

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC.
AND AFFILIATES
CONSOLIDATING FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2021



THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

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December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Friends of Israel Gospel Ministry, Inc. and Affiliates

Opinion

We have audited the accompanying consolidating financial statements of The Friends of Israel Gospel Ministry, Inc. and Affiliates (a nonprofit organization), which comprise the consolidating statement of financial position as of December 31, 2021, and the related consolidating statements of unrestricted activities, changes in net assets, 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 The Friends of Israel Gospel Ministry, Inc. and Affiliates as of December 31, 2021, 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 The Friends of Israel Gospel Ministry, Inc. and Affiliates 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 consolidating 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 consolidating financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Friends of Israel Gospel Ministry, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating 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. 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 The Friends of Israel Gospel Ministry, Inc. and Affiliates' 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 Friends of Israel Gospel Ministry, Inc. and Affiliates' 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Activities by Department is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bowman & Company LLP

BOWMAN & COMPANY
Certified Public Accountants
& Consultants

Voorhees, New Jersey
May 9, 2022

The Friends of Israel Gospel Ministry, Inc and Affiliates
Consolidating Statement of Financial Position
For the Year Ended December 31, 2021

	<u>FOI - USA</u>	<u>FOI - Canada</u>	<u>Intercompany Eliminations</u>	<u>Totals</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 1,798,241	\$ 212,968	\$ -	\$ 2,011,209
Investments	2,237,489	1,928,267	-	4,165,756
Accounts receivable	5,851	1,807	-	7,658
Due from FOI - Canada	51,557	-	(51,557)	-
Legacies receivable	125,000	-	-	125,000
Harmonized sales taxes recoverable	-	21,210	-	21,210
Prepaid expenses	346,565	2,900	-	349,465
Inventory	337,177	40,534	-	377,711
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	4,901,880	2,207,686	(51,557)	7,058,009
Assets whose use is restricted				
Beneficial interest in trust	317,084	-	-	317,084
Assets held under split-interest agreements - revocable trusts	46,149	-	-	46,149
Assets held under split-interest agreements - irrevocable trusts	501,611	-	-	501,611
Assets held under split-interest agreements - annuities	6,737,369	-	-	6,737,369
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets whose use is restricted	7,602,213	-	-	7,602,213
Property and equipment, net	5,642,945	6,501	-	5,649,446
Construction in progress	131,248	-	-	131,248
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 18,278,286</u>	<u>\$ 2,214,187</u>	<u>\$ (51,557)</u>	<u>\$ 20,440,916</u>

The Friends of Israel Gospel Ministry, Inc and Affiliates
Consolidating Statement of Financial Position (continued)
For the Year Ended December 31, 2021

	<u>FOI - USA</u>	<u>FOI - Canada</u>	<u>Intercompany Eliminations</u>	<u>Totals</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued expense	\$ 944,398	\$ 24,907	\$ -	\$ 969,305
Due to FOI - USA	-	51,557	(51,557)	-
Current portion of notes payable	408,793	-	-	408,793
Current portion of mortgage payable	546,359	-	-	546,359
Current portion of annuities payable	759,509	-	-	759,509
Deferred revenue	398,286	42,333	-	440,619
Deferred compensation	157,586	-	-	157,586
	<u>3,214,931</u>	<u>118,797</u>	<u>(51,557)</u>	<u>3,282,171</u>
Total current liabilities				
Notes payable, net of current portion	931,207	-	-	931,207
Mortgage payable, net of current portion	46,732	-	-	46,732
Liability under charitable gift annuity, net of current portion	3,506,215	-	-	3,506,215
Refundable advance - revocable trust	46,149	-	-	46,149
Charitable remainder trust - irrevocable	149,445	-	-	149,445
	<u>7,894,679</u>	<u>118,797</u>	<u>(51,557)</u>	<u>7,961,919</u>
Total liabilities				
Net assets				
Without donor restrictions				
Undesignated	3,848,485	1,887,623	-	5,736,108
Designated by board as reserve for debt retirement	268,000	-	-	268,000
	<u>4,116,485</u>	<u>1,887,623</u>	<u>-</u>	<u>6,004,108</u>
Total net assets without donor restrictions				
With donor restrictions	6,267,122	207,767	-	6,474,889
	<u>10,383,607</u>	<u>2,095,390</u>	<u>-</u>	<u>12,478,997</u>
Total net assets				
Total liabilities and net assets	<u>\$ 18,278,286</u>	<u>\$ 2,214,187</u>	<u>\$ (51,557)</u>	<u>\$ 20,440,916</u>

The accompanying notes are an integral part of these financial statements

The Friends of Israel Gospel Ministry, Inc and Affiliates
Consolidating Statement of Unrestricted Activities
For the Year Ended December 31, 2021

	<u>FOI - USA</u>	<u>FOI - Canada</u>	<u>Intercompany Eliminations</u>	<u>Totals</u>
Revenue and support				
Ministry contributions	\$ 6,399,590	\$ 661,547	-	\$ 7,061,137
Field ministry contributions	-	130,535	-	130,535
Legacies	1,148,444	271,453	-	1,419,897
Gift portion of annuities	44,597	-	-	44,597
Gifts in kind	5,693	8,946	-	14,639
Conference and special function	8,140	191	-	8,331
Ministry, publications, audio, and video	1,105,907	83,928	-	1,189,835
Other revenue	8,460	-	-	8,460
Net assets released from restriction	3,634,015	8,767	-	3,642,782
	<u>12,354,846</u>	<u>1,165,367</u>	<u>-</u>	<u>13,520,213</u>
Expenses				
Program services	9,376,992	512,715	-	9,889,707
Management and general	2,054,257	257,135	-	2,311,392
Fundraising	851,335	95,772	-	947,107
	<u>12,282,584</u>	<u>865,622</u>	<u>-</u>	<u>13,148,206</u>
Operating income (loss)	72,262	299,745	-	372,007
Other income and losses				
Investment income (loss)	(424,217)	79,076	-	(345,141)
Change in value of split-interest agreements held by FOI-USA	433,833	-	-	433,833
Loss on disposal of property investment	(167,873)	-	-	(167,873)
Loss on foreign currency translation	-	(8,502)	-	(8,502)
	<u>(85,995)</u>	<u>370,319</u>	<u>-</u>	<u>284,324</u>
Excess (deficit) of revenue and support over expenses				
Net unrealized gain on investments	251,888	73,505	-	325,393
	<u>165,893</u>	<u>443,824</u>	<u>-</u>	<u>609,717</u>
Increase in net assets without donor restrictions				
Net assets without donor restrictions - beginning of year	3,950,592	1,443,799	-	5,394,391
Net assets without donor restrictions - end of year	<u>\$ 4,116,485</u>	<u>\$ 1,887,623</u>	<u>\$ -</u>	<u>\$ 6,004,108</u>

The accompanying notes are an integral part of these financial statements.

The Friends of Israel Gospel Ministry, Inc and Affiliates
Consolidating Statement of Changes in Net Assets
For the Year Ended December 31, 2021

	<u>FOI - USA</u>	<u>FOI - Canada</u>	<u>Totals</u>
Net assets without donor restrictions			
Excess (deficit) of revenue and support over expenses	\$ (85,995)	\$ 370,319	\$ 284,324
Net unrealized gain on investments	251,888	73,505	325,393
Change in net assets without donor restrictions	<u>165,893</u>	<u>443,824</u>	<u>609,717</u>
Net assets with donor restrictions			
Contributions	6,172,717	57,022	6,229,739
Change in actuarial value	59,748	-	59,748
Net assets release from restriction	<u>(3,634,015)</u>	<u>(8,767)</u>	<u>(3,642,782)</u>
Change in net assets with donor restrictions	<u>2,598,450</u>	<u>48,255</u>	<u>2,646,705</u>
Change in net assets	2,764,343	492,079	3,256,422
Net assets - beginning of year	<u>7,619,264</u>	<u>1,603,311</u>	<u>9,222,575</u>
Net assets - end of year	<u>\$ 10,383,607</u>	<u>\$ 2,095,390</u>	<u>\$ 12,478,997</u>

The accompanying notes are an integral part of these financial statements.

The Friends of Israel Gospel Ministry, Inc and Affiliates
Consolidating Statement of Functional Expenses
For the Year Ended December 31, 2021

FOI - USA

	Outreach Ministries	Publication Ministries	North American Ministries	International Ministries	Relief Ministries	Education Conferences and Other Ministries	Subtotal
Ministry expenditures	\$ 277,388	\$ 1,200	\$ 17,830	\$ 588,766	\$ 581,700	\$ -	\$ 1,466,884
Salaries	805,687	307,084	1,436,173	1,579,898	-	31,937	4,160,779
Payroll taxes	56,003	22,027	39,870	67,281	-	2,402	187,583
Pension	83,686	28,925	139,334	157,699	-	3,112	412,756
Other staff benefits	187,167	65,378	287,312	77,392	-	6,569	623,818
Professional fees	35,256	2,024	1,068	32,709	-	-	71,057
Advertising	8,382	10,250	4,769	-	-	5,597	28,998
Postage and mailings	315	601,731	7,347	6,900	-	1,202	617,495
Office supplies and services	8,987	21,699	24,417	30,297	-	271	85,671
Bank fees	-	-	-	-	-	-	-
Information technology	7,507	828	13,465	9,299	-	140	31,239
Royalties	250	19,085	-	-	-	-	19,335
Occupancy	65,965	14,785	15,795	26,210	-	-	122,755
Travel	2,330	192	182,510	34,337	24	15,405	234,798
Conference, conventions, meetings	1,222	-	4,592	-	-	34,678	40,492
Interest	-	-	-	-	-	-	-
Payments to affiliates	-	-	-	-	-	-	-
Insurance	52,492	-	10,263	9,056	-	-	71,811
Current exchange rate adjustments	-	-	-	122,604	-	-	122,604
Cost of goods sold	49,867	795,282	-	75,925	-	-	921,074
Training	12,830	-	1,737	1,164	-	-	15,731
Miscellaneous	231	444	-	29	-	-	704
Depreciation	33,481	-	78,385	29,542	-	-	141,408
Total	\$ 1,689,046	\$ 1,890,934	\$ 2,264,867	\$ 2,849,108	\$ 581,724	\$ 101,313	\$ 9,376,992

The accompanying notes are an integral part of these financial statements.

The Friends of Israel Gospel Ministry, Inc and Affiliates
Consolidating Statement of Functional Expenses (continued)
For the Year Ended December 31, 2021

FOI - Canada

	Outreach Ministries	Publication Ministries	Field Ministries	Education Conferences and Other Ministries	Subtotal	Program Total
Ministry expenditures	\$ 45,202	\$ -	\$ 12,165	\$ -	\$ 57,367	\$ 1,524,251
Salaries	37,914	26,992	117,052	-	181,958	4,342,737
Payroll taxes	2,286	1,128	8,126	-	11,540	199,123
Pension	2,513	1,434	16,048	-	19,995	432,751
Other staff benefits	529	288	1,744	-	2,561	626,379
Professional fees	-	-	-	-	-	71,057
Advertising	2,088	-	-	-	2,088	31,086
Postage and mailings	40	28,470	1,369	-	29,879	647,374
Office supplies and services	1,167	2,050	9,664	-	12,881	98,552
Bank fees	-	-	-	-	-	-
Information technology	2,284	-	1,632	-	3,916	35,155
Royalties	-	-	-	-	-	19,335
Occupancy	12,473	15,174	5,650	-	33,297	156,052
Travel	-	52	26,874	-	26,926	261,724
Conference, conventions, meetings	-	-	1,055	2,468	3,523	44,015
Interest	-	-	-	-	-	-
Payments to affiliates	-	-	-	-	-	-
Insurance	748	139	360	-	1,247	73,058
Currency exchange rate adjustments	-	-	-	-	-	122,604
Cost of goods sold	9,848	113,851	-	-	123,699	1,044,773
Training	-	-	-	-	-	15,731
Miscellaneous	-	-	-	-	-	704
Depreciation	1,103	204	531	-	1,838	143,246
Total	\$ 118,195	\$ 189,782	\$ 202,270	\$ 2,468	\$ 512,715	\$ 9,889,707

The accompanying notes are an integral part of these financial statements.

The Friends of Israel Gospel Ministry, Inc and Affiliates
Consolidating Statement of Functional Expenses (continued)
For the Year Ended December 31, 2021

	FOI - USA			FOI - Canada		Total Supporting Services	Total
	Program Total	Management and General	Fundraising	Management and General	Fundraising		
Ministry expenditures	\$ 1,524,251	\$ 6,000	\$ 311	\$ -	\$ -	\$ 6,311	\$ 1,530,562
Salaries	4,342,737	662,857	320,943	117,070	69,411	1,170,281	5,513,018
Payroll taxes	199,123	43,659	22,126	6,689	1,376	73,850	272,973
Pension	432,751	76,201	33,011	7,914	6,089	123,215	555,966
Other staff benefits	626,379	190,837	68,841	1,148	230	261,056	887,435
Professional fees	71,057	171,429	85,899	48,909	1,597	307,834	378,891
Advertising	31,086	-	150,354	-	-	150,354	181,440
Postage and mailings	647,374	37,266	3,604	3,178	472	44,520	691,894
Office supplies and services	98,552	55,356	9,558	13,126	2,685	80,725	179,277
Bank fees	-	111,047	-	22,549	-	133,596	133,596
Information technology	35,155	219,701	6,817	4,624	275	231,417	266,572
Royalties	19,335	-	-	-	-	-	19,335
Occupancy	156,052	147,475	21,826	25,504	2,255	197,060	353,112
Travel	261,724	30,218	98,122	1,763	10,902	141,005	402,729
Conference, conventions, meetings	44,015	12,652	-	-	-	12,652	56,667
Interest	-	87,446	-	-	-	87,446	87,446
Payments to affiliates	-	-	-	-	-	-	-
Insurance	73,058	24,028	-	1,884	194	26,106	99,164
Current exchange rate adjustments	122,604	-	-	-	-	-	122,604
Cost of goods sold	1,044,773	-	-	-	-	-	1,044,773
Training	15,731	6,844	154	-	-	6,998	22,729
Miscellaneous	704	-	4,012	-	-	4,012	4,716
Depreciation	143,246	171,241	25,757	2,777	286	200,061	343,307
Total	\$ 9,889,707	\$ 2,054,257	\$ 851,335	\$ 257,135	\$ 95,772	\$ 3,258,499	\$ 13,148,206

The accompanying notes are an integral part of these financial statements.

The Friends of Israel Gospel Ministry, Inc and Affiliates
Consolidating Statement of Cash Flows
For the Year Ended December 31, 2021

	<u>FOI - USA</u>	<u>FOI - Canada</u>	<u>Intercompany Eliminations</u>	<u>Totals</u>
Cash flows from operating activities				
Change in net assets	\$ 2,764,343	\$ 492,079	\$ -	\$ 3,256,422
Adjustments to reconcile changes in net assets to net cash provided by operating activities:				
Depreciation	340,244	4,901	-	345,145
Net realized and unrealized gain on investments	-	(73,508)	-	(73,508)
Loss on disposal of property investment	167,873	-	-	167,873
Change in value of beneficial interest in trust	(1,606)	-	-	(1,606)
Change in value of irrevocable trusts	1,545	-	-	1,545
Prior period adjustments	(107,013)	-	-	(107,013)
(Increase) decrease in assets				
Accounts receivable, net	46,350	6,447	46,236	99,033
Legacies receivable	(125,000)	-	-	(125,000)
Harmonized sales taxes recoverable	-	(2,419)	-	(2,419)
Prepaid expenses	(13,275)	781	-	(12,494)
Inventory	(5,104)	(6,143)	-	(11,247)
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	254,643	(50,860)	(46,236)	157,547
Deferred revenue	(58,690)	(4,559)	-	(63,249)
Deferred compensation	(16,362)	-	-	(16,362)
Net cash provided by operating activities	<u>3,247,948</u>	<u>366,719</u>	<u>-</u>	<u>3,614,667</u>
Cash flows from investing activities				
Purchase of property and equipment	(135,150)	-	-	(135,150)
Purchase of construction in progress	(118,118)	-	-	(118,118)
Proceeds from sales of investments	2,374,056	501,352	-	2,875,408
Purchase of investments	(4,042,185)	(795,663)	-	(4,837,848)
Net cash used in investing activities	<u>(1,921,397)</u>	<u>(294,311)</u>	<u>-</u>	<u>(2,215,708)</u>
Cash flows from financing activities				
Payment of notes payable	(22,000)	-	-	(22,000)
Payment of mortgage payable	(392,543)	-	-	(392,543)
Payment on annuities payable	(437,828)	-	-	(437,828)
Face value of new annuities	100,000	-	-	100,000
New annuities, contribution value to donor	(44,598)	-	-	(44,598)
Investment income on irrevocable trust assets	(32,848)	-	-	(32,848)
Net cash used in financing activities	<u>(829,817)</u>	<u>-</u>	<u>-</u>	<u>(829,817)</u>
Net increase in cash	496,734	72,408	-	569,142
Effect of exchange rate changes on cash	-	(1,493)	-	(1,493)
Cash - beginning of year	<u>1,301,507</u>	<u>142,053</u>	<u>-</u>	<u>1,443,560</u>
Cash - end of year	<u>\$ 1,798,241</u>	<u>\$ 212,968</u>	<u>\$ -</u>	<u>\$ 2,011,209</u>

Cash paid for interest totaled \$874,451 for the year ended December 31, 2021

The accompanying notes are an integral part of these financial statements.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

Note 1: ORGANIZATION

The Friends of Israel Gospel Ministry, Inc., and Affiliates (the Organization) is a faith ministry founded in 1938 and organized as a not-for-profit religious corporation. It is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The mission at The Friends of Israel Gospel Ministry, Inc., is focused – we are a worldwide evangelical ministry proclaiming biblical truth about Israel and the Messiah, while bringing physical and spiritual comfort to the Jewish people. Support and revenues are derived primarily from contributions from the general public and sales of ministry publications.

The Friends of Israel Gospel Ministry, Inc. has a commitment to its ministries around the world. Affiliate entities are as follows, FOI – Canada, Christian Foundation of FOI Argentina, FOIGM Ltd. By Guarantee (Australia), TFOIGM New Zealand Trust, FOIGM UK Ltd. By Guarantee (United Kingdom), FOIGM Germany, and FOIGM France. FOI – Canada obtains a separate audit for its financial records, whereas all other affiliates financial assets and related activities are reflected in The Friends of Israel Gospel Ministry, Inc.'s basic financial statements. As affiliates, certain board members and employees of The Friends of Israel Gospel Ministry, Inc. sit on affiliates' boards. Per the joint ministries agreements between The Friends of Israel Gospel Ministry, Inc. and the affiliates, support may be collected on behalf of the other entity and exchanged on a monthly basis throughout the year. Therefore, the financial statements of FOI – Canada and Christian Friends of Israel of Argentina are consolidated with The Friends of Israel Gospel Ministry, Inc., collectively referred to in these notes as "The Organization."

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation - The accompanying consolidating financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America and in accordance with the principles of not-for-profit accounting.

Basis of consolidation - The accompanying consolidating financial statements include the accounts of the Organization. All material inter-organization transactions, if any, have been eliminated in consolidation.

Cash and cash equivalents - For purposes of the consolidating statement of cash flows, the Organization considers cash and cash equivalents to be amounts in checking and savings accounts, cash on hand, and securities purchased with original maturities of three months or less. Certain items meet the definition of cash and cash equivalents but are part of a larger pool of investments and are classified as investments. While at times cash balances may exceed federally insured (FDIC) limits, the Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on these accounts.

Accounts receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances at December 31, 2021. Management believes all receivable balances are collectible; therefore, no provision for uncollectible accounts was made.

Legacies receivable - Legacies receivable relate to charitable distributions from estates and trusts for which the Organization has been notified of and have gone through probate. Legacies receivable are stated at the amount management expects to collect based on information received. Management believes all receivable balances are collectible; therefore, no provision for uncollectible accounts was made.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Inventory - Inventory is stated at the lower of cost or net realizable value and consists of various literature, media, and other items held for sale and distribution. Cost is determined using the average cost basis.

Investments and investment income - Investments are reported at fair value with gains and losses included in the consolidating statement of activities in unrestricted net assets unless a donor or law temporarily or permanently restricts their use. Donated investments are initially recorded at fair value on the date of the gift. Adjustments to the carrying value of the investments are reported in the consolidating statement of unrestricted activities as a component of realized or unrealized gain (losses), except for adjustments to the carrying value of annuity investments which are reported in the consolidating statement of activities as a component of change in actuarial value of annuities and trusts.

Investment income is reported in the consolidating statement of unrestricted activities net external and direct internal investment expenses. The investment income from annuity investments are reported in the consolidating financial statements as a component of change in actuarial value of annuities and trusts.

Property and equipment - Property and equipment are capitalized at cost, or, if donated, at fair value on the date of donation. The Friends of Israel capitalizes assets with a cost basis (or fair value for donated assets) of \$2,000 or greater, and expenditures for repairs and maintenance are expensed when incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reported as income. Depreciation is recorded on the straight line basis over the following estimated useful lives:

Buildings	40 years
Building improvements	20 years
Furniture, fixtures, equipment, and vehicles	5 to 10 years
Software	3 years

Annuities payable - The Organization has established a gift annuity plan whereby donors may contribute assets in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the gift annuity is considered to be a charitable contribution at the date of the gift. The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as a contribution at the date of the gift. The annuity liability is revalued annually using a discount rate established at the inception of the agreement and appropriate actuarial assumptions. The resulting actuarial gain or loss is recorded as change in actuarial value of annuities in the consolidating statement of activities.

The Organization is required to maintain legally-mandated reserves and follow investment guidelines for the State of New Jersey. At December 31, 2021, the Organization was in compliance with each of these requirements.

Charitable remainder trusts - The Organization is named as beneficiary of various charitable remainder unitrusts and acts as the trustee. The agreements provide for the payment of lifetime distributions to the grantor or other designated beneficiaries. Upon receipt of these agreements, the actuarially determined present value of future payments is recorded as a liability. The remaining portion of the trust attributable to the Organization's future interest is recorded in the consolidating statement of changes in net assets as contributions with donor restriction in the period received. On an annual basis, the present value of the remaining future liability is revalued based upon actuarial assumptions.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets – Net assets, revenues, gains, and losses are classified based on the existence of absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed 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 donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions – The Organization records contributions when received as with or without donor restrictions, depending on the existence or nature of any donor restrictions. All donor support is reported as an increase in net assets with or without donor restrictions depending on the nature of the restriction. When a time restriction expires, or when a use restriction is met, 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.

Legacies are recorded as income at the time the Organization has an established right to the legacy and the proceeds are measurable.

The Organization recognizes gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization recognizes expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Publication revenue - The Organization recognizes revenue from subscriptions during the year in which the respective issue of the Israel My Glory is delivered to the customer. The performance obligation is met over time as each publication is made available to the customer during the year, consequently the Organization recognizes revenue ratably over the course year as each issue is published. The sale of books, literature, and other items are recognized at a point in time when the ordered product is shipped to the customer.

Functional expense allocation - The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries, payroll taxes, pension, other staff benefits, and insurance, which are allocated on the basis of estimates of time and effort.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes – As a charity, the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization does not have any income from unrelated business activities and believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidating financial statements.

Advertising expense – The Organization uses advertising to promote its programs among the audience it serves. The costs of advertising are expensed as incurred. Advertising expense was \$181,440 for the year ended December 31, 2021.

New accounting pronouncements

Leases – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. This new accounting will apply to both types of leases—capital (or finance) leases and operating leases. Previously, GAAP has required only capital leases to be recognized on lessee balance sheets. The standard will take effect for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022. Early application is permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

Financial Instruments—Credit Losses – Issued in June 2016, Accounting Standards Update (ASU) No. 2016-13 requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. In addition, credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. The standard will take effect for fiscal years beginning after December 15, 2020, and for interim periods within fiscal years beginning after December 15, 2021. Early application will be permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

NOTE 3: LIQUIDITY AND AVAILABILITY

The Organization receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. In addition, the Organization receives support without donor restrictions; such support has historically represented approximately 60% of annual funding needs, with the remainder funded by product sales, investment income without donor restrictions, appropriated interest earnings from gifts with donor restrictions, and legacy gifts.

The Organization considers income from product sales, investment income without donor restrictions, appropriated earnings from donor-restricted gifts, legacy gifts, and board-designated funds, contributions with or without donor restrictions for use in current and integral programs to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, and fundraising expenses.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

NOTE 3: LIQUIDITY AND AVAILABILITY (continued)

The Organization manages its available cash to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term gift annuity commitments and obligations under support received with donor restrictions and board-designated funds that support mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

The Board reviews and approves the operating budget for the succeeding year every fall. Due to this timing, the Organization strives to maintain financial assets available, governed by the Organization's financial and investment policies, to meet general expenditures at a level that represents 100% of program, administrative, general, and fundraising annual expenses.

The Organization's financial assets available within one year to meet cash needs for general expenditures are as follows:

	FOI - USA	FOI - Canada	Total
Financial assets:			
Cash and cash equivalents	\$ 1,798,241	\$ 212,968	\$ 2,011,209
Investments	2,237,489	1,928,267	4,165,756
Accounts receivable	5,851	1,807	7,658
Legacies receivable	125,000	-	125,000
Harmonized sales taxes recoverable	-	21,210	21,210
Assets held under split-interest agreements – revocable trusts	46,149	-	46,149
Assets held under split-interest agreements – irrevocable trusts	501,611	-	501,611
Assets held under split-interest agreements – annuities	6,737,369	-	6,737,369
Total financial assets	11,451,710	2,164,252	13,615,962
Less amounts not available to be used within one year for general expenditures:			
Net assets – designated by board as reserve for debt retirement	268,000	-	268,000
Net assets with donor restrictions – purpose restricted	6,275,789	207,767	6,483,556
Deferred compensation	115,226	-	115,226
Financial assets available within one year to meet cash needs for general expenditures within one year	\$ 4,792,695	\$ 1,956,485	\$ 6,749,180

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

Note 4: **INVESTMENTS**

Unrestricted investments at fair value consist of the following as of December 31, 2021:

	<u>FOI – USA</u>	<u>FOI – Canada</u>	<u>Total</u>
US equity mutual funds	\$ 3,152,241	\$ -	\$ 3,152,241
Equity securities	6,455,721	1,092,982	7,548,703
US government bonds	5,756	-	5,756
Foreign bonds	-	194,855	194,855
State of Israel bonds	200,806	-	200,806
	<u>\$ 9,814,524</u>	<u>1,287,837</u>	<u>\$ 11,102,361</u>

FOI – USA has (\$291,906) in money market funds due to a timing difference related to the purchase of investments as of December 31, 2021. FOI – Canada has \$640,430 in money market funds as of December 31, 2021.

Investments were held for the following purposes as of December 31, 2021:

	<u>FOI – USA</u>	<u>FOI – Canada</u>	<u>Total</u>
McAlpine scholarship	\$ -	\$ 111,058	\$ 111,058
Assets held under split-interest agreements – revocable trusts	46,149	-	46,149
Assets held under split-interest agreements – irrevocable trusts	501,611	-	501,611
Assets held under split-interest agreements - annuities	6,737,369	-	6,737,369
Promissory note	458,538	-	458,538
Deferred compensation	265,881	-	265,309
Unrestricted	1,513,070	1,176,779	2,690,421
	<u>\$ 9,522,618</u>	<u>\$ 1,287,837</u>	<u>\$ 10,810,455</u>

The present value of the annuity agreements was determined by actuarial calculation and was based on the interest rates for Single Stipulated Payment Immediate Annuities under standard valuation law.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

Note 4: **INVESTMENTS (continued)**

Investment return on investments consist of the following as of December 31, 2021:

	FOI – USA Unrestricted	FOI – USA Promissory Notes	FOI – USA Deferred Compensation	FOI – USA Subtotal	FOI – Canada	Total
Interest and dividend income	\$ 79,427	\$ 27,068	\$ 16,914	\$ 123,409	\$ 41,317	\$ 164,726
Realized gains (losses)	(26,094)	(360,081)	(28,967)	(415,142)	37,759	(377,383)
Investment fees	(131,283)	(544)	(657)	(132,484)	-	(132,484)
Investment income	(77,950)	(333,557)	(12,710)	(424,217)	79,076	(345,141)
Net unrealized gain	23,788	285,086	(56,986)	251,888	73,505	325,393
	<u>\$ (54,162)</u>	<u>\$ (48,471)</u>	<u>\$ (69,696)</u>	<u>\$ (172,329)</u>	<u>\$ 152,581</u>	<u>\$ (19,748)</u>

Management of the Organization believes that the Organization is in full compliance with the New Jersey Uniform Prudent Management of Institutional Funds Act and the three areas of fiduciary responsibility attributed to the Organization and its Board in the handling of invested funds. The Organization has acted in a deliberate and prudent manner in the selection of its investment advisor and avoids conflicts of interest between the Organization, Board, and investment advisor. The Organization maintains written policies and procedures setting forth appropriate investment policy. Finally, there are regular reviews and reporting of the performance of the invested funds reflecting comparison to accepted performance standards.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

Note 5: FAIR VALUE MEASUREMENT

Fair value is the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A three-level disclosure hierarchy has been established to indicate the level of judgment used to estimate fair value measurements:

Level 1 – Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities valued using models or other pricing methodologies that do not require significant judgment because the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data.

Level 3 – Uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment. These values are generally determined using pricing models that utilize management's estimates of market participant assumptions.

In general, and where applicable, the Organization use quoted prices in active markets for identical assets or liabilities to determine fair value. This pricing methodology applies to our Level 1 investments such as fixed income mutual funds and equity securities. If quoted prices in active markets for identical assets or liabilities are not available to determine fair value, then the Organization use quoted prices for similar assets and liabilities or inputs other than the quoted prices that are observable either directly or indirectly. These investments are included in Level 2 and consist primarily of bonds/obligations and State of Israel bonds.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

Note 5: **FAIR VALUE MEASUREMENT (continued)**

For FOI – USA, the tables below set forth, by level, our financial assets and liabilities that were accounted for at fair value as of December 31, 2021. The table does not include either cash on hand or assets that are measured at historical cost or any basis other than fair value.

Fair Value Measurements as of December 31, 2021				
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments				
Common Stock				
Communication services	\$ 2,018	\$ 2,018	\$ -	\$ -
Diversified emerging markets	49,164	49,164	-	-
Foreign large growth	89,534	89,534	-	-
Foreign large value	41,798	41,798	-	-
Intermediate core-plus bond	205,512	205,512	-	-
Large growth	65,394	65,394	-	-
Large value	98,618	98,618	-	-
Mid-cap growth	16,442	16,442	-	-
Mid-cap value	16,536	16,536	-	-
Small blend	16,432	16,432	-	-
Small growth	8,263	8,263	-	-
World large-stock growth	1,493	1,493	-	-
Equity US mutual funds				
High yield bond	53,761	53,761	-	-
Short-term bond	1,390,241	1,390,241	-	-
Ultrashort bond	32,887	32,887	-	-
Total investments	\$ 2,088,093	\$ 2,088,093	\$ -	\$ -

FOI – USA has \$149,396 in money market funds as of December 31, 2021.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

Note 5: **FAIR VALUE MEASUREMENT (continued)**

FOI – USA (continued)

Fair Value Measurements as of December 31, 2021 (continued)

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets held under split-interest agreements - revocable				
Common Stock				
Intermediate government	\$ 17,071	\$ 17,071	\$ -	\$ -
Equity US mutual funds				
Corporate bond	6,679	6,679	-	-
Long-term bond	16,418	16,418	-	-
Short-term bond	5,981	5,981	-	-
	<u>\$ 46,149</u>	<u>\$ 46,149</u>	<u>\$ -</u>	<u>\$ -</u>
Assets held under split- interest agreements – irrevocable				
Common stock				
Allocation- 30% to 50% equity	\$ 43,129	\$ 43,129	\$ -	\$ -
Allocation- 50% to 70% equity	76,595	76,595	-	-
Large value	16,481	16,481	-	-
World allocation	69,295	69,295	-	-
World large-stock growth	31,667	31,667	-	-
Equity US mutual funds				
High yield bond	215,053	215,053	-	-
Short-term bond	27,933	27,933	-	-
US Government bonds/obligations	5,756		5,756	-
	<u>\$ 485,909</u>	<u>\$ 480,153</u>	<u>\$ 5,756</u>	<u>\$ -</u>

FOI – USA has \$15,702 in money market funds, related to assets held under split-interest agreements-irrevocable as of December 31, 2021.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

Note 5: **FAIR VALUE MEASUREMENT (continued)**

FOI – USA (continued)

Fair Value Measurements as of December 31, 2021 (continued)

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets held under split-interest agreements – annuities				
Common stock				
Allocation- 30% to 50% equity	\$ 8,162	\$ 8,162	\$ -	\$ -
Allocation- 50% to 70% equity	25,238	25,238	-	-
Diversified emerging markets	551,302	551,302	-	-
Foreign large growth	880,723	880,723	-	-
Foreign large value	392,398	392,398	-	-
Foreign Small/Mid Growth	1,315	1,315	-	-
Intermediate Core-Plus Bond	1,365,374	1,365,374	-	-
Large growth	802,268	802,268	-	-
Large value	1,055,390	1,055,390	-	-
Mid-cap growth	124,151	124,151	-	-
Mid-cap value	187,620	187,620	-	-
Small blend	123,797	123,797	-	-
Small growth	61,843	61,843	-	-
World large-stock blend	5,409	5,409	-	-
World large-stock growth	5,289	5,289	-	-
Equity US mutual funds				
High yield bond	189,718	189,718	-	-
Large blend	11,901	11,901	-	-
Short-term bond	1,049,076	1,049,076	-	-
Ultrashort bond	124,151	124,151	-	-
World bond	28,442	28,442	-	-
State of Israel bonds	200,806	-	200,806	-
	<u>\$ 7,194,373</u>	<u>\$ 6,993,567</u>	<u>\$ 200,806</u>	<u>\$ -</u>

FOI – USA has (\$457,004) in money market funds due to a timing difference related to the purchase of investments as of December 31, 2021.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

Note 5: **FAIR VALUE MEASUREMENT (continued)**

For FOI – Canada, the tables below set forth, by level, our financial assets and liabilities that were accounted for at fair value as of December 31, 2021. The table does not include either cash on hand or assets that are measured at historical cost or any basis other than fair value.

	Fair Value Measurements as of December 31, 2021 (continued)			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets held under split-interest agreements – annuities				
Short-term fixed income				
Canadian bank paper	\$ 42,085	\$ 42,085	\$ -	\$ -
Corporate bonds	11,397	11,397	-	-
Provincial bonds	32,873	32,873	-	-
Medium-term fixed income				
Corporate bonds	48,797	48,797	-	-
Provincial bonds	50,156	50,156	-	-
Long-term fixed income				
Canadian corporate fixed income funds	70,545	70,545	-	-
Corporate bonds	9,546	9,546	-	-
US equity				
Common stocks	297,032	297,032	-	-
Canadian equity				
Canadian equity ETF	8,901	8,901	-	-
Common stocks	305,576	305,576	-	-
International equity				
Common stocks	209,948	209,948	-	-
Equity miscellaneous	6,127	6,127	-	-
Other fixed income				
Global fixed income funds	89,341	-	89,341	-
Fixed income mutual funds				
Aggregate bond	105,514	-	105,514	-
	\$ 1,287,838	\$ 1,092,983	\$ 194,855	\$ -

FOI – Canada has \$640,429 in money market funds as of December 31, 2021.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

NOTE 6: INVENTORY

Inventory, as of December 31, 2021, consists of the following:

	FOI - USA	FOI – Canada	Total
Books and publications	\$ 230,040	\$ 18,152	\$ 248,192
Media	58,850	8,138	66,988
Other items	48,287	14,244	62,531
	\$ 337,177	\$ 40,534	\$ 377,711

NOTE 7: BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization is a 30% beneficiary of a trust held in perpetuity by an independent trustee. Based on the information available, which includes the applicable trust or other distribution documents and the latest available asset valuations, the present value of future distributions was determined and included in the consolidating financial statements in the amount of \$317,084 at December 31, 2021.

NOTE 8: PROPERTY INVESTMENT

In an agreement entered into during 2009, the Organization invested in a property in Israel that is owned by an employee but is used partially for ministry purposes. Under the agreement, the Organization agreed to provide funds for 50% of the down payment on the property and to reimburse for 50% of the monthly mortgage obligation on the property. On August 18, 2020, The Friends of Israel Board voted to end the agreement, surrender its 50% ownership in the property, and cancel any obligation due from the employee. A loss of \$167,873 is included in the consolidating statement of unrestricted activities.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

NOTE 9: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>FOI – USA</u>	<u>FOI - Canada</u>	<u>Total</u>
Land	\$ 629,330	\$ -	\$ 629,330
Land improvements	1,033,720	-	1,033,720
Buildings	7,817,315	-	7,817,315
Furniture and fixtures	417,562	-	417,562
Equipment and vehicles	1,362,797	89,964	1,452,761
	<u>11,260,724</u>	<u>89,964</u>	<u>11,350,688</u>
Subtotal			
Less: accumulated depreciation	<u>5,617,779</u>	<u>83,463</u>	<u>5,701,242</u>
Subtotal	5,642,945	6,501	5,649,446
Construction in progress	<u>131,248</u>	<u>-</u>	<u>131,248</u>
Total	<u>\$ 5,774,193</u>	<u>\$ 6,501</u>	<u>\$ 5,780,694</u>

Depreciation expense was \$343,307 for the year ended December 31, 2021.

Management has reviewed the assets held in other countries and, in its opinion, has determined that they are under the control and ownership of The Friends of Israel. While for this reason such items are recognized as assets of the Organization, it should be noted that the political situation in many countries is subject to rapid change. Therefore, the reader should be aware that while the Organization believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the value of the assets in other countries. In addition, it should be understood that the carrying value of the assets in other countries may not be representative of the amount that would be realized should the assets be sold.

The following is a summary of foreign properties, included in the table above, and their carrying values as of December 31, 2021:

<u>Property Location</u>	<u>Type</u>	<u>Original Cost</u>	<u>Accumulated Amortization</u>	<u>Carrying Value</u>
Argentina	Buildings	\$ 567,158	\$ (290,669)	\$ 276,489

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

NOTE 10: MORTGAGES AND NOTES PAYABLE

	FOI – USA
<p>Promissory notes ranging from \$2,000 to \$100,000 with interest at 4.00% are secured by the net assets of the Organization. A board-designated debt retirement fund has been established toward the payment of the notes as they come due. The maximum authorized promissory note indebtedness is \$2,500,000. Interest is payable semiannually, quarterly, and monthly depending on the specific terms of each outstanding note. The notes are due according to the schedule below, but are payable on demand, in part, or in whole, upon 30 days' notice.</p>	\$ 1,340,000
<p>Mortgage loan payable to a bank at 4.50% interest, secured by property. The loan is dated April 30, 2013, and converted to a fully amortizing 10 year term loan in January 2014 with monthly payment of principal and interest of \$11,436 until maturity in December 2023.</p>	240,980
<p>On January 6, 2017, the Organization entered into a construction loan with Capital Bank of New Jersey. This agreement enables the Organization to borrow up to a ceiling of \$2,100,000 for the purpose of expanding the Organization's International Headquarters building. The construction loan is secured by a first mortgage interest in the buildings and equipment of the Organization. The initial interest rate on the loan is 3.99%. The balance of the construction loan is due and payable in full on January 5, 2023.</p>	367,937
<p>Total mortgages and notes payable</p>	1,948,917
<p>Less unamortized debt issuance costs</p>	15,826
<p>Mortgages and notes payable net of unamortized debt issuance costs</p>	1,933,091
<p>Less current portion</p>	955,152
<p>Long-term portion</p>	\$ 977,939

Scheduled principal payments for the mortgages and notes payable as of December 31, 2021 are as follows:

Year Ending December 31,	Amount
2022	\$ 955,152
2023	337,939
2024	291,000
2025	125,000
2026	224,000
	\$ 1,933,091

As of December 31, 2021, the Organization was in compliance with all debt covenants.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

NOTE 11: BOARD DESIGNATED NET ASSETS

The governing board of the Organization has designated 20% of the proceeds from the issuance of promissory notes to be kept in escrow to be used for interest and debt repayment. The balance of the reserve is not to go below one year's interest obligation. The balance of the board-designated reserve was \$268,000 at December 31, 2021.

NOTE 12: NET ASSETS WITH DONOR RESTRICTIONS

Changes in net assets with donor restrictions consist of the following for the year ended December 31, 2021:

	2020 Balance	Contributions	Change in Actuarial Value	Releases	2021 Balance
Subject to expenditure for specified purposes					
FOI -USA					
Annuity reserves required by state law (10%)	\$ 464,815	\$ -	\$ -	\$ (38,243)	\$ 426,572
Remainder trusts	606,115	-	63,136	-	669,251
International ministry projects	1,493,293	1,991,732	-	(1,072,737)	2,412,288
Jerusalem building projects	-	-	-	-	-
IMG expense donation	-	101,686	-	(101,686)	-
Digital teaching initiative	-	1,135,684	-	-	1,135,684
Argentina clinic	81,775	-	-	-	81,775
Capital campaign	-	322,198	-	-	322,198
Missionary support	295,167	1,487,478	-	(1,431,871)	350,774
Relief funds	307,332	811,112	(3,388)	(678,336)	436,720
Ministries of specific individuals	420,175	322,827	-	(311,142)	431,860
Subtotal FOI-USA	<u>3,668,672</u>	<u>6,172,717</u>	<u>59,748</u>	<u>(3,634,015)</u>	<u>6,267,122</u>
FOI-Canada					
Gift basket	5,398	2,820	-	(6,171)	2,047
Cruizin for Zion	243	71	-	-	314
Ministry launch initiative	40,932	54,131	-	(715)	94,348
Scholarships	112,939	-	-	(1,881)	111,058
Subtotal FOI-Canada	<u>159,512</u>	<u>57,022</u>	<u>-</u>	<u>(8,767)</u>	<u>207,767</u>
Total	<u>\$ 3,828,184</u>	<u>\$ 6,229,739</u>	<u>\$ 59,748</u>	<u>\$ (3,642,782)</u>	<u>\$ 6,474,889</u>

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

NOTE 13: REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from Contracts with Customers consists of the following:

	FOI – USA	FOI – Canada	Total
Recognized over time			
Subscription revenue – Israel My Glory	<u>\$ 401,343</u>	<u>\$ 8,548</u>	<u>\$ 409,891</u>
Recognized at a point in time			
Books	392,353	40,736	433,089
Audio CD and DVD's	123,011	15,915	138,926
Shipping	104,873	10,649	115,522
Other products	<u>84,327</u>	<u>8,080</u>	<u>92,407</u>
Subtotal	<u>704,564</u>	<u>75,380</u>	<u>779,944</u>
Total	<u>\$ 1,105,907</u>	<u>\$ 83,928</u>	<u>\$ 1,189,835</u>

The following table provides information about significant changes in deferred revenue for the year ended December 31, 2021:

	FOI – USA	FOI – Canada	Total
Deferred revenue, beginning of year	<u>\$ 456,976</u>	<u>\$ 47,017</u>	<u>\$ 552,726</u>
Revenue recognized that was included in deferred revenue at the beginning of year	(456,976)	(47,017)	(552,726)
Increase in deferred revenue due to cash received during the year	<u>398,286</u>	<u>42,333</u>	<u>537,327</u>
Deferred revenue, end of year	<u>\$ 398,286</u>	<u>\$ 42,333</u>	<u>\$ 537,327</u>

As of December 31, 2021, deferred revenue consisted of the following:

	FOI – USA	FOI – Canada	Total
Deferred revenue - subscriptions			
Subscription revenue – Israel My Glory	<u>\$ 398,286</u>	<u>\$ 42,333</u>	<u>\$ 441,900</u>
Total	<u>\$ 398,286</u>	<u>\$ 42,333</u>	<u>\$ 441,900</u>

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

NOTE 14: DEFERRED COMPENSATION

The Organization has entered into a deferred compensation agreement with one of its former executive directors and emeritus board member. The annual payout is based on a rate of 43% of the year 2000 salary level of \$98,500 beginning on the first month subsequent to retirement and continues until his passing with no survivor payout. The present value of that obligation is \$157,586 as of December 31, 2021. Beginning in February 2011, the Organization began paying the deferred compensation to this former executive director. These payments amounted to \$42,360 for the year ended December 31, 2021.

NOTE 15: RETIREMENT PLAN

The Organization maintains a 401(k) retirement plan for eligible employees who work 1,000 hours or more during the year and have been with the Organization for more than one year. Participants in the plan vest over a six-year period. Each year, the Organization makes a discretionary contribution to the plan for each eligible employee, an amount equal to 10% of an employee's gross earnings for the year ending December 31, 2021. The employer contribution to the plan for the year ending December 31, 2021 was \$484,667 for FOI-USA and \$27,934 for FOI-Canada. The amount of accrued retirement expense for the year is funded in annual contributions to the plan.

The Organization also funds individual retirement accounts for qualified foreign national workers who are not eligible to participate in the 401(k) plan. The employer contribution to the plan for the year ending December 31, 2021 was \$103,487. The amount of accrued retirement expense for the year is funded by the Organization in annual contributions to the accounts.

NOTE 16: OPERATING LEASE COMMITMENTS

FOI Canada is party to a premise lease agreement that expires January 31, 2022. Rental expense for the lease was \$16,155 for the year ended December 31, 2021.

FOI Canada is also party to equipment lease agreements for their postage and shipping equipment required minimum quarterly payments of \$889 and \$3,192, respectively. The leases expire in March 2023 and September 2024, respectively. Rent expense under these leases was \$16,324 for the year ended December 31, 2021.

Future minimum lease payments under the operating lease as of December 31, 2021 are:

Year Ending December 31,:	Amount
2022	\$ 25,619
2023	6,386
2024	1,871
	\$ 33,876

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES
Notes to the Consolidated Financial Statements (continued)

NOTE 17: COVID-19 PANDEMIC

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organizations, its performance, and its financial results.

Note 18: PRIOR PERIOD ADJUSTMENTS

The Organization had not previously recorded accrued payroll or accrued vacation liabilities. The accrued payroll liability was \$80,253 and the accrued vacation liability was \$ 22,289 at December 31, 2020, respectively. Accordingly, these accounts have been restated for December 31, 2020:

Account	Original – FOI USA	Restated	Change
Accounts payable and accrued expenses	\$ 689,755	\$ 796,769	\$ 102,542
Net assets	7,721,805	7,614,791	(102,542)

The Organization had not previously recorded contributions designated for individual ministries as net assets with donor restriction. Accordingly, these accounts have been restated for December 31, 2019:

Account	Original – FOI USA	Restated	Change
Net assets with donor restriction	\$ 3,248,497	\$ 3,668,672	\$ 420,175
Net assets without donor restriction	4,473,308	4,053,133	(420,175)

Note 19: SUBSEQUENT EVENTS

As of December 31, 2021, investments are reported on the statement of financial position in the amount of \$9,522,619; however, as of April 30, 2022, investment values decreased by approximately \$1,029,000.

Events occurring after December 31, 2021 have been evaluated for possible adjustments to the consolidated financial statements or disclosure through May 9, 2022, which is the date on which the consolidated financial statements were available to be issued.

The Friends of Israel Gospel Ministry, Inc and Affiliates
Supplementary Information
Schedule of Activities by Department
For the Year Ended December 31, 2021

	<u>Outreach Ministries</u>	<u>Publication Ministries</u>	<u>North American Ministries</u>	<u>International Ministries</u>	<u>Relief Ministries</u>	<u>Education Conferences and Other Ministries</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Revenues									
Contributions	\$ 27,968	\$ 22,714	\$ 69,370	\$ 469,322	\$ -	\$ 664	\$ 5,806,899	\$ 2,653	\$ 6,399,590
Restricted contributions	-	1,237,370	1,810,305	1,991,732	811,112	-	-	322,198	6,172,717
Gift portion of annuity	-	-	-	-	-	-	-	44,597	44,597
Legacies	-	-	-	-	-	-	-	1,148,444	1,148,444
Gifts in-kind	-	-	-	-	-	-	-	5,693	5,693
Conference fees	-	-	-	-	-	8,140	-	-	8,140
Sales	123,011	867,563	-	10,460	-	-	-	-	1,001,034
Postage Charges	-	104,873	-	-	-	-	-	-	104,873
Change in actuarial value	-	-	-	-	-	-	59,748	-	59,748
Other Revenue	-	-	-	-	-	-	8,460	-	8,460
Total Revenue	150,979	2,232,520	1,879,675	2,471,514	811,112	8,804	5,875,107	1,523,585	14,953,296
Expenses									
Ministry expenditures	\$ 277,388	\$ 1,200	\$ 17,830	\$ 588,766	\$ 581,700	\$ -	\$ 6,000	\$ 311	\$ 1,473,195
Salaries	805,687	307,084	1,436,173	1,579,898	-	31,937	662,857	320,943	5,144,579
Payroll taxes	56,003	22,027	39,870	67,281	-	2,402	43,659	22,126	253,368
Pension	83,686	28,925	139,334	157,699	-	3,112	76,201	33,011	521,968
Other staff benefits	187,167	65,378	287,312	77,392	-	6,569	190,837	68,841	883,496
Professional fees	35,256	2,024	1,068	32,709	-	-	171,429	85,899	328,385
Advertising	8,382	10,250	4,769	-	-	5,597	-	150,354	179,352
Postage and mailings	315	601,731	7,347	6,900	-	1,202	37,266	3,604	658,365
Office supplies and services	8,987	21,699	24,417	30,297	-	271	55,356	9,558	150,585
Bank fees	-	-	-	-	-	-	111,047	-	111,047
Information technology	7,507	828	13,465	9,299	-	140	219,701	6,817	257,757
Royalties	250	19,085	-	-	-	-	-	-	19,335
Occupancy	65,965	14,785	15,795	26,210	-	-	147,475	21,826	292,056
Travel	2,330	192	182,510	34,337	24	15,405	30,218	98,122	363,138
Conference, conventions, meetings	1,222	-	4,592	-	-	34,678	12,652	-	53,144
Interest	-	-	-	-	-	-	87,446	-	87,446
Payments to affiliates	-	-	-	-	-	-	-	-	-
Insurance	52,492	-	10,263	9,056	-	-	24,028	-	95,839
Current exchange rate adjustments	-	-	-	122,604	-	-	-	-	122,604
Cost of goods sold	49,867	795,282	-	75,925	-	-	-	-	921,074
Training	12,830	-	1,737	1,164	-	-	6,844	154	22,729
Miscellaneous	231	444	-	29	-	-	-	4,012	4,716
Depreciation	33,481	-	78,385	29,542	-	-	171,241	25,757	338,406
Total Expenses	1,689,046	1,890,934	2,264,867	2,849,108	581,724	101,313	2,054,257	851,335	12,282,584
Gain (loss)	\$ (1,538,067)	\$ 341,586	\$ (385,192)	\$ (377,594)	\$ 229,388	\$ (92,509)	\$ 3,820,850	\$ 672,250	\$ 2,670,712