

**American Friends of Yad
Eliezer**

**FINANCIAL
STATEMENTS**

SEPTEMBER 30, 2023

American Friends of Yad Eliezer
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September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
American Friends of Yad Eliezer, Inc.
Brooklyn, New York

Opinion

We have audited the accompanying financial statements of American Friends of Yad Eliezer, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Friends of Yad Eliezer, Inc. as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 American Friends of Yad Eliezer, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 American Friends of Yad Eliezer, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 generally accepted auditing standards 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 generally accepted auditing standards, 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 American Friends of Yad Eliezer, 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 American Friends of Yad Eliezer, 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.

Respectfully submitted,

Roth & Company LLP

Roth & Company LLP
Brooklyn, New York
March 4, 2024



American Friends of Yad Eliezer, Inc.
Statement of Financial Position
September 30, 2023

ASSETS

CURRENT ASSETS

Cash	\$ 3,438,179	
Investments	8,683,854	
Prepaid expenses and other assets	<u>51,117</u>	
TOTAL ASSETS		<u><u>\$ 12,173,150</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 3,588
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NET ASSETS

Net assets without donor restrictions	<u>12,169,562</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 12,173,150</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

American Friends of Yad Eliezer, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2023

REVENUE

Contributions		\$ 37,123,219
Special events	\$ 216,575	
Less direct cost	<u>(135,344)</u>	
Net revenue from special events		<u>81,231</u>

TOTAL REVENUE \$ 37,204,450

OPERATING EXPENSES

Program expenses		32,079,738
General and administrative expenses		817,888
Fundraising expenses		<u>881,297</u>

TOTAL OPERATING EXPENSES 33,778,923

CHANGE IN NET ASSETS FROM OPERATIONS 3,425,527

OTHER INCOME (LOSS)

Realized investment gain		160,310
Unrealized investment loss		(23,998)
Interest income		<u>280,211</u>

TOTAL OTHER INCOME (LOSS) 416,523

CHANGE IN NET ASSETS

WITHOUT DONOR RESTRICTIONS 3,842,050

NET ASSETS WITHOUT

DONOR RESTRICTIONS - BEGINNING 8,327,512

NET ASSETS WITHOUT

DONOR RESTRICTIONS - ENDING \$ 12,169,562

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

American Friends of Yad Eliezer, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2023

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES				
Grants	\$ 32,079,738	\$ -	\$ -	\$ 32,079,738
Salaries and payroll taxes	-	228,126	653,520	881,646
Fringe benefits	-	20,108	31,202	51,310
Advertising	-	-	192,110	192,110
Automobile	-	7,260	-	7,260
Bank & credit card fees	-	156,710	-	156,710
Event expense	-	-	135,344	135,344
Insurance	-	10,777	-	10,777
Office expense	-	52,079	-	52,079
Postage and shipping	-	-	4,465	4,465
Professional fees	-	97,133	-	97,133
Rent	-	69,338	-	69,338
Telephone	-	83,102	-	83,102
Travel	-	93,255	-	93,255
Total program and supporting services expenses	<u>32,079,738</u>	<u>817,888</u>	<u>1,016,641</u>	<u>33,914,267</u>
Less: direct costs of special events	<u>-</u>	<u>-</u>	<u>(135,344)</u>	<u>(135,344)</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 32,079,738</u></u>	<u><u>\$ 817,888</u></u>	<u><u>\$ 881,297</u></u>	<u><u>\$ 33,778,923</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

American Friends of Yad Eliezer, Inc.
Statement of Cash Flows
For the Year Ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets		\$ 3,842,050
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized gain on investment	\$ (160,310)	
Unrealized loss on investments	23,998	
Changes in operating assets and liabilities		
Prepaid expenses and other assets	(14,777)	
Accounts payable	2,763	
Total adjustments		(148,326)
NET CASH PROVIDED BY OPERATING ACTIVITIES		3,693,724

CASH FLOWS FROM INVESTING ACTIVITIES

Sale of investments	14,392,869	
Purchase of investments	(22,846,204)	
NET CASH USED IN INVESTING ACTIVITIES		(8,453,335)

NET DECREASE IN CASH (4,759,611)

CASH AT BEGINNING OF PERIOD 8,197,790

CASH AT END OF PERIOD \$ 3,438,179

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

American Friends of Yad Eliezer, Inc. (the Organization) is a non-profit organization incorporated in New York in December 1998. The Organization's stated purpose is to render financial aid and support to the poor and disadvantaged in Israel, United States and elsewhere. The Organization primarily receives its support as contributions from the general public.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) and accordingly reflect all significant receivables, payables and other assets and liabilities.

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 gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash consists primarily of cash on deposit, certificates of deposit, money market accounts, and investment grade commercial paper that are readily convertible into cash and purchased with original maturities of three months or less.

Marketable Securities

Marketable securities are reported at fair value. See note 2 for more information about Fair Value reporting. Marketable securities, in general, are exposed to various risks, including interest rate, credit and market volatility risks. Due to these risks, it is at least reasonably possible that the value of marketable securities will change in the near term. Such changes could materially affect amounts reported in the organization's financial statements.

Net Assets

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

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

American Friends of Yad Eliezer, Inc.
Notes to the Financial Statements
September 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Net assets with donor restrictions are subject to donor or grantor 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 or grantor stipulates those resources be maintained in perpetuity.

Contributions

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions (continued)

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 statement 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 recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Contributions are generally recognized when received, or when evidenced by an enforceable promise to give. Exchange transactions are recognized under ASC-606, as performance obligations are satisfied.

New Accounting Standard

The Organization has adopted ASU 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets, which results in recognition of contributed nonfinancial assets to be presented in a separate line item in the income statement. The contributions must be disaggregated by type in the disclosure to the financial statements.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction.

Grants - Aid to the Poor and Disadvantaged

All transmissions to Bezri-Israel or other educational and charitable institutions in Israel and the United States are recorded pursuant to authorization by the Board of Directors of the Organization.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the separate statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the estimated time spent on each function.

NOTE 2 FAIR VALUE MEASUREMENTS

As required by U.S. GAAP, the organization uses applicable guidance for defining fair value, the initial recording and periodic re-measurement of certain assets and liabilities measured at fair value and related disclosures for instruments measured at fair value. Fair value accounting guidance establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The three levels within the fair value hierarchy are described as follows:

Level 1: Observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs for the asset or liability for which there is little, if any, market activity at the measurement date. Unobservable inputs reflect the organization's own assumptions about what market participants would use to price the asset or liability. The inputs are developed based on the best information available in the circumstances, which might include the organization's own financial data such as internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

American Friends of Yad Eliezer, Inc.
Notes to the Financial Statements
September 30, 2023

NOTE 2 FAIR VALUE MEASUREMENTS (continued)

For assets that are measured using quoted prices in active markets (Level 1), the total fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs. Assets and liabilities that are measured using significant other observable inputs (Level 2) are primarily valued by reference to quoted prices of similar assets or liabilities in active markets, adjusted for any terms specific to that asset or liability. For all other assets and liabilities for which unobservable inputs are used (Level 3), fair value is derived through the use of fair value models, such as a discounted cash flow model or other standard pricing models that the organization deems reasonable.

The following table summarizes financial asset instruments subject to recurring fair value measurements as of September 30, 2023:

<u>Assets</u>	<u>Fair Value Measurement Using</u>	
Fair Value	Quoted prices in active markets for identical assets Level 1	
Mutual Funds	\$ 1,042,007	\$ 1,042,007
Equity Funds	111,993	111,993
Fixed income investments	<u>7,529,854</u>	<u>7,529,854</u>
Total assets at fair value	<u>\$ 8,683,854</u>	<u>\$ 8,683,854</u>

The above assets consist of mutual/equity funds and fixed income investments and bonds. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. Fixed income investments and bonds are investment securities that pay fixed interest until their maturity date.

NOTE 3 PENSION PLAN

The Organization has a defined contribution pension plan covering all qualified employees. Employees may contribute to this plan up to the maximum permitted by law. The Organization provides a discretionary contribution of 10 percent of each qualified employee's gross compensation. Employer contributions amounted to \$51,310 for the year ended September 30, 2023.

American Friends of Yad Eliezer, Inc.
Notes to the Financial Statements
September 30, 2023

NOTE 4 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September 30, 2023, comprise the following:

Cash	\$ 3,438,179
Investments	<u>8,683,854</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$12,122,033</u>

The Organization manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. The Organization monitors its future cash flows, liquidity, and reserves on a monthly basis.

NOTE 5 SIGNIFICANT ESTIMATES AND CONCENTRATIONS

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

Investments

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

Contributions

During the year ended September 30, 2023, the Organization received approximately 13 percent of contributions from one donor.

Cash

At times the organization may maintain cash balances in excess of the Federal Deposit Insurance Corporation's insured limits. The organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss on cash.

American Friends of Yad Eliezer, Inc.
Notes to the Financial Statements
September 30, 2023

NOTE 6 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Organization's financial statements as of September 30, 2022 contained the following errors: (1) understatement of cash by \$3,000,000 (2) understatement of net assets by \$3,000,000. As a result, beginning net assets have been increased by \$3,000,000 on the Statement of Activities and Changes in Net Assets.

NOTE 7 SUBSEQUENT EVENTS

The organization has evaluated subsequent events through March 4, 2024 (the date these financial statements were available to be issued), and concluded that no subsequent events have occurred that required recognition in the financial statements or disclosure in the notes to the financial statements.