60,028	515,184
Mutual funds - equity	311,547	307,313	266,018	292,571
Mutual funds - bonds	408,515	419,882	413,847	419,882
U.S. Treasury bills	1,397,555	1,366,816	299,517	296,067
	<u>\$ 2,212,379</u>	<u>\$ 2,633,401</u>	<u>\$ 1,077,925</u>	<u>\$ 1,562,219</u>

During each year, net investment gains (losses) consisted of the following:

	Year Ended December 31,	
	2023	2022
Interest and dividends, net	\$ 60,625	\$ 23,558
Realized gains	-	226
Unrealized gains (losses)	<u>63,272</u>	<u>(151,563)</u>
	<u>\$ 123,897</u>	<u>\$ (127,779)</u>

The FASB's ASC Topic 820, *Fair Value Measurement*, establishes a three-level valuation hierarchy of fair value measurements. These valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting date.
- Level 2: Valuations are based on: (i) quoted prices for similar investments in active markets; or (ii) quoted prices for those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations in which: (i) there is little, if any, market activity for the investments; or (ii) in which the investments cannot be independently valued.

All of the Organization's investments were considered Level 1 of the fair-value hierarchy for both 2023 and 2022. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

# AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE D - DONATED SERVICES

#### Year Ended December 31, 2023

	<u>Revenue Recognized</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Legal services	\$ 95,908	Utilized in programmatic activities	N/A	Standard industry pricing for similar services based on market rates for services performed in the New York marketplace

#### Year Ended December 31, 2022

	<u>Revenue Recognized</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Legal services	\$ 64,220	Utilized in programmatic activities	N/A	Standard industry pricing for similar services based on market rates for services performed in the New York marketplace

### NOTE E - NET ASSETS WITH DONOR RESTRICTIONS

At each year-end, net assets with donor restrictions consisted of the following:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Endowments – perpetual in nature	\$ 1,810,915	\$ 1,000,915
Purpose restricted:		
Capital campaign	1,239,029	834,722
Legacy campaign	182,898	187,424
Accumulated investment gains (losses) on endowment assets	91,591	(5,194)
	<u>1,513,518</u>	<u>1,016,952</u>
Restricted for future periods	<u>503,157</u>	<u>579,864</u>
Total	<u>\$ 3,827,590</u>	<u>\$ 2,597,731</u>

## AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE E - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from restrictions during 2023 and 2022 were for the following:

	Year Ended December 31,	
	2023	2022
Purpose restriction satisfied:		
Capital campaign	\$ 465,165	\$ 753,258
Legacy campaign	14,219	10,688
	<u>479,384</u>	<u>763,946</u>
Time restrictions satisfied	<u>663,151</u>	<u>304,726</u>
Total	<u>\$ 1,142,535</u>	<u>\$ 1,068,672</u>

#### NOTE F - ENDOWMENT

**[1] The endowment:**

The Organization's endowment consists of a donor-restricted endowment fund to support the activity of the Organization.

**[2] Interpretation of relevant law:**

NYPMIFA is applicable to all of the Organization's institutional funds, including its donor-restricted endowment fund. The Board of Directors adheres to NYPMIFA's requirements.

**[3] Return objectives and risk parameters:**

The Board of Directors has adopted an investment policy for the Organization's endowment assets in order to provide a predictable stream of funding to programs supported by its endowment, and to maintain the purchasing power of the endowment over time.

**[4] Strategies employed for achieving objectives:**

The Organization relies on a total-return strategy to preserve the long-term value of its capital, while at the same time providing an adequate and consistent amount of income each year to meet the Organization's current needs. Income is defined as a percentage of the total value of all investment assets, including interest, dividends and capital appreciation/depreciation.

**[5] Spending policy and relationship to investment objectives:**

The Board will select the spending percentage annually based on the long-term preservation of each fund's real value. The value of each fund is the fair market value of its assets determined at least annually and averaged over a period of five (5) or more preceding years; provided, however, that if an asset within a fund has been held for less than five (5) years, the average will be determined over the period during which the asset has been held. The Board elected not to appropriate any of the earnings during 2023 and 2022.

## AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE F - ENDOWMENT (CONTINUED)

##### [6] Changes in endowment, during 2023 and 2022:

	Year Ended December 31, 2023		
	With Donor Restrictions		
	Subject to Appropriation	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ (5,194)	\$ 1,000,915	\$ 995,721
Contributions	-	810,000	810,000
Investment gains	96,785	-	96,785
Endowment net assets, end of year	<u>\$ 91,591</u>	<u>\$ 1,810,915</u>	<u>\$ 1,902,506</u>

	Year Ended December 31, 2022		
	With Donor Restrictions		
	Subject to Appropriation	Perpetual in Nature	Total
Endowment net assets, beginning of year	\$ 1,742	\$ 1,000,915	\$ 1,002,657
Investment losses	(6,936)	-	(6,936)
Endowment net assets, end of year	<u>\$ (5,194)</u>	<u>\$ 1,000,915</u>	<u>\$ 995,721</u>

##### [7] Funds with deficiencies:

Due to unfavorable market fluctuations, from time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historical dollar value of the donor's original restricted contribution, or the amount required to be maintained under state law, referred to as underwater endowment. As of December 31, 2023, there were no such deficiencies. As of December 31, 2022, deficiencies existed in the fund, which had an original contribution value of \$1,000,915, a current fair value of \$995,721, resulting a deficiency of \$5,194. Under the terms of NYPMIFA, the Organization has no responsibility to restore such decreases in value.

#### NOTE G - RELATED-PARTY TRANSACTIONS

- [1] During each of the years 2023 and 2022, fees of \$123,000 and \$96,000, respectively, were paid to a company for lectures presented on topics related to individuals with severe disabilities. A founder and the director of Shalva Israel performed these services for the company.
- [2] During 2023 and 2022, the Organization received donated legal services valued at \$95,908 and \$64,220, respectively. The services were rendered by a law firm, which has a partner who also serves as a director on the Organization's Board.



## AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

### Notes to Financial Statements December 31, 2023 and 2022

#### NOTE H - LIQUIDITY AND AVAILABILITY OF RESOURCES

At each year-end, the Organization's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	December 31,	
	2023	2022
Cash and cash equivalents	\$ 748,190	\$ 594,345
Pledges receivable, net	1,631,822	1,196,693
Investments	2,212,379	1,077,925
Total financial assets available within one year	4,592,391	2,868,963
Amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors in perpetuity	(1,810,915)	(1,000,915)
Restrictions by donors with purpose restrictions	(1,513,518)	(1,171,253)
Restrictions by donors with time restrictions	(503,157)	(425,563)
	(3,827,590)	(2,597,731)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 764,801	\$ 271,232

#### Liquidity policy:

The Organization's liquidity policy is to ensure that the Organization operates with an adequate level of institutional liquidity to minimize risk associated with temporary, unforeseen liquidity needs. Liquid funds that are without donor restrictions will be used to satisfy the minimum liquidity target.

#### NOTE I - CONCENTRATION RISKS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash-equivalents deposited in a financial institution in amounts which, from time to time, may exceed federal insurance limits. However, based on the current Federal Deposit Insurance Coverage, management monitors the risk associated with concentrations on an ongoing basis and believes that the Organization does not face a significant risk of loss on these accounts that might result from the failure of the financial institution.

A contribution from one donor represented approximately 10% of total public support and revenue in 2023. There was no such concentration in 2022.

# AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE J - COMMITMENTS

#### [1] Leases:

The Organization leased office space in New York under an operating lease agreement, which expired in December 2023. In August 2023, the Organization entered into a new office lease agreement, expiring in August 2028. As a result of the new office lease, the Organization recognized a lease liability and a ROU asset of \$453,846, representing the present value of the lease payments of \$518,995 discounted using a risk-free rate of 4.28%.

Information relating to the "lease costs", which includes all costs during the period associated with an operating lease, as well as the costs related to variable lease components:

	December 31,	
	2023	2022
Operating lease costs	\$ 113,765	\$ 113,928
Variable lease costs	2,511	18,210
	<u>\$ 116,276</u>	<u>\$ 132,138</u>

Future minimum lease commitments due under the office leases are as follows:

Year Ending December 31,	2023	2022
2023	\$ -	\$ 125,093
2024	98,733	10,466
2025	101,695	-
2026	104,745	-
2027	107,888	-
2028	73,349	-
Total minimum lease payments	486,410	135,559
Less: amount representing interest	(47,197)	(617)
Amount reported on statements of financial position	<u>\$ 439,213</u>	<u>\$ 134,942</u>

# AMERICAN FRIENDS OF SHALVA ISRAEL, INC.

## Notes to Financial Statements December 31, 2023 and 2022

### NOTE J - COMMITMENTS (CONTINUED)

#### [1] Leases: (continued)

The table below presents additional information related to the Organization's leases:

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Weighted average remaining lease term:</b>		
Operating leases	<b>4.67 years</b>	1.1 years
<b>Weighted average discount rate:</b>		
Operating leases	<b>4.28%</b>	0.78%

#### [2] Other contracts:

In the normal course of business, the Organization enters into contracts for professional and other services, which are typically renewable on a year-to-year basis.