

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022



LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

551 FIFTH AVENUE - SUITE 400, NEW YORK, NY 10176

212-697-2299 FAX: 212-949-1768

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
American Friends of the Episcopal
Diocese of Jerusalem, Inc.

Opinion

We have audited the accompanying financial statements of American Friends of the Episcopal Diocese of Jerusalem, Inc. (a nonprofit 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 the years 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 the Episcopal Diocese of Jerusalem, 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. 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 American Friends of the Episcopal Diocese of Jerusalem, 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 American Friends of the Episcopal Diocese of Jerusalem, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 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 the Episcopal Diocese of Jerusalem, 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 the Episcopal Diocese of Jerusalem, 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.

Lotz + Carr, LLP

New York, New York
June 19, 2024

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash (Note 3a)	\$ 696,305	\$ 614,611
Contributions receivable (Notes 1c, 3b and 4)	88,222	132,231
Prepaid expenses	1,451	9,342
Investments (Notes 1d, 3a, 5 and 8)	2,328,759	1,310,142
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 6)	2,170	5,375
Security deposit	<u>2,078</u>	<u>2,078</u>
Total Assets	<u>\$3,118,985</u>	<u>\$2,073,779</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 24,502</u>	<u>\$ 9,200</u>
Commitments (Note 10)		
Net Assets		
Without Donor Restrictions		
Available for operations	1,268,453	508,785
Board-designated (Note 8)	<u>1,043,678</u>	<u>822,422</u>
Total Without Donor Restrictions	<u>2,312,131</u>	<u>1,331,207</u>
With Donor Restrictions (Notes 7 and 8)	<u>782,352</u>	<u>733,372</u>
Total Net Assets	<u>3,094,483</u>	<u>2,064,579</u>
Total Liabilities and Net Assets	<u>\$3,118,985</u>	<u>\$2,073,779</u>

See notes to financial statements.

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

**STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Public Support						
Contributions (Notes 1c and 3b)	\$ 1,851,161	\$ 3,284,260	\$5,135,421	\$ 972,120	\$ 1,601,210	\$2,573,330
Contributions of nonfinancial assets (Note 9)	105,140	-	105,140	125,690	-	125,690
Net assets released from restrictions	<u>3,249,691</u>	<u>(3,249,691)</u>	<u>-</u>	<u>1,425,504</u>	<u>(1,425,504)</u>	<u>-</u>
Total Public Support	5,205,992	34,569	5,240,561	2,523,314	175,706	2,699,020
Revenue						
Investment return, net (Note 5)	<u>133,850</u>	<u>14,411</u>	<u>148,261</u>	<u>(143,753)</u>	<u>(20,357)</u>	<u>(164,110)</u>
Total Public Support and Revenue	<u>5,339,842</u>	<u>48,980</u>	<u>5,388,822</u>	<u>2,379,561</u>	<u>155,349</u>	<u>2,534,910</u>
Expenses						
Program Services						
Grants	3,405,191	-	3,405,191	1,374,650	-	1,374,650
Other program expenses	<u>535,911</u>	<u>-</u>	<u>535,911</u>	<u>634,830</u>	<u>-</u>	<u>634,830</u>
Total Program Services	<u>3,941,102</u>	<u>-</u>	<u>3,941,102</u>	<u>2,009,480</u>	<u>-</u>	<u>2,009,480</u>
Supporting Services						
Management and general	300,763	-	300,763	294,244	-	294,244
Fundraising and development	<u>117,053</u>	<u>-</u>	<u>117,053</u>	<u>131,551</u>	<u>-</u>	<u>131,551</u>
Total Supporting Services	<u>417,816</u>	<u>-</u>	<u>417,816</u>	<u>425,795</u>	<u>-</u>	<u>425,795</u>
Total Expenses	<u>4,358,918</u>	<u>-</u>	<u>4,358,918</u>	<u>2,435,275</u>	<u>-</u>	<u>2,435,275</u>
Increase (decrease) in net assets	980,924	48,980	1,029,904	(55,714)	155,349	99,635
Net assets, beginning of year	<u>1,331,207</u>	<u>733,372</u>	<u>2,064,579</u>	<u>1,386,921</u>	<u>578,023</u>	<u>1,964,944</u>
Net Assets, End of Year	<u><u>\$ 2,312,131</u></u>	<u><u>\$ 782,352</u></u>	<u><u>\$3,094,483</u></u>	<u><u>\$ 1,331,207</u></u>	<u><u>\$ 733,372</u></u>	<u><u>\$2,064,579</u></u>

See notes to financial statements.

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023 WITH COMPARATIVE TOTALS FOR 2022

	2023				2022	
	Program Services	Supporting Services			Total Expenses	Total Expenses
		Management and General	Fundraising and Development	Total		
Salaries	\$ 239,126	\$ 139,490	\$ 19,928	\$159,418	\$ 398,544	\$ 364,631
Payroll taxes and benefits	67,345	39,284	5,611	44,895	112,240	98,443
Total Payroll	<u>306,471</u>	<u>178,774</u>	<u>25,539</u>	<u>204,313</u>	<u>510,784</u>	<u>463,074</u>
Grants	3,405,191	-	-	-	3,405,191	1,374,650
Outreach and Education	20,320	-	-	-	20,320	132,482
Outside services	29,030	16,935	76,507	93,442	122,472	111,876
Occupancy costs	12,588	7,343	1,049	8,392	20,980	20,092
Office supplies	3,582	2,090	298	2,388	5,970	2,239
Printing	20,000	11,667	1,667	13,334	33,334	26,949
Postage	8,332	4,860	694	5,554	13,886	15,665
Travel, meetings and entertainment	15,149	8,837	1,263	10,100	25,249	35,304
Professional fees (Note 9)	75,152	43,839	6,263	50,102	125,254	201,115
Dues and subscriptions	10,211	5,957	851	6,808	17,019	17,305
Bank fees	23,013	13,424	1,918	15,342	38,355	13,441
Insurance	1,961	1,144	163	1,307	3,268	3,369
Miscellaneous expenses	8,179	4,771	681	5,452	13,631	14,509
Total expenses before depreciation	3,939,179	299,641	116,893	416,534	4,355,713	2,432,070
Depreciation	1,923	1,122	160	1,282	3,205	3,205
Total Expenses, 2023	<u>\$3,941,102</u>	<u>\$ 300,763</u>	<u>\$ 117,053</u>	<u>\$417,816</u>	<u>\$4,358,918</u>	
Total Expenses, 2022	<u>\$2,009,480</u>	<u>\$ 294,244</u>	<u>\$ 131,551</u>	<u>\$425,795</u>		<u>\$2,435,275</u>

See notes to financial statements.

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	<u>Supporting Services</u>			<u>Total</u>	<u>Expenses</u>
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u> <u>and</u> <u>Development</u>		
Salaries	\$ 218,778	\$ 127,621	\$ 18,232	\$145,853	\$ 364,631
Payroll taxes and benefits	59,066	34,455	4,922	39,377	98,443
Total Payroll	<u>277,844</u>	<u>162,076</u>	<u>23,154</u>	<u>185,230</u>	<u>463,074</u>
Grants	1,374,650	-	-	-	1,374,650
Outreach and Education	132,482	-	-	-	132,482
Outside services	13,312	7,765	90,799	98,564	111,876
Occupancy costs	12,055	7,032	1,005	8,037	20,092
Office supplies	618	1,570	51	1,621	2,239
Printing	16,170	9,432	1,347	10,779	26,949
Postage	9,399	5,483	783	6,266	15,665
Travel, meetings and entertainment	21,183	12,356	1,765	14,121	35,304
Professional fees (Note 9)	120,669	70,390	10,056	80,446	201,115
Dues and subscriptions	10,383	6,057	865	6,922	17,305
Bank fees	8,065	4,704	672	5,376	13,441
Insurance	2,022	1,179	168	1,347	3,369
Miscellaneous expenses	<u>8,705</u>	<u>5,078</u>	<u>726</u>	<u>5,804</u>	<u>14,509</u>
Total expenses before depreciation	2,007,557	293,122	131,391	424,513	2,432,070
Depreciation	<u>1,923</u>	<u>1,122</u>	<u>160</u>	<u>1,282</u>	<u>3,205</u>
Total Expenses	<u><u>\$2,009,480</u></u>	<u><u>\$ 294,244</u></u>	<u><u>\$ 131,551</u></u>	<u><u>\$425,795</u></u>	<u><u>\$2,435,275</u></u>

See notes to financial statements.

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Increase in net assets	\$1,029,904	\$ 99,635
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	3,205	3,205
Realized and unrealized (gain) loss on investments	(122,461)	169,077
(Increase) decrease in:		
Contributions receivable	44,009	(95,563)
Prepaid expenses	7,891	3,918
Security deposits	-	(78)
Increase in accounts payable and accrued expenses	15,302	7,274
Net Cash Provided By Operating Activities	<u>977,850</u>	<u>187,468</u>
 Cash Flows From Investing Activities		
Proceeds from sale of investments	614,816	202,802
Purchase of investments	<u>(1,510,972)</u>	<u>(221,196)</u>
Net Cash Used By Investing Activities	<u>(896,156)</u>	<u>(18,394)</u>
 Net increase in cash	81,694	169,074
Cash, beginning of year	<u>614,611</u>	<u>445,537</u>
 Cash, End of Year	<u>\$ 696,305</u>	<u>\$614,611</u>

See notes to financial statements.

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

American Friends of the Episcopal Diocese of Jerusalem, Inc. ("AFEDJ") is a non-political, not-for-profit corporation established under the laws of the State of Florida, organized exclusively for charitable purposes. AFEDJ collaborates with the Episcopal Diocese of Jerusalem (the "Diocese") by financially supporting the Diocese and its schools, hospitals, and centers for children with disabilities.

b - Financial Statement Presentation

The financial statements of AFEDJ have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require AFEDJ to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to explicit donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of AFEDJ. These net assets, including board designated funds functioning as endowment, may be used at the discretion of AFEDJ's management and Board of Trustees.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of AFEDJ or the passage of time, stipulations that they be held in perpetuity by AFEDJ, and earnings from endowments with donor restrictions not yet appropriated for spending. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

c - Contributions and Contributions Receivable

Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Promises to give are considered conditional if they contain (1) a measurable, performance-related or other barrier and (2) a right of return of assets transferred or release of a promisor's obligation to transfer assets in the future. Conditional promises to give are not recognized until the conditions upon which they depend have been met. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions.

AFEDJ uses the allowance method to determine uncollectible contributions receivable. The allowance, when necessary, is based on prior years' experience and management's analysis of specific promises made.

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

c - Contributions and Contributions Receivable (continued)

Under U.S. GAAP, contributed services are not recognized unless the donated services create or enhance nonfinancial assets or require specialized skills that would typically be purchased if not donated. AFEDJ receives a substantial amount of volunteer services in carrying out its programs and activities. Volunteers perform various administrative and fundraising functions. However, no amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition. Donated legal services received by AFEDJ meet the criteria for recognition under U.S. GAAP, and are recognized at their fair value in the statement of activities. Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation.

d - Investments and Fair Value Measurements

AFEDJ reflects investments at fair value in the statement of financial position. Investment income, including realized and unrealized gains and losses on investments, are reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Dividends are recorded on the ex-dividend date and interest income is accrued as earned.

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. U.S. GAAP establishes a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of AFEDJ. Unobservable inputs reflect AFEDJ's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances.

Fair value measurements are categorized into three levels as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that AFEDJ has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable.

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

d - Investments and Fair Value Measurements (continued)

The values assigned to these investments and any unrealized gains or losses reported are based on available information and do not necessarily represent amounts that might be realized if a ready market existed, and such differences could be material. The ultimate realization of such amounts depends on future events and circumstances, and therefore valuation estimates may differ from the value realized upon disposition of individual positions.

e - Property and Equipment

Property and equipment are being depreciated using the straight-line method over the estimated useful life of the asset.

f - Grants

Grants are recorded when authorized.

g - Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The expenses that are allocated include salaries, payroll taxes and benefits, occupancy and depreciation, which are based on time and effort expended within each functional area. Postage, printing and bank fees are based on expenses tracked by account across functions. Other overhead expenses are allocated based on staff usage.

h - 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. AFEDJ regularly assesses these estimates and, while actual results may differ from these estimates, management believes that material changes will not occur in the near term.

i - Tax Status

American Friends of the Episcopal Diocese of Jerusalem, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

j - Subsequent Events

AFEDJ has evaluated subsequent events through June 19, 2024, the date that the financial statements are considered available to be issued.

k - Prior Year Information

Certain 2022 amounts have been reclassified to conform to the presentation used in 2023.

Note 2 - Information Regarding Liquidity and Availability

AFEDJ regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. AFEDJ has various sources of liquidity at its disposal, including cash and investments in mutual funds and common collective trust funds. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, AFEDJ considers all expenditures related to its ongoing program activities as well as services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next twelve months, AFEDJ anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

AFEDJ's financial assets as of December 31 available to meet general expenditures within one year are summarized as follows:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash	\$ 696,305	\$ 614,611
Contributions receivable	88,222	132,231
Investments	<u>2,328,759</u>	<u>1,310,142</u>
Total Financial Assets	3,113,286	2,056,984
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes	(661,090)	(620,137)
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(121,262)	(113,235)
Board-designated net assets	<u>(1,043,678)</u>	<u>(822,422)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 1,287,256</u>	<u>\$ 501,190</u>

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 2 - Information Regarding Liquidity and Availability (continued)

As part of AFEDJ's liquidity management plan, it invests cash in excess of daily requirements in short-term investments and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve endowment, which was \$1,043,678 and \$822,422 as of December 31, 2023 and 2022, respectively. This reserve, established by the Board of Trustees, may be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress.

Note 3 - Concentrations of Credit Risk

a - AFEDJ maintains its cash balances at several financial institutions. Concentrations of credit risk result primarily from cash on deposit at these financial institutions in excess of Federal Deposit Insurance Corporation ("FDIC") limits. Additionally, AFEDJ maintains investment accounts with major investment firms that are covered by Securities Investor Protection Corporation ("SIPC") insurance. At times during the year, cash and investment balances may be in excess of FDIC and SIPC coverage limits.

b - As of December 31, 2023, 36% of contributions receivable were due from one donor.

During 2022, AFEDJ received approximately 11% of its total contributions from one donor. As of December 31, 2022, 89% of contributions receivable were due from one donor.

Note 4 - Contributions Receivable

Contributions receivable consist of the following:

	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
Due within one year	<u>\$56,222</u>	<u>\$32,000</u>	<u>\$88,222</u>

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 4 - Contributions Receivable (continued)

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$15,179	\$ 87,000	\$102,179
Due in one to five years	-	32,000	32,000
	15,179	119,000	134,179
Less: Discount to present value	-	(1,948)	(1,948)
	<u>\$15,179</u>	<u>\$117,052</u>	<u>\$132,231</u>

Contributions receivable due after one year are discounted to net present value using a discount rate of 3%. Uncollectible contributions receivable are expected to be insignificant.

Note 5 - Investments

A summary of AFEDJ's investments by Level within the fair value hierarchy is as follows:

	2023		
	Fair Value	Level 1	Level 2
Cash held for investment	\$ 44,610	\$ 44,610	\$ -
Money market funds	1,163,819	1,163,819	-
Mutual funds - equity	242,723	242,723	-
Common Trust Funds:			
Equity	428,429	-	428,429
Fixed income	402,725	-	402,725
Other	46,453	-	46,453
	<u>\$2,328,759</u>	<u>\$1,451,152</u>	<u>\$877,607</u>

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 5 - Investments (continued)

	2022		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Cash held for investment	\$ 37,394	\$ 37,394	\$ -
Money market funds	374,485	374,485	-
Mutual funds - equity	207,011	207,011	-
Common Trust Funds:			
Equity	313,665	-	313,665
Fixed income	311,290	-	311,290
Other	<u>66,297</u>	<u>-</u>	<u>66,297</u>
	<u>\$1,310,142</u>	<u>\$618,890</u>	<u>\$691,252</u>

AFEDJ's investments in mutual funds are classified as Level 1 assets in the fair value hierarchy. Investments in mutual funds are valued based on the publicly reported net asset value ("NAV") per share of the fund, determined at the end of each business day. Money market funds are open-end, actively managed mutual funds that are registered with the United States Securities and Exchange Commission and are valued at the daily closing price, or NAV, as reported by the fund.

AFEDJ's investments in common trust funds are classified as Level 2 assets in the fair value hierarchy. Common trust funds have the characteristics of a structure similar to a mutual fund and are valued based on the NAV per share that each underlying fund publishes at the end of each day. There were no transfers between Level 1 and Level 2 and there have been no changes in the methodologies used for assets measured at fair value during the years ended December 31, 2023 and 2022.

Investment return is summarized as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 31,543	\$ 11,052
Realized gain on sale of investments	17,412	105,719
Unrealized gain (loss) on investments	105,049	(274,796)
Investment fees	<u>(5,743)</u>	<u>(6,085)</u>
	<u>\$148,261</u>	<u>\$(164,110)</u>

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 6 - Property and Equipment

Property and equipment consisted of the following:

	<u>Life</u>	<u>2023</u>	<u>2022</u>
Furniture and fixtures	7 years	\$ 4,115	\$ 4,115
Software	5 years	16,027	16,027
Computer equipment	5 years	<u>4,903</u>	<u>4,903</u>
		25,045	25,045
Less: Accumulated depreciation		<u>(22,875)</u>	<u>(19,670)</u>
Total		<u>\$ 2,170</u>	<u>\$ 5,375</u>

Note 7 - Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

	<u>2023</u>	<u>2022</u>
Endowment assets non-diocesan programs	\$121,262	\$113,235
Church programs	74,261	88,384
Educational programs	65,995	194,416
Institutes for disabled	72,995	137,618
Medical program	427,735	179,398
Non-diocesan programs	<u>20,104</u>	<u>20,321</u>
Total Net Assets with Donor Restrictions	<u>\$782,352</u>	<u>\$733,372</u>

Net assets released from restrictions and disbursed were as follows:

	<u>2023</u>	<u>2022</u>
Grants in support of the Diocese	\$2,771,498	\$1,308,420
Jerusalem Princess Basma Centre	457,995	-
Arab Evangelical Episcopal School, Ramallah	20,198	6,724
Holy Land study program	<u>-</u>	<u>110,360</u>
Total Net Assets Released from Restrictions	<u>\$3,249,691</u>	<u>\$1,425,504</u>

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 8 - Endowment Net Assets

AFEDJ's endowment consists of a donor-restricted endowment fund and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

AFEDJ's Grupp Endowment is a donor-restricted endowment fund that was established by an individual bequest. The Grupp Endowment is intended for the ongoing benefit of Arab Evangelical Episcopal School, Ramallah, including operating and capital expenditures at the discretion of the beneficiaries.

AFEDJ's Board of Trustees requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, AFEDJ classifies as net assets with donor restrictions, if any (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations, if any, to the permanent endowment made in accordance with the direction of the applicable gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by AFEDJ in a manner consistent with the standard of prudence prescribed by the State of Florida's Uniform Prudent Management of Institutional Funds Act.

AFEDJ considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- i) the duration and preservation of the fund;
- ii) the purposes of AFEDJ and the donor-restricted fund;
- iii) general economic conditions;
- iv) the possible effect of inflation and deflation;
- v) the expected total return from income and the appreciation of investments;
- vi) other resources of AFEDJ; and
- vii) the investment policies of AFEDJ

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 8 - Endowment Net Assets (continued)

AFEDJ has adopted an investment policy, approved by the Board of Trustees, that seeks to provide a predictable stream of funding to programs while maintaining the purchasing power of the investments over the long term. The investment policy establishes an achievable return objective through diversification of asset classes. Actual returns in any given year may vary from this amount. AFEDJ relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). AFEDJ targets a diversified asset allocation that places an emphasis on fixed income and equity-based investments to achieve its long-term return objectives within prudent risk parameters.

AFEDJ's spending policy for the Grupp Endowment calculates the amount of money to be distributed annually for grant making and administration. The current spending policy is to distribute an amount at least equal to 5% of a moving three-year average of the fair value of the Grupp Endowment funds. Accordingly, over the long-term, AFEDJ expects its current spending policy to allow its endowment assets to grow at an average rate of 2.5% annually. This is consistent with AFEDJ's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

AFEDJ's Board designated endowment funds have no set spending policy or distribution rules except that the Board must approve any distributions. There has been no formal return objective that has been established for this fund.

Changes in endowment net assets are as follows:

	2023		
	<u>Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2022	\$ 822,422	\$113,235	\$ 935,657
Investment Return:			
Investment income	11,865	1,405	13,270
Net appreciation	<u>104,391</u>	<u>13,006</u>	<u>117,397</u>
Total Investment Return	<u>116,256</u>	<u>14,411</u>	<u>130,667</u>
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(6,384)</u>	<u>(6,384)</u>
Addition of endowment assets	<u>105,000</u>	<u>-</u>	<u>105,000</u>
Endowment net assets, December 31, 2023	<u>\$1,043,678</u>	<u>\$121,262</u>	<u>\$1,164,940</u>

**AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 8 - Endowment Net Assets (continued)

	2022		
	<u>Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2021	\$1,077,144	\$140,315	\$1,217,459
Investment Return:			
Investment income	4,844	661	5,505
Net depreciation	<u>(159,566)</u>	<u>(21,018)</u>	<u>(180,584)</u>
Total Investment Return	<u>(154,722)</u>	<u>(20,357)</u>	<u>(175,079)</u>
Appropriation of endowment assets for expenditure	<u>(100,000)</u>	<u>(6,723)</u>	<u>(106,723)</u>
Endowment net assets, December 31, 2022	<u>\$ 822,422</u>	<u>\$113,235</u>	<u>\$ 935,657</u>

The amounts in the above tables do not include non-endowment net assets with donor restrictions as of December 31, 2023 and 2022 intended for various programs of the Diocese of \$661,090 and \$620,137, respectively.

Note 9 - Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the statements of activities as of December 31, 2023 and 2022 consist of legal fees of \$105,140 and \$125,690, respectively.

Contributed services are utilized as part of AFEDJ's program activities and supporting services and are recorded at fair value based on current market rates charged for similar services. There were no donor restrictions on contributed services received during the years ended December 31, 2023 and 2022.

Note 10 - Commitments

a - AFEDJ maintains a tax-deferred retirement savings plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all full-time employees with at least 1,000 hours of service annually. Employees may elect to have withholdings from wages up to the maximum allowable under the Internal Revenue Code. AFEDJ makes a five percent contribution to the plan based on eligible employees' gross salary. AFEDJ also matches 100 percent of the employees' contribution up to four percent of their gross salary. Pension expense for the years ended December 31, 2023 and 2022 totaled \$26,901 and \$30,684, respectively.

AMERICAN FRIENDS OF THE EPISCOPAL
DIOCESE OF JERUSALEM, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 10 - Commitments (continued)

- b - AFEDJ occupies its office facilities under a coworking agreement with a term of approximately twelve months. Monthly payments under this agreement are variable based on the number of employees occupying the office per day. Rent expense for the years ended December 31, 2023 and 2022 totaled \$17,048 and \$17,123, respectively.