

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

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021



THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

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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 consolidated financial statements of The Friends of Israel Gospel Ministry, Inc. and Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated 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, 2022 and 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 consolidated 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 consolidated 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. 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 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 Consolidating Statement of Financial Position, Consolidating Statement of Unrestricted Activities, Consolidating Statement of Changes in Net Assets, Statement of Activities by Department – FOI US, Statement of Activities by Department - FOI CA, and Consolidating Statement of Cash Flows are 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 23, 2023

The Friends of Israel Gospel Ministry, Inc and Affiliates
Consolidated Statements of Financial Position
As of December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,046,133	\$ 2,011,209
Investments	2,839,980	4,165,756
Accounts receivable	25,672	7,658
Legacies receivable	53,889	125,000
Harmonized sales taxes recoverable	25,904	21,210
Prepaid expenses	336,904	349,465
Inventory	417,209	377,711
Total current assets	5,745,691	7,058,009
Assets whose use is restricted		
Cash and cash equivalents	47,505	-
Beneficial interest in trust	270,689	317,084
Assets held under split-interest agreements - revocable trusts	37,723	46,149
Assets held under split-interest agreements - irrevocable trusts	418,765	501,611
Assets held under split-interest agreements - annuities	5,410,014	6,737,369
Total assets whose use is restricted	6,184,696	7,602,213
Property and equipment, net	5,418,032	5,649,446
Right-of-use assets - operating leases	47,345	-
Construction in progress	2,038,347	131,248
Total assets	\$ 19,434,111	\$ 20,440,916

The Friends of Israel Gospel Ministry, Inc and Affiliates
Consolidated Statements of Financial Position (continued)
As of December 31, 2022 and 2021

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expense	\$ 1,375,143	\$ 969,305
Current portion of notes payable	306,207	408,793
Current portion of mortgage payable	-	546,359
Current portion of annuities payable	516,527	759,509
Current portion of lease liability - operating	27,021	-
Deferred revenue	401,308	440,619
Deferred compensation	133,213	157,586
	<hr/>	<hr/>
Total current liabilities	2,759,419	3,282,171
Notes payable, net of current portion	949,293	931,207
Mortgage payable, net of current portion	-	46,732
Liability under charitable gift annuity, net of current portion	3,040,630	3,506,215
Refundable advance - revocable trust	37,723	46,149
Lease liability - operating, net of current portion	22,121	-
Charitable remainder trust - irrevocable	116,454	149,445
	<hr/>	<hr/>
Total liabilities	6,925,640	7,961,919
Net assets		
Without donor restrictions		
Undesignated	5,547,987	5,736,108
Designated by board as reserve for debt retirement	251,100	268,000
	<hr/>	<hr/>
Total net assets without donor restrictions	5,799,087	6,004,108
With donor restrictions	6,709,384	6,474,889
	<hr/>	<hr/>
Total net assets	12,508,471	12,478,997
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Total liabilities and net assets	<u>\$ 19,434,111</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
Consolidated Statements of Unrestricted Activities
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue and support		
Ministry contributions	\$ 9,267,378	\$ 7,061,137
Field ministry contributions	196,313	130,535
Legacies	2,022,312	1,419,897
Gift portion of annuities	191,149	44,597
Gifts in kind	75,684	14,639
Conference and special function	119,362	8,331
Ministry, publications, audio, and video	875,961	1,189,835
Other revenue	10,470	8,460
Joint ministries foreign initiatives	370,635	-
Net assets released from restriction	3,783,247	3,642,782
	<u>16,912,511</u>	<u>13,520,213</u>
Expenses		
Program services	12,315,477	9,889,707
Management and general	2,494,013	2,311,392
Fundraising	1,096,998	947,107
	<u>15,906,488</u>	<u>13,148,206</u>
Total expenses	15,906,488	13,148,206
Operating income	1,006,023	372,007
Other income and losses		
Investment loss	(23,443)	(345,141)
Change in value of split-interest agreements held by FOI-USA	(887,520)	433,833
Loss on disposal of property investment	-	(167,873)
Loss on foreign currency translation	(38,060)	(8,502)
	<u>57,000</u>	<u>284,324</u>
Excess of revenue and support over expenses	57,000	284,324
Net unrealized gain (loss) on investments	(262,021)	325,393
	<u>(262,021)</u>	<u>325,393</u>
Increase in net assets without donor restrictions	(205,021)	609,717
Net assets without donor restrictions - beginning of year	6,004,108	5,394,391
	<u>6,004,108</u>	<u>5,394,391</u>
Net assets without donor restrictions - end of year	<u>\$ 5,799,087</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
Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2022 and 2021

	2022	2021
Net assets without donor restrictions		
Excess of revenue and support over expenses	\$ 57,000	\$ 284,324
Net unrealized gain (loss) on investments	(262,021)	325,393
Change in net assets without donor restrictions	(205,021)	609,717
Net assets with donor restrictions		
Contributions	4,117,380	6,229,739
Change in actuarial value	(99,638)	59,748
Net assets release from restriction	(3,783,247)	(3,642,782)
Change in net assets with donor restrictions	234,495	2,646,705
Change in net assets	29,474	3,256,422
Net assets - beginning of year	12,478,997	9,222,575
Net assets - end of year	\$ 12,508,471	\$ 12,478,997

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

The Friends of Israel Gospel Ministry, Inc and Affiliates
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022

	<u>Outreach Ministries</u>	<u>Publication Ministries</u>	<u>North American Ministries</u>	<u>Field Ministries</u>	<u>International Ministries</u>	<u>Subtotal</u>
Ministry expenditures	\$ 580,116	\$ 131,874	\$ 136,127	\$ 72,463	\$ 1,125,213	\$ 2,045,793
Salaries	954,830	332,164	1,413,089	135,986	1,723,145	4,559,214
Payroll taxes	67,054	23,133	49,403	9,414	76,956	225,960
Pension	93,246	29,748	135,208	12,920	160,582	431,704
Other staff benefits	233,400	72,670	262,103	-	76,067	644,240
Professional fees	63,101	8,016	2,507	-	43,559	117,183
Advertising	7,898	2,707	15,109	-	-	25,714
Postage and mailings	292	746,297	8,278	1,375	16,007	772,249
Office supplies and services	14,519	20,701	40,813	8,148	32,513	116,694
Bank fees	-	-	-	-	-	-
Information technology	8,563	937	19,406	1,006	12,224	42,136
Royalties	129	11,268	-	-	-	11,397
Occupancy	86,423	25,687	18,078	5,645	20,008	155,841
Travel	12,805	5,186	250,085	39,975	66,347	374,398
Conference, conventions, meetings	2,334	-	14,486	7,722	120	24,662
Interest	-	-	-	-	-	-
Insurance	55,440	120	11,485	362	9,761	77,168
Current exchange rate adjustments	-	-	-	-	34,710	34,710
Cost of goods sold	28,475	800,736	-	-	66,815	896,026
Training	4,261	-	4,156	-	398	8,815
Miscellaneous	207	-	-	-	-	207
Depreciation	34,673	164	78,727	491	29,671	143,726
Total	\$ 2,247,766	\$ 2,211,408	\$ 2,459,060	\$ 295,507	\$ 3,494,096	\$ 10,707,837

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

The Friends of Israel Gospel Ministry, Inc and Affiliates
Consolidated Statement of Functional Expenses (continued)
For the Year Ended December 31, 2022

	<u>Total Program Carry Forward</u>	<u>Education Conferences and Other Ministries</u>	<u>Relief Ministries</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Ministry expenditures	\$ 2,045,793	\$ -	\$ 1,090,492	\$ 3,136,285	\$ 33,984	\$ 6,355	\$ 3,176,624
Salaries	4,559,214	34,885	-	4,594,099	834,589	430,594	5,859,282
Payroll taxes	225,960	2,689	-	228,649	53,206	24,660	306,515
Pension	431,704	3,474	-	435,178	93,235	39,880	568,293
Other staff benefits	644,240	7,522	-	651,762	224,635	88,540	964,937
Professional fees	117,183	1,176	-	118,359	184,469	107,391	410,219
Advertising	25,714	42,012	-	67,726	4,310	127,333	199,369
Postage and mailings	772,249	27,534	-	799,783	44,105	13,370	857,258
Office supplies and services	116,694	7,978	23	124,695	81,204	14,313	220,212
Bank fees	-	-	-	-	165,238	-	165,238
Information technology	42,136	140	17	42,293	248,005	10,719	301,017
Royalties	11,397	-	-	11,397	-	-	11,397
Occupancy	155,841	-	-	155,841	172,668	23,769	352,278
Travel	374,398	105,528	15,498	495,424	69,068	173,113	737,605
Conference, conventions, meetings	24,662	268,673	-	293,335	6,482	-	299,817
Interest	-	-	-	-	66,978	-	66,978
Insurance	77,168	-	-	77,168	26,399	169	103,736
Current exchange rate adjustments	34,710	-	-	34,710	-	-	34,710
Cost of goods sold	896,026	-	-	896,026	1,035	1,380	898,441
Training	8,815	-	-	8,815	5,810	3,394	18,019
Miscellaneous	207	-	-	207	-	1,962	2,169
Depreciation	143,726	-	-	143,726	178,593	30,055	352,374
Total	\$ 10,707,837	\$ 501,611	\$ 1,106,030	\$ 12,315,478	\$ 2,494,013	\$ 1,096,997	\$ 15,906,488

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

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

	<u>Outreach Ministries</u>	<u>Publication Ministries</u>	<u>North American Ministries</u>	<u>Field Ministries</u>	<u>International Ministries</u>	<u>Subtotal</u>
Ministry expenditures	\$ 322,590	\$ 1,200	\$ 17,830	\$ 12,165	\$ 588,766	\$ 942,551
Salaries	843,601	334,076	1,436,173	117,052	1,579,898	4,310,800
Payroll taxes	58,289	23,155	39,870	8,126	67,281	196,721
Pension	86,199	30,359	139,334	16,048	157,699	429,639
Other staff benefits	187,696	65,666	287,312	1,744	77,392	619,810
Professional fees	35,256	2,024	1,068	-	32,709	71,057
Advertising	10,470	10,250	4,769	-	-	25,489
Postage and mailings	355	630,201	7,347	1,369	6,900	646,172
Office supplies and services	10,154	23,749	24,417	9,664	30,297	98,281
Bank fees	-	-	-	-	-	-
Information technology	9,791	828	13,465	1,632	9,299	35,015
Royalties	250	19,085	-	-	-	19,335
Occupancy	78,438	29,959	15,795	5,650	26,210	156,052
Travel	2,330	244	182,510	26,874	34,337	246,295
Conference, conventions, meetings	1,222	-	4,592	1,055	-	6,869
Interest	-	-	-	-	-	-
Insurance	53,240	139	10,263	360	9,056	73,058
Current exchange rate adjustments	-	-	-	-	122,604	122,604
Cost of goods sold	59,715	909,133	-	-	75,925	1,044,773
Training	12,830	-	1,737	-	1,164	15,731
Miscellaneous	231	444	-	-	29	704
Depreciation	34,584	204	78,385	531	29,542	143,246
	<u>\$ 1,807,241</u>	<u>\$ 2,080,716</u>	<u>\$ 2,264,867</u>	<u>\$ 202,270</u>	<u>\$ 2,849,108</u>	<u>\$ 9,204,202</u>
Total	<u>\$ 1,807,241</u>	<u>\$ 2,080,716</u>	<u>\$ 2,264,867</u>	<u>\$ 202,270</u>	<u>\$ 2,849,108</u>	<u>\$ 9,204,202</u>

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

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

	Total Program Carryforward	Education Conferences and Other Ministries	Relief Ministries	Total Program	Management and General	Fundraising	Total
Ministry expenditures	\$ 942,551	\$ -	\$ 581,700	\$ 1,524,251	\$ 6,000	\$ 311	\$ 1,530,562
Salaries	4,310,800	31,937	-	4,342,737	779,927	390,354	5,513,018
Payroll taxes	196,721	2,402	-	199,123	50,348	23,502	272,973
Pension	429,639	3,112	-	432,751	84,115	39,100	555,966
Other staff benefits	619,810	6,569	-	626,379	191,985	69,071	887,435
Professional fees	71,057	-	-	71,057	220,338	87,496	378,891
Advertising	25,489	5,597	-	31,086	-	150,354	181,440
Postage and mailings	646,172	1,202	-	647,374	40,444	4,076	691,894
Office supplies and services	98,281	271	-	98,552	68,482	12,243	179,277
Bank fees	-	-	-	-	133,596	-	133,596
Information technology	35,015	140	-	35,155	224,325	7,092	266,572
Royalties	19,335	-	-	19,335	-	-	19,335
Occupancy	156,052	-	-	156,052	172,979	24,081	353,112
Travel	246,295	15,405	24	261,724	31,981	109,024	402,729
Conference, conventions, meetings	6,869	37,146	-	44,015	12,652	-	56,667
Interest	-	-	-	-	87,446	-	87,446
Insurance	73,058	-	-	73,058	25,912	194	99,164
Current exchange rate adjustments	122,604	-	-	122,604	-	-	122,604
Cost of goods sold	1,044,773	-	-	1,044,773	-	-	1,044,773
Training	15,731	-	-	15,731	6,844	154	22,729
Miscellaneous	704	-	-	704	-	4,012	4,716
Depreciation	143,246	-	-	143,246	174,018	26,043	343,307
Total	\$ 9,204,202	\$ 103,781	\$ 581,724	\$ 9,889,707	\$ 2,311,392	\$ 947,107	\$ 13,148,206

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

The Friends of Israel Gospel Ministry, Inc and Affiliates
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 29,474	\$ 3,256,422
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	352,374	345,145
Net realized and unrealized (gain)/loss on investments	393,645	(73,508)
Loss on disposal of property investment	-	167,873
Change in value of beneficial interest in trust	46,395	(1,606)
Change in value of irrevocable trusts	(32,991)	1,545
Prior period adjustments	-	(107,013)
(Increase) decrease in assets		
Accounts receivable, net	(18,125)	99,033
Legacies receivable	71,111	(125,000)
Harmonized sales taxes recoverable	(6,305)	(2,419)
Right-of-use assets - operating leases	(47,345)	-
Prepaid expenses	10,794	(12,494)
Inventory	(41,980)	(11,247)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	412,132	157,547
Deferred revenue	84,385	(63,249)
Lease liability	49,142	-
Deferred compensation	(24,373)	(16,362)
Net cash provided by operating activities	<u>1,278,333</u>	<u>3,614,667</u>
Cash flows from investing activities		
Purchase of property and equipment	(121,192)	(135,150)
Purchase of construction in progress	(1,907,099)	(118,118)
Proceeds from sales of investments	12,558,728	2,875,408
Purchase of investments	(10,666,300)	(4,837,848)
Deposits into escrow account	47,505	-
Net cash used in investing activities	<u>(88,358)</u>	<u>(2,215,708)</u>
Cash flows from financing activities		
Payment of notes payable	(84,500)	(22,000)
Payment of mortgage payable	(593,091)	(392,543)
Payment on annuities payable	(708,567)	(437,828)
Face value of new annuities	395,000	100,000
New annuities, contribution value to donor	(191,149)	(44,598)
Investment income on irrevocable trust assets	82,846	(32,848)
Net cash used in financing activities	<u>(1,099,461)</u>	<u>(829,817)</u>
Net change in cash	90,514	569,142
Effect of exchange rate changes on cash	(8,085)	(1,493)
Cash and equivalents - beginning of year	<u>2,011,209</u>	<u>1,443,560</u>
Cash and equivalents - end of year	<u>\$ 2,093,638</u>	<u>\$ 2,011,209</u>
Reconciliation of cash and restricted deposits to the total amounts shown in the statement of cash flows		
Cash and equivalents	\$ 2,046,133	\$ 2,011,209
Restricted cash	<u>47,505</u>	<u>-</u>
	<u>\$ 2,093,638</u>	<u>\$ 2,011,209</u>

Cash paid for interest totaled \$713,509 and \$874,451 for the years ended December 31, 2022 and 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

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 consolidated 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 consolidated 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 consolidated 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, 2022. 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 consolidated 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 consolidated 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 consolidated statement of activities as a component of change in actuarial value of annuities and trusts.

Investment income is reported in the consolidated statement of unrestricted activities net external and direct internal investment expenses. The investment income from annuity investments is reported in the consolidated 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 Organization 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 consolidated 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, 2022, 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 consolidated 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 consolidated statement of unrestricted 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 consolidated 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 \$199,369 and \$181,440 for the years ended December 31, 2022 and 2021, respectively.

Newly adopted 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 adoption of this standard had a material impact on the financial statements. The Organization adopted the standard using the modified retrospective approach with January 1, 2022, as the date of initial adoption. The results for reporting periods after January 1, 2022 are presented under Topic 842, while prior periods have not been adjusted.

The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Organization to carry forward the historical lease classification. The Organization also elected the practical expedient to not separate lease components from non-lease components.

As a result of adopting the new standard, the Organization recorded additional net lease assets and lease liabilities of \$97,309. Adoption of the new standard did not materially impact the Organization's change in net assets as of January 1, 2022.

New accounting pronouncements

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 January 1, 2023. Early application will be permitted. The Organization continues to evaluate the effects the adoption of ASU 2016-13 will have on the financial statements and related disclosures.

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

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

NOTE 3: LIQUIDITY AND AVAILABILITY (continued)

The Organization's financial assets available within one year to meet cash needs for general expenditures are as follows as of December 31, 2022:

	FOI - USA	FOI - Canada	Total
Financial assets:			
Cash and cash equivalents	\$ 1,623,868	\$ 422,265	\$ 2,046,133
Investments	1,220,282	1,619,698	2,839,980
Accounts receivable	24,111	1,561	25,672
Legacies receivable	53,889	-	53,889
Harmonized sales taxes recoverable	-	25,904	25,904
Assets held under split-interest agreements – revocable trusts	37,723	-	37,723
Assets held under split-interest agreements – irrevocable trusts	418,765	-	418,765
Assets held under split-interest agreements – annuities	5,410,014	-	5,410,014
Total financial assets	8,788,652	2,069,428	10,858,080
Less amounts not available to be used within one year for general expenditures:			
Net assets – designated by board as reserve for debt retirement	251,500	-	251,500
Net assets with donor restrictions – purpose restricted	5,928,807	289,539	6,218,346
Deferred compensation	133,213	-	133,213
Financial assets available within one year to meet cash needs for general expenditures	<u>\$ 2,474,792</u>	<u>\$ 1,779,889</u>	<u>\$ 4,255,021</u>

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

NOTE 3: LIQUIDITY AND AVAILABILITY (continued)

The Organization's financial assets available within one year to meet cash needs for general expenditures are as follows as of December 31, 2021:

	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	157,586	-	157,586
Financial assets available within one year to meet cash needs for general expenditures	<u>\$ 4,750,335</u>	<u>\$ 1,956,485</u>	<u>\$ 6,706,820</u>

Note 4: INVESTMENTS

Unrestricted investments at fair value consist of the following as of December 31, 2022:

	FOI – USA	FOI – Canada	Total
US equity mutual funds	\$ 2,667,215	\$ -	\$ 2,667,215
Equity securities	2,097,466	916,470	3,013,936
International funds	1,367,000	-	1,367,000
Alternative investments	346,981	-	346,981
State of Israel bonds	312,835	-	312,835
Certificates of deposit	103,477	-	103,477
Foreign bonds	-	246,960	246,960
Preferred stock	13,406	-	13,406
	<u>\$ 6,908,380</u>	<u>\$ 1,163,430</u>	<u>\$ 8,071,810</u>

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

Note 4: **INVESTMENTS (continued)**

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 \$178,404 in money market funds as of December 31, 2022 and (\$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 \$456,268 and \$640,430 in money market funds as of December 31, 2022 and 2021, respectively.

Investments were held for the following purposes as of December 31, 2022:

	<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	37,723	-	37,723
Assets held under split-interest agreements – irrevocable trusts	418,765	-	418,765
Assets held under split-interest agreements – annuities	5,410,014	-	5,410,014
Promissory note	467,377	-	467,377
Deferred compensation	376,911	-	376,911
Unrestricted	375,994	1,508,640	1,884,634
	<u>\$ 7,086,784</u>	<u>\$ 1,619,698</u>	<u>\$ 8,706,482</u>

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	-	265,881
Unrestricted	1,513,070	1,176,779	2,689,849
	<u>\$ 9,522,618</u>	<u>\$ 1,287,837</u>	<u>\$ 10,810,455</u>

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

Note 4: **INVESTMENTS (continued)**

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.

Investment return on investments consist of the following as of December 31, 2022:

	FOI – USA Unrestricted	FOI – USA Promissory Notes	FOI – USA Deferred Compensation	FOI – USA Subtotal	FOI – Canada	Total
Interest and dividend income	\$ 37,695	\$ 18,522	\$ 12,241	\$ 68,669	\$ 41,704	\$ 110,373
Realized gains (losses)	(105,935)	(15,564)	(10,125)	(131,624)	4,282	(127,342)
Investment fees	(3,595)	(1,660)	(1,115)	(6,474)	-	(6,474)
Investment income	(71,835)	1,298	1,001	(69,429)	45,986	(23,443)
Net unrealized gain (losses)	12,935	(84,213)	(56,285)	(127,563)	(134,458)	(262,021)
	<u>\$ (58,900)</u>	<u>\$ (82,915)</u>	<u>\$ (55,284)</u>	<u>\$ (196,992)</u>	<u>\$ (88,472)</u>	<u>\$ (285,464)</u>

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 (losses)	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>

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

Note 4: INVESTMENTS (continued)

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.

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

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

The tables below set forth, by level, our consolidated financial assets and liabilities that were accounted for at fair value as of December 31, 2022. 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, 2022			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments				
U.S. equity funds				
Common stock	\$ 266,568	\$ 266,568	\$ -	\$ -
Large value	72,053	72,053	-	-
Large growth	60,154	60,154	-	-
Small blend	15,147	15,147	-	-
Mid-cap value	7,618	7,618	-	-
Mid-cap growth	7,607	7,607	-	-
Small growth	7,606	7,606	-	-
Large blend	60	60	-	-
Canadian equity funds				
Common stock	275,852	275,852	-	-
Canadian equity ETF	7,581	7,581	-	-
Fixed income funds				
Intermediate core-plus bond	308,142	308,142	-	-
Short-term bond	253,947	253,947	-	-
Global fixed income	149,335	149,335	-	-
Ultrashort bond	81,450	81,450	-	-
Corporate bonds	79,443	79,443	-	-
Long government	50,497	50,497	-	-
Canadian bank paper	50,162	50,162	-	-
Nontraditional bond	15,396	15,396	-	-
Canadian corporate fixed income funds	59,260	59,260	-	-
Provincial bonds	104,393	104,393	-	-
Balance carried forward	1,872,271	1,872,271	-	-

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

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

	Fair Value Measurements as of December 31, 2022			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Balance brought forward	\$ 1,872,271	\$ 1,872,271	\$ -	\$ -
Investments (continued)				
International funds				
Common stock	151,088	151,088	-	\$ -
Foreign large growth	55,937	55,937	-	-
Diversified emerging markets	44,431	44,431	-	-
Foreign large value	26,895	26,895	-	-
Equity miscellaneous	6,664	6,664	-	-
Certificates of deposit – Short term	103,477	103,477	-	-
State of Israel bonds	63,929	-	63,929	-
Total investments	\$ 2,324,692	\$ 2,261,763	\$ 63,929	\$ -

The Organization has \$515,288 in money market funds as of December 31, 2022.

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

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

Fair Value Measurements as of December 31, 2022 (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				
Equity US mutual funds				
Intermediate government	\$ 14,885	\$ 14,885	\$ -	\$ -
Long-term bond	11,727	11,727	-	-
Corporate bond	5,585	5,585	-	-
Short-term bond	5,526	5,526	-	-
	\$ 37,723	\$ 37,723	\$ -	\$ -
Assets held under split- interest agreements – irrevocable				
Fixed income				
Intermediate Core Bond – Plus Bond	\$ 80,313	\$ 80,313	\$ -	\$ -
Short-Term Bond	53,660	53,660	-	-
Intermediate Core Bond	26,819	26,819	-	-
Long Government	16,427	16,427	-	-
International mutual funds				
Foreign large growth	46,990	46,990	-	-
Diversified emerging markets	35,625	35,625	-	-
Foreign large value	22,438	22,438	-	-
Equity US mutual funds				
Large value	57,836	57,836	-	-
Large growth	45,758	45,758	-	-
Small blend	8,221	8,221	-	-
Mid-cap value	8,218	8,218	-	-
Small growth	4,153	4,153	-	-
Mid-cap growth	4,144	4,144	-	-
	\$ 410,602	\$ 410,602	\$ -	\$ -

FOI – USA has \$8,163 in money market funds, related to assets held under split-interest agreements-irrevocable as of December 31, 2022.

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

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

	Fair Value Measurements as of December 31, 2022 (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				
Financial Services	\$ 277,443	\$ 277,443	\$ -	\$ -
Technology	254,876	254,876	-	-
Industrials	121,138	121,138	-	-
Consumer Cyclical	108,033	108,033	-	-
Consumer Defensive	81,059	81,059	-	-
Communication Services	67,907	67,907	-	-
Energy	67,332	67,332	-	-
Healthcare	66,684	66,684	-	-
Utilities	35,538	35,538	-	-
Basic Materials	20,664	20,664	-	-
Real Estate	16,441	16,441	-	-
Fixed income funds				
Long-term bond	981,530		981,530	-
Ultrashort bond	374,555	374,555	-	-
Multisector bond	281,890	281,890	-	-
Short-term bond	117,818	9,165	108,653	-
Equity US mutual funds				
Large Value	381,634	381,634	-	-
Small Growth	151,335	151,335	-	-
Mid-Cap Growth	127,042	127,042	-	-
Large Growth	21,774	21,774	-	-
State of Israel bonds	248,906	-	248,906	-
Balance carried forward	3,803,599	2,464,510	1,339,089	-

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

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

	Fair Value Measurements as of December 31, 2022 (continued)			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Balance brought forward	\$ 3,803,599	\$ 2,464,510	\$ 1,339,089	\$ -
Assets held under split-interest agreements – annuities				
International funds				
Foreign large growth	440,335	440,335	-	-
Foreign large blend	424,326	424,326	-	-
Diversified emerging markets	270,023	270,023	-	-
Preferred stock				
Consumer defensive	7,871	-	7,871	-
Financial services	5,535	-	5,535	-
Alternative investments				
Hedge funds	296,989	-	296,989	-
Real estate lease trust	49,992	-	49,992	-
	<u>\$ 5,298,670</u>	<u>\$ 3,599,194</u>	<u>\$ 1,699,476</u>	<u>\$ -</u>

FOI – USA has \$111,344 in money market funds, related to assets held under split-interest agreements-annuities as of December 31, 2022.

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

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

For FOI, the tables below set forth, by level, our consolidated 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				
Intermediate core-plus bond	\$ 205,512	\$ 205,512	\$ -	\$ -
Large value	98,618	98,618	-	-
Foreign large growth	89,534	89,534	-	-
Large growth	65,394	65,394	-	-
Diversified emerging markets	49,164	49,164	-	-
Foreign large value	41,798	41,798	-	-
Mid-cap value	16,536	16,536	-	-
Mid-cap growth	16,442	16,442	-	-
Small blend	16,432	16,432	-	-
Small growth	8,263	8,263	-	-
Communication services	2,018	2,018	-	-
World large-stock growth	1,493	1,493	-	-
US equity funds				
Short-term bond	1,390,241	1,390,241	-	-
Common stock	297,032	297,032	-	-
High yield bond	53,761	53,761	-	-
Ultrashort bond	32,887	32,887	-	-
Canadian equity				
Common stock	305,576	305,576	-	-
Canadian equity ETF	8,901	8,901	-	-
International equity				
Common stock	209,948	209,948	-	-
Equity miscellaneous	6,127	6,127	-	-
Balance carried forward	2,915,677	2,915,677	-	-

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

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

	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)
Balance brought forward	\$ 2,915,677	\$ 2,915,677	\$ -	\$ -
Investments				
Fixed income funds				
Provincial bonds	83,029	83,029	-	-
Canadian corporate fixed income funds	70,545	70,545	-	-
Corporate bonds	69,740	69,740	-	-
Canadian bank paper	42,085	42,085	-	-
Aggregate bond	105,514	-	105,514	-
Global fixed income	89,341	-	89,341	-
	<u>\$ 3,375,931</u>	<u>\$ 3,181,076</u>	<u>\$ 194,855</u>	<u>\$ -</u>
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>

FOI has \$789,825 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)**

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 – 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	-
	\$ 485,909	\$ 480,153	\$ 5,756	\$ -

FOI 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)**

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	-
	\$ 7,194,373	\$ 6,993,567	\$ 200,806	\$ -

FOI 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

NOTE 6: INVENTORY

Inventory, as of December 31, 2022, consists of the following:

	<u>FOI - USA</u>	<u>FOI – Canada</u>	<u>Total</u>
Books and publications	\$ 262,977	\$ 17,139	\$ 280,116
Media	65,188	8,696	73,884
Other items	<u>53,795</u>	<u>9,414</u>	<u>63,209</u>
	<u>\$ 381,960</u>	<u>\$ 35,249</u>	<u>\$ 417,209</u>

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

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

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 consolidated financial statements in the amount of \$270,689 and \$317,084 at December 31, 2022 and 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 consolidated statement of unrestricted activities for the year ended December 31, 2021.

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

NOTE 9: PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31,:

	2022			2021		
	FOI – USA	FOI - Canada	Total	FOI – USA	FOI - Canada	Total
Land	\$ 629,330	\$ -	\$ 629,330	\$ 629,330	\$ -	\$ 629,330
Land improvements	1,033,720	-	1,033,720	1,033,720	-	1,033,720
Buildings	7,817,315	-	7,817,315	7,817,315	-	7,817,315
Furniture and fixtures	420,298	-	420,298	417,562	-	417,562
Equipment and vehicles	1,481,253	44,895	1,526,148	1,362,797	89,964	1,452,761
Subtotal	11,381,916	44,895	11,426,811	11,260,724	89,964	11,350,688
Less: accumulated depreciation	5,965,574	43,205	6,008,779	5,617,779	83,463	5,701,242
Subtotal	5,416,342	1,690	5,418,032	5,642,945	6,501	5,649,446
Construction in progress	2,038,347	-	2,038,347	131,248	-	131,248
Total	<u>\$ 7,454,689</u>	<u>\$ 1,690</u>	<u>\$ 7,456,379</u>	<u>\$ 5,774,193</u>	<u>\$ 6,501</u>	<u>\$ 5,780,694</u>

Depreciation expense was \$352,374 and \$343,307 for the years ended December 31, 2022 and 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,:

Property Location	Type	2022			2021	
		Original Cost	Accumulated Amortization	Carrying Value	Accumulated Amortization	Carrying Value
Argentina	Buildings	\$ 567,158	\$ (304,848)	\$ 262,310	\$ (290,669)	\$ 276,489

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

NOTE 10: LEASES

Leases - The Organization leases office equipment from various vendors under a non-cancelable lease agreement. The following summarizes the line items in the statements of The Friends of Israel Gospel Ministry, Inc., which include amounts for operating leases as of December 31, 2022:

Operating Leases	
Operating lease right-of-use assets	<u>\$ 47,345</u>
Operating lease liabilities – current portion	\$ 27,021
Operating lease liabilities – long-term portion	<u>22,121</u>
	<u>\$ 49,142</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

Weighted Average Remaining Lease Term	
Operating lease	1.91 years
Weighted Average Discount Rate	
Operating lease	.93%

The maturities of lease liabilities as of December 31, 2022 are as follows:

Year Ending December 31:

2023	\$ 50,237
2024	45,072
2025	34,689
2026	30,530
2027	33,074
Thereafter	<u>72,763</u>
Total lease payments	266,365
Less: imputed interest	<u>13,030</u>
Present value of lease liabilities	<u>\$ 253,335</u>

Supplemental cash flow information related to leases was as follows for the year ended December 31, 2022:

Operating cash flows from operating leases	\$ 48,760
Right-of-use assets obtained on operating lease commencements	\$ 97,309

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

NOTE 11: MORTGAGES AND NOTES PAYABLE

	FOI – USA 2022	FOI – USA 2021
<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>	\$ 1,255,500	\$ 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. The mortgage loan was paid in full in 2022.</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 construction loan was paid in full in 2022.</p>	-	367,937
<p>Total mortgages and notes payable</p>	1,255,500	1,948,917
<p>Less unamortized debt issuance costs</p>	-	15,826
<p>Mortgages and notes payable net of unamortized debt issuance costs</p>	1,255,500	1,933,091
<p>Less current portion</p>	306,207	955,152
<p>Long-term portion</p>	\$ 949,293	\$ 977,939

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

NOTE 11: MORTGAGES AND NOTES PAYABLE (continued)

Scheduled principal payments for the mortgages and notes payable as of December 31, 2022 are as follows:

Year Ending December 31,	<u>Amount</u>
2023	\$ 306,207
2024	291,000
2025	119,000
2026	259,000
2027	<u>280,293</u>
	<u>\$ 1,255,500</u>

As of December 31, 2022, the Organization was in compliance with all debt covenants.

NOTE 12: 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 \$251,100 and \$268,000 at December 31, 2022 and 2021, respectively.

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

NOTE 13: NET ASSETS WITH DONOR RESTRICTIONS

Changes in net assets with donor restrictions consist of the following for the year ended December 31, 2022:

	2021 Balance	Contributions	Change in Actuarial Value	Releases	2022 Balance
Subject to expenditure for specified purposes					
FOI -USA					
Annuity reserves required by state law (10%)	\$ 426,572	\$ -	\$ -	\$ (70,857)	\$ 355,715
Remainder trusts	669,251	-	(96,250)	-	573,001
International ministry projects	2,412,288	2,135,482	-	(1,895,998)	2,651,772
IMG expense donation	-	85,959	-	(85,959)	-
Digital teaching initiative	1,135,684	75,894	-	-	1,211,578
Argentina clinic	81,775	-	-	-	81,775
Capital campaign	322,198	6,600	-	-	328,798
Missionary support	350,774	304,766	-	(239,139)	416,401
Relief funds	436,720	649,137	(3,388)	(1,002,642)	79,827
Ministries of specific individuals	431,860	227,986	-	(429,908)	229,939
Subtotal FOI-USA	6,267,122	3,485,826	(99,638)	(3,724,503)	5,928,807
FOI-Canada					
Gift basket	2,047	13,058	-	(7,833)	7,272
Cruizin for Zion	314	-	-	(48)	266
Ministry launch initiative	94,348	54,496	-	(46,425)	102,419
Contributions for future capital assets	-	72,962	-	(4,438)	68,524
Scholarships	111,058	-	-	-	111,058
Subtotal FOI-Canada	207,767	140,516	-	(58,744)	289,539
Total	\$ 6,474,889	\$ 3,626,342	\$ (99,638)	\$ (3,783,247)	\$ 6,218,346

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

NOTE 13: NET ASSETS WITH DONOR RESTRICTIONS (continued)

Changes in net assets with donor restrictions consist of the following for the year ended December 31, 2022:

	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

NOTE 14: REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from Contracts with Customers consists of the following for the year ended December 31, 2022:

	FOI – USA	FOI – Canada	Total
Recognized over time			
Subscription revenue – Israel My Glory	\$ 354,383	\$ 4,706	\$ 359,089
Recognized at a point in time			
Books	260,977	32,533	293,510
Audio CD and DVD's	57,056	7,670	64,726
Shipping	61,504	5,575	67,079
Other products	69,648	21,910	91,558
Subtotal	449,185	67,688	516,873
Total	\$ 803,568	\$ 72,394	\$ 875,962

The following table provides information about significant changes in deferred revenue for the year ended December 31, 2022:

	FOI – USA	FOI – Canada	Total
Deferred revenue, beginning of year	\$ 398,286	\$ 43,333	\$ 441,619
Revenue recognized that was included in deferred revenue at the beginning of year	(398,286)	(42,333)	(441,619)
Increase in deferred revenue due to cash received during the year	367,524	33,784	401,308
Deferred revenue, end of year	\$ 367,524	\$ 33,784	\$ 401,308

As of December 31, 2022, deferred revenue consisted of the following:

	FOI – USA	FOI – Canada	Total
Deferred revenue - subscriptions			
Subscription revenue – Israel My Glory	\$ 341,537	\$ 33,784	\$ 375,321
Hesed	25,522	-	25,522
ORIGINS	450	-	450
Prophecy Up Close	15	-	15
Total	\$ 367,524	\$ 33,784	\$ 401,308

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

NOTE 14: REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from Contracts with Customers consists of the following for the year ended December 31, 2021:

	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>440,619</u>
Deferred revenue, end of year	<u>\$ 398,286</u>	<u>\$ 42,333</u>	<u>\$ 440,619</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>\$ 440,619</u>
Total	<u>\$ 398,286</u>	<u>\$ 42,333</u>	<u>\$ 440,619</u>

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

NOTE 15: 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 \$133,213 and \$157,586 as of December 31, 2022 and 2021, respectively. Beginning in February 2011, the Organization began paying the deferred compensation to this former executive director. These payments amounted to \$42,360 for the years ended December 31, 2022 and 2021.

NOTE 16: 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, which is an amount equal to 10% of an employee's gross earnings for the years ending December 31, 2022 and 2021. The employer contribution for the plan was \$507,816 and \$484,667 for FOI-USA and \$37,922 and \$27,934 for FOI-Canada for the years ending December 31, 2022 and 2021, respectively. 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 years ending December 31, 2022 and 2021 was \$117,904 and \$103,487, respectively. The amount of accrued retirement expense for the year is funded by the Organization in annual contributions to the accounts.

Note 17: SUBSEQUENT EVENTS

In the fall of 2022, the Organization broke ground for two capital projects at its international headquarters in New Jersey. The first project involves building a state-of-the-art audio/video studio to record, produce, and distribute digital media worldwide. The second project involves constructing a new maintenance facility that better suits the organization's growing needs and replaces three significantly aged buildings on the property. Funding for these projects, totaling \$5,726,000, is being provided through a combination of contributions (\$2,226,000) and bank financing (\$3,500,000). These projects are expected to be completed by the middle of 2023.

Events occurring after December 31, 2022 have been evaluated for possible adjustments to the consolidated financial statements or disclosure through May 23, 2023, 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

FOR THE YEAR ENDED
DECEMBER 31, 2022 WITH SUMMARIZED FINANCIAL
INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021

The Friends of Israel Gospel Ministry, Inc and Affiliates
Supplementary Information
Consolidating Statement of Financial Position
As of December 31, 2022 (with summarized financial information as of December 31, 2021)

	<u>FOI - USA</u>	<u>FOI - Canada</u>	<u>Intercompany Eliminations</u>	<u>2022 Totals</u>	<u>2021</u>
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,623,868	\$ 422,265	\$ -	\$ 2,046,133	\$ 2,011,209
Investments	1,220,282	1,619,698	-	2,839,980	4,165,756
Accounts receivable	24,111	1,561	-	25,672	7,658
Due from FOI - Canada	59,327	-	(59,327)	-	-
Legacies receivable	53,889	-	-	53,889	125,000
Harmonized sales taxes recoverable	-	25,904	-	25,904	21,210
Prepaid expenses	296,379	40,525	-	336,904	349,465
Inventory	381,960	35,249	-	417,209	377,711
	<u>3,659,816</u>	<u>2,145,202</u>	<u>(59,327)</u>	<u>5,745,691</u>	<u>7,058,009</u>
Assets whose use is restricted					
Cash and cash equivalents	47,505	-	-	47,505	-
Beneficial interest in trust	270,689	-	-	270,689	317,084
Assets held under split-interest agreements - revocable trusts	37,723	-	-	37,723	46,149
Assets held under split-interest agreements - irrevocable trusts	418,765	-	-	418,765	501,611
Assets held under split-interest agreements - annuities	5,410,014	-	-	5,410,014	6,737,369
	<u>6,184,696</u>	<u>-</u>	<u>-</u>	<u>6,184,696</u>	<u>7,602,213</u>
Property and equipment, net	5,416,342	1,690	-	5,418,032	5,649,446
Right-of-use assets - operating leases	35,238	12,107	-	47,345	-
Construction in progress	2,038,347	-	-	2,038,347	131,248
	<u>2,038,347</u>	<u>-</u>	<u>-</u>	<u>2,038,347</u>	<u>131,248</u>
Total assets	<u>\$ 17,334,439</u>	<u>\$ 2,158,999</u>	<u>\$ (59,327)</u>	<u>\$ 19,434,111</u>	<u>\$ 20,440,916</u>

The Friends of Israel Gospel Ministry, Inc and Affiliates
Supplementary Information
Consolidating Schedule of Financial Position (continued)
As of December 31, 2022 (with summarized financial information as of December 31, 2021)

	<u>FOI - USA</u>	<u>FOI - Canada</u>	<u>Intercompany Eliminations</u>	<u>2022 Totals</u>	<u>2021</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued expense	\$ 1,329,461	\$ 45,682	\$ -	\$ 1,375,143	\$ 969,305
Due to FOI - USA	-	59,327	(59,327)	-	-
Current portion of notes payable	306,207	-	-	306,207	408,793
Current portion of mortgage payable	-	-	-	-	546,359
Current portion of annuities payable	516,527	-	-	516,527	759,509
Current portion of lease liability - operating	15,778	11,243	-	27,021	-
Deferred revenue	367,524	33,784	-	401,308	440,619
Deferred compensation	133,213	-	-	133,213	157,586
	<u>2,668,710</u>	<u>150,036</u>	<u>(59,327)</u>	<u>2,759,419</u>	<u>3,282,171</u>
Total current liabilities					
Notes payable, net of current portion	949,293	-	-	949,293	931,207
Mortgage payable, net of current portion	-	-	-	-	46,732
Liability under charitable gift					
annuity, net of current portion	3,040,630	-	-	3,040,630	3,506,215
Refundable advance - revocable trust	37,723	-	-	37,723	46,149
Lease liability - operating, net of current portion	19,460	2,661	-	22,121	-
Charitable remainder trust - irrevocable	116,454	-	-	116,454	149,445
	<u>6,832,270</u>	<u>152,697</u>	<u>(59,327)</u>	<u>6,925,640</u>	<u>7,961,919</u>
Total liabilities					
Net assets					
Without donor restrictions					
Undesignated	3,831,224	1,716,763	-	5,547,987	5,736,108
Designated by board as reserve for debt retirement	251,100	-	-	251,100	268,000
	<u>4,082,324</u>	<u>1,716,763</u>	<u>-</u>	<u>5,799,087</u>	<u>6,004,108</u>
Total net assets without donor restrictions					
With donor restrictions	6,419,845	289,539	-	6,709,384	6,474,889
	<u>10,502,169</u>	<u>2,006,302</u>	<u>-</u>	<u>12,508,471</u>	<u>12,478,997</u>
Total net assets					
Total liabilities and net assets	<u>\$ 17,334,439</u>	<u>\$ 2,158,999</u>	<u>\$ (59,327)</u>	<u>\$ 19,434,111</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
Supplementary Information
Consolidating Statement of Unrestricted Activities
For the Year Ended December 31, 2022 (with summarized financial information for the year ended December 31, 2021)

	<u>FOI - USA</u>	<u>FOI - Canada</u>	<u>Intercompany Eliminations</u>	<u>2022 Totals</u>	<u>2021</u>
Revenue and support					
Ministry contributions	\$ 8,881,539	\$ 385,839	-	\$ 9,267,378	\$ 7,061,137
Field ministry contributions	-	196,313	-	196,313	130,535
Legacies	1,591,015	431,297	-	2,022,312	1,419,897
Gift portion of annuities	191,149	-	-	191,149	44,597
Gifts in kind	67,118	8,566	-	75,684	14,639
Conference and special function	98,346	21,016	-	119,362	8,331
Ministry, publications, audio, and video	803,568	72,393	-	875,961	1,189,835
Other revenue	10,470	-	-	10,470	8,460
Joint ministries foreign initiatives	-	370,635	-	370,635	-
Net assets released from restriction	3,724,503	58,744	-	3,783,247	3,642,782
Total revenue and support	<u>15,367,708</u>	<u>1,544,803</u>	<u>-</u>	<u>16,912,511</u>	<u>13,520,213</u>
Expenses					
Program services	11,159,768	1,155,709	-	12,315,477	9,889,707
Management and general	2,168,311	325,702	-	2,494,013	2,311,392
Fundraising	989,278	107,720	-	1,096,998	947,107
Total expenses	<u>14,317,357</u>	<u>1,589,131</u>	<u>-</u>	<u>15,906,488</u>	<u>13,148,206</u>
Operating income (loss)	<u>1,050,351</u>	<u>(44,328)</u>	<u>-</u>	<u>1,006,023</u>	<u>372,007</u>
Other income and losses					
Investment loss	(69,429)	45,986	-	(23,443)	(345,141)
Change in value of split-interest agreements held by FOI-USA	(887,520)	-	-	(887,520)	433,833
Loss on disposal of property investment	-	-	-	-	(167,873)
Loss on foreign currency translation	-	(38,060)	-	(38,060)	(8,502)
Excess (deficit) of revenue and support over expenses	<u>93,402</u>	<u>(36,402)</u>	<u>-</u>	<u>57,000</u>	<u>284,324</u>
Net unrealized gain (loss) on investments	<u>(127,563)</u>	<u>(134,458)</u>	<u>-</u>	<u>(262,021)</u>	<u>325,393</u>
Increase (decrease) in net assets without donor restrictions	<u>(34,161)</u>	<u>(170,860)</u>	<u>-</u>	<u>(205,021)</u>	<u>609,717</u>
Net assets without donor restrictions - beginning of year	<u>4,116,485</u>	<u>1,887,623</u>	<u>-</u>	<u>6,004,108</u>	<u>5,394,391</u>
Net assets without donor restrictions - end of year	<u>\$ 4,082,324</u>	<u>\$ 1,716,763</u>	<u>\$ -</u>	<u>\$ 5,799,087</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, 2022

	<u>FOI - USA</u>	<u>FOI - Canada</u>	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions				
Excess (deficit) of revenue and support over expenses	\$ 93,402	\$ (36,402)	\$ 57,000	\$ 284,324
Net unrealized gain (loss) on investments	(127,563)	(134,458)	(262,021)	325,393
Change in net assets without donor restrictions	<u>(34,161)</u>	<u>(170,860)</u>	<u>(205,021)</u>	<u>609,717</u>
Net assets with donor restrictions				
Contributions	3,976,864	140,516	4,117,380	6,229,739
Change in actuarial value	(99,638)	-	(99,638)	59,748
Net assets release from restriction	<u>(3,724,503)</u>	<u>(58,744)</u>	<u>(3,783,247)</u>	<u>(3,642,782)</u>
Change in net assets with donor restrictions	<u>152,723</u>	<u>81,772</u>	<u>234,495</u>	<u>2,646,705</u>
Change in net assets	118,562	(89,088)	29,474	3,256,422
Net assets - beginning of year	<u>10,383,607</u>	<u>2,095,390</u>	<u>12,478,997</u>	<u>9,222,575</u>
Net assets - end of year	<u>\$ 10,502,169</u>	<u>\$ 2,006,302</u>	<u>\$ 12,508,471</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
Supplementary Information
Statement of Activities by Department - FOI US
For the Year Ended December 31, 2022

	<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>2022 Total</u>	<u>2021</u>
Revenues										
Contributions	\$ 95,605	\$ 20,039	\$ 1,524,867	\$ 1,436,084	\$ -	\$ 17,995	\$ 5,686,456	\$ 855	\$ 8,781,901	\$ 6,399,590
Restricted contributions	507,563	161,853	410,968	2,135,192	754,688	-	-	6,600	3,976,864	6,172,717
Gift portion of annuity	-	-	-	-	-	-	-	191,149	191,149	44,597
Legacies	-	-	-	-	-	-	-	1,591,015	1,591,015	1,148,444
Gifts in-kind	-	-	46,800	-	-	-	-	20,318	67,118	5,693
Conference fees	-	-	4,844	-	-	93,502	-	-	98,346	8,140
Sales	57,056	668,171	-	16,837	-	-	-	-	742,064	1,001,034
Postage Charges	-	61,504	-	-	-	-	-	-	61,504	104,873
Change in actuarial value	-	-	-	-	-	-	-	-	-	59,748
Other Revenue	-	-	-	-	-	-	10,470	-	10,470	8,460
Total Revenue	660,224	911,567	1,987,479	3,588,113	754,688	111,497	5,696,926	1,809,937	15,520,431	14,953,296
Expenses										
Ministry expenditures	277,753	1,200	136,127	1,125,213	1,090,492	-	7,000	1,368	2,639,153	1,473,195
Salaries	885,078	303,836	1,413,089	1,723,145	-	34,885	684,421	359,892	5,404,346	5,144,579
Payroll taxes	61,271	21,412	49,403	76,956	-	2,689	43,916	25,098	280,745	253,368
Pension	86,808	27,764	135,208	160,582	-	3,474	82,329	34,206	530,371	521,968
Other staff benefits	233,400	72,670	262,103	76,067	-	7,522	224,635	88,540	964,937	883,496
Professional fees	60,296	8,016	2,507	43,559	-	1,176	147,082	104,692	367,328	328,385
Advertising	4,210	1,354	15,109	-	-	38,072	4,310	127,009	190,064	179,352
Postage and mailings	292	616,927	8,278	16,007	-	24,812	42,438	13,202	721,956	658,365
Office supplies and services	13,709	19,639	40,813	32,513	23	234	61,839	12,376	181,146	150,585
Bank fees	-	-	-	-	-	-	142,722	-	142,722	111,047
Information technology	8,368	937	19,406	12,224	17	140	239,061	10,719	290,872	257,757
Royalties	129	11,268	-	-	-	-	-	-	11,397	19,335
Occupancy	78,643	11,575	18,078	20,008	-	-	146,365	21,706	296,375	292,056
Travel	12,790	5,186	250,085	66,347	15,498	82,307	61,496	153,908	647,617	363,138
Conference, conventions, meetings	2,334	-	14,486	120	-	201,551	6,482	-	224,973	53,144
Interest	-	-	-	-	-	-	66,978	-	66,978	87,446
Payments to affiliates	-	-	-	-	-	-	-	-	-	-
Insurance	54,669	-	11,485	9,761	-	-	24,448	-	100,363	95,839
Current exchange rate adjustments	-	-	-	34,710	-	-	-	-	34,710	122,604
Cost of goods sold	23,480	760,611	-	66,815	-	-	1,035	1,380	853,321	921,074
Training	4,261	-	4,156	398	-	-	5,810	3,394	18,019	22,729
Miscellaneous	207	-	-	-	-	-	-	1,962	2,169	4,716
Depreciation	33,627	-	78,727	29,671	-	-	175,944	29,826	347,795	338,406
Total Expenses	1,841,325	1,862,395	2,459,060	3,494,096	1,106,030	396,862	2,168,311	989,278	14,317,357	12,282,584
Income (loss)	\$ (1,181,101)	\$ (950,828)	\$ (471,581)	\$ 94,017	\$ (351,342)	\$ (285,365)	\$ 3,528,615	\$ 820,659	\$ 1,203,074	\$ 2,670,712

The Friends of Israel Gospel Ministry, Inc and Affiliates
Supplementary Information
Statement of Activities by Department - FOI CA
For the Year Ended December 31, 2022

	<u>Outreach Ministries</u>	<u>Publication Ministries</u>	<u>Field Ministries</u>	<u>Education Conferences and Other Ministries</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2022 Total</u>	<u>2021</u>
Revenues								
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 710,418	\$ -	\$ 710,418	\$ -
Restricted contributions	17,350	-	249,448	25,293	-	5,770	297,861	-
Gift portion of annuity	-	-	-	-	-	-	-	-
Legacies	-	-	-	-	-	560,709	560,709	-
Gifts in-kind	-	-	-	-	-	11,136	11,136	-
Conference fees	-	-	-	2,030	-	-	2,030	-
Sales	-	71,764	-	-	-	-	71,764	-
Postage Charges	-	7,248	-	-	-	-	7,248	-
Change in actuarial value	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	(114,566)	-	(114,566)	-
Total Revenue	17,350	79,012	249,448	27,323	595,851	577,614	1,546,599	-
Expenses								
Ministry expenditures	302,363	11,723	191,413	-	26,984	4,987	537,470	57,367
Salaries	69,752	28,328	135,986	-	150,168	70,702	454,936	368,439
Payroll taxes	5,783	1,721	9,414	-	9,290	(437)	25,771	19,605
Pension	6,438	1,984	12,920	-	10,906	5,674	37,922	33,998
Other staff benefits	-	-	-	-	-	-	-	3,939
Professional fees	2,805	-	-	-	37,387	2,699	42,891	50,506
Advertising	3,688	1,353	-	3,940	-	324	9,305	2,088
Postage and mailings	-	129,370	1,375	2,722	1,667	168	135,302	33,529
Office supplies and services	810	1,062	8,148	7,744	19,365	1,937	39,066	28,692
Bank fees	-	-	-	-	22,516	-	22,516	22,549
Information technology	195	-	1,006	-	8,944	-	10,145	8,815
Royalties	-	-	-	-	-	-	-	-
Occupancy	7,780	14,112	5,645	-	26,303	2,063	55,903	61,056
Travel	15	-	39,975	23,221	7,572	19,205	89,988	39,591
Conference, conventions, meetings	-	-	7,722	67,122	-	-	74,844	3,523
Interest	-	-	-	-	-	-	-	-
Payments to affiliates	-	-	-	-	-	-	-	-
Insurance	771	120	362	-	1,951	169	3,373	3,325
Current exchange rate adjustments	-	-	-	-	-	-	-	-
Cost of goods sold	4,995	40,125	-	-	-	-	45,120	123,699
Training	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Depreciation	1,046	164	491	-	2,649	229	4,579	4,901
Total Expenses	406,441	230,062	414,457	104,749	325,702	107,720	1,589,131	865,622
Income (loss)	\$ (389,091)	\$ (151,050)	\$ (165,009)	\$ (77,426)	\$ 270,149	\$ 469,894	\$ (42,532)	\$ (865,622)

The Friends of Israel Gospel Ministry, Inc and Affiliates
Consolidating Statement of Cash Flows
For the Year Ended December 31, 2022 (with summarized financial information for the year ended December 31, 2021)

	FOI - USA	FOI - Canada	Intercompany Eliminations	2022 Totals	2021
Cash flows from operating activities					
Change in net assets	\$ 118,562	\$ (89,088)	\$ -	\$ 29,474	\$ 3,256,422
Adjustments to reconcile changes in net assets to net cash provided by operating activities:					
Depreciation	347,795	4,579	-	352,374	345,145
Net realized and unrealized (gain)/loss on investments	259,187	134,458	-	393,645	(73,508)
Loss on disposal of property investment	-	-	-	-	167,873
Change in value of beneficial interest in trust	46,395	-	-	46,395	(1,606)
Change in value of irrevocable trusts	(32,991)	-	-	(32,991)	1,545
Prior period adjustments	-	-	-	-	(107,013)
(Increase) decrease in assets					
Accounts receivable, net	(18,260)	135	-	(18,125)	99,033
Due from FOI - Canada	(7,770)	-	7,770	-	-
Legacies receivable	71,111	-	-	71,111	(125,000)
Harmonized sales taxes recoverable	-	(6,305)	-	(6,305)	(2,419)
Right-of-use assets - operating leases	(35,238)	(12,107)	-	(47,345)	-
Prepaid expenses	50,186	(39,392)	-	10,794	(12,494)
Inventory	(44,783)	2,803	-	(41,980)	(11,247)
Increase (decrease) in liabilities					
Accounts payable and accrued expenses	385,063	34,839	(7,770)	412,132	157,547
Deferred revenue	(30,762)	115,147	-	84,385	(63,249)
Lease liability - operating	35,238	13,904	-	49,142	-
Deferred compensation	(24,373)	-	-	(24,373)	(16,362)
Net cash provided by operating activities	<u>1,119,360</u>	<u>158,973</u>	<u>-</u>	<u>1,278,333</u>	<u>3,614,667</u>
Cash flows from investing activities					
Purchase of property and equipment	(121,192)	-	-	(121,192)	(135,150)
Purchase of construction in progress	(1,907,099)	-	-	(1,907,099)	(118,118)
Proceeds from sales of investments	10,891,770	1,666,958	-	12,558,728	2,875,408
Purchase of investments	(9,057,751)	(1,608,549)	-	(10,666,300)	(4,837,848)
Deposits to escrow account	47,505	-	-	47,505	-
Net cash provided by (used in) investing activities	<u>(146,767)</u>	<u>58,409</u>	<u>-</u>	<u>(88,358)</u>	<u>(2,215,708)</u>
Cash flows from financing activities					
Payment of notes payable	(84,500)	-	-	(84,500)	(22,000)
Payment of mortgage payable	(593,091)	-	-	(593,091)	(392,543)
Payment on annuities payable	(708,567)	-	-	(708,567)	(437,828)
Face value of new annuities	395,000	-	-	395,000	100,000
New annuities, contribution value to donor	(191,149)	-	-	(191,149)	(44,598)
Investment income on irrevocable trust assets	82,846	-	-	82,846	(32,848)
Net cash used in financing activities	<u>(1,099,461)</u>	<u>-</u>	<u>-</u>	<u>(1,099,461)</u>	<u>(829,817)</u>
Net change in cash	(126,868)	217,382	-	90,514	569,142
Effect of exchange rate changes on cash	-	(8,085)	-	(8,085)	(1,493)
Cash and equivalents - beginning of year	<u>1,798,241</u>	<u>212,968</u>	<u>-</u>	<u>2,011,209</u>	<u>1,443,560</u>
Cash and equivalents - end of year	<u>\$ 1,671,373</u>	<u>\$ 422,265</u>	<u>\$ -</u>	<u>\$ 2,093,638</u>	<u>\$ 2,011,209</u>
Reconciliation of cash and restricted deposits to the total amounts shown in the statement of cash flows					
Cash and equivalents	\$ 1,623,868	\$ 422,265	\$ -	\$ 2,046,133	\$ 2,011,209
Restricted cash	47,505	-	-	47,505	-
	<u>\$ 1,671,373</u>	<u>\$ 422,265</u>	<u>\$ -</u>	<u>\$ 2,093,638</u>	<u>\$ 2,011,209</u>