

Financial Statements and Report of  
Independent Certified Public  
Accountants

**Friends of the Israel Defense Forces**

December 31, 2024, with summarized  
comparative information for the year ended  
December 31, 2023

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Friends of the Israel Defense Forces

**Opinion**

We have audited the financial statements of Friends of the Israel Defense Forces ("FIDF"), which comprise the statement of financial position as of December 31, 2024 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FIDF as of December 31, 2024 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 of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 FIDF and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the FIDF's ability to continue as a going concern for one year after the date 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 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the FIDF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the FIDF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Report on 2023 summarized comparative information**

We have previously audited FIDF's 2023 financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2024. In our opinion, the accompanying summarized comparative information as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Grant Thornton LLP*

New York, New York  
October 22, 2025

**Friends of the Israel Defense Forces**

**STATEMENT OF FINANCIAL POSITION**

**December 31, 2024, with summarized comparative information as of December 31, 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,841,617	\$ 2,213,580
Investments (Note 3)	307,272,109	256,365,803
Contributions receivable, net (Note 5)	62,477,864	68,274,295
Prepaid expenses and other assets	3,584,486	959,138
Fixed assets, net (Note 7)	485,330	602,886
Operating lease right-of-use asset (Note 10)	6,331,982	8,018,566
Total assets	<b>\$ 383,993,388</b>	<b>\$ 336,434,268</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 2,563,074	\$ 2,535,431
Grants payable for capital projects (Note 9)	61,212,067	28,825,837
Annuities payable (Note 8)	8,141,760	8,368,162
Operating lease liabilities, net (Note 10)	6,913,687	8,724,266
Total liabilities	78,830,588	48,453,696
<b>Net assets</b>		
Without donor restrictions	87,093,764	67,047,161
With donor restrictions (Note 13)	218,069,036	220,933,411
Total net assets	305,162,800	287,980,572
Total liabilities and net assets	<b>\$ 383,993,388</b>	<b>\$ 336,434,268</b>

The accompanying notes are an integral part of this financial statement.

Friends of the Israel Defense Forces

STATEMENT OF ACTIVITIES

For the year ended December 31, 2024, with summarized comparative information for the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
<b>Revenues, gain, losses and other support</b>				
Contributions	\$ 40,903,611	\$ 79,387,838	\$ 120,291,449	\$ 227,937,321
Bequests	13,228,277	97,980	13,326,257	17,914,287
Special events income				
Special events revenue	\$ 53,702,757			
Direct costs of special events	(11,556,382)			
Special events income, net	15,807,334	26,339,041	42,146,375	32,571,739
In-kind contributions (Note 2)	249,998	-	249,998	689,148
Investment gain (Note 3)	14,884,563	-	14,884,563	7,384,315
Foreign exchange gain	210,837	-	210,837	399,715
Change in split interest agreements	1,390,751	1,164,054	2,554,805	1,047,907
Net assets released from restrictions (Note 13)	107,397,808	(107,397,808)	-	-
<b>Total revenues, gains, losses and other support</b>	<b>194,073,179</b>	<b>(408,895)</b>	<b>193,664,284</b>	<b>287,944,432</b>
<b>Expenses</b>				
Construction programs	75,530,544	-	75,530,544	36,239,677
Educational and scholarship programs	22,426,763	-	22,426,763	23,262,186
Wellbeing and recreational programs	47,953,648	-	47,953,648	82,672,631
<b>Total program services</b>	<b>145,910,955</b>	<b>-</b>	<b>145,910,955</b>	<b>142,174,494</b>
Supporting services				
Management and general	12,597,268	-	12,597,268	12,046,062
Fundraising	15,518,353	-	15,518,353	13,706,310
<b>Total supporting services</b>	<b>28,115,621</b>	<b>-</b>	<b>28,115,621</b>	<b>25,752,372</b>
Bad debt expense from uncollectible pledges	-	2,455,480	2,455,480	6,339,780
<b>Total expenses</b>	<b>174,026,576</b>	<b>2,455,480</b>	<b>176,482,056</b>	<b>174,266,646</b>
<b>CHANGE IN NET ASSETS</b>	<b>20,046,603</b>	<b>(2,864,375)</b>	<b>17,182,228</b>	<b>113,677,786</b>
<b>Net assets - beginning of year</b>	<b>67,047,161</b>	<b>220,933,411</b>	<b>287,980,572</b>	<b>174,302,786</b>
<b>Net assets - end of year</b>	<b>\$ 87,093,764</b>	<b>\$ 218,069,036</b>	<b>\$ 305,162,800</b>	<b>\$ 287,980,572</b>

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

Friends of the Israel Defense Forces

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2024, with summarized comparative information for the year ended December 31, 2023

	Program Services				Supporting Services			Total	
	Construction Programs	Educational and Scholarship Programs	Wellbeing and Recreational Programs	Total	Management and General	Fundraising	Direct Costs of Special Events	2024	2023
Grants for projects and programs (including direct payments to vendors)	\$ 74,460,442	\$ 20,537,281	\$ 44,786,316	\$ 139,784,038	\$ -	\$ -	\$ -	\$ 139,784,038	\$ 135,971,944
Salaries	521,244	1,128,256	1,591,245	3,240,744	4,639,456	9,698,785	-	17,578,985	15,220,960
Payroll taxes and employee benefits	143,936	328,828	428,283	901,047	864,733	2,254,877	-	4,020,657	4,064,261
Occupancy	-	100,293	443,834	544,127	474,701	634,882	-	1,653,710	1,303,926
Telephone and internet	-	-	-	-	116,920	-	-	116,920	140,229
Office expenses and equipment rental	-	-	-	-	122,906	-	109,198	232,104	170,232
Postage and freight	32,488	3,010	3,069	38,567	250,976	130,959	-	420,502	192,839
Consulting and outside Services	-	-	61,200	61,200	193,876	187,559	394,418	837,053	632,225
Professional fees	128,485	96,188	9,154	233,827	2,932,004	623,275	-	3,789,106	3,425,037
Travel and conferences	189,992	130,217	427,953	748,162	98,469	1,139,895	2,494,312	4,480,838	3,130,992
Non-capitalizable equipment purchases	-	-	-	-	70,100	-	-	70,100	53,625
Advertising	-	34,312	166,600	200,912	118,790	22,154	-	341,856	58,782
Printing and publications	10,280	4,150	4,136	18,566	268,393	254,098	-	541,057	356,182
Photo and video services	704	16,586	500	17,790	129,176	11,426	1,331,844	1,490,236	1,171,470
Insurance	-	-	-	-	508,650	-	-	508,650	414,407
Credit card and bank fees	-	-	-	-	1,563,276	-	-	1,563,276	2,437,481
Catering/refreshments	4,754	1,760	15,975	22,489	18,076	243,102	5,818,448	6,102,115	3,219,912
Entertainment/speakers	9,087	1,070	6,224	16,381	403	93,833	1,146,523	1,257,140	468,827
Promotional items and awards	29,133	44,812	9,159	83,105	96,562	223,508	261,638	664,813	772,844
Depreciation and amortization	-	-	-	-	129,801	-	-	129,801	147,294
	<u>75,530,544</u>	<u>22,426,763</u>	<u>47,953,648</u>	<u>145,910,955</u>	<u>12,597,268</u>	<u>15,518,353</u>	<u>11,556,382</u>	<u>185,582,958</u>	<u>173,353,469</u>
Less: expenses deducted directly from revenue on the statement of activities	-	-	-	-	-	-	(11,556,382)	(11,556,382)	(5,426,603)
Total expenses before bad debt expense	<u>75,530,544</u>	<u>22,426,763</u>	<u>47,953,648</u>	<u>145,910,955</u>	<u>12,597,268</u>	<u>15,518,353</u>	<u>-</u>	<u>174,026,576</u>	<u>167,926,866</u>
Bad debt expense	-	-	-	-	-	-	-	2,455,480	6,339,780
Total expenses	<u>\$ 75,530,544</u>	<u>\$ 22,426,763</u>	<u>\$ 47,953,648</u>	<u>\$ 145,910,955</u>	<u>\$ 12,597,268</u>	<u>\$ 15,518,353</u>	<u>\$ -</u>	<u>\$ 176,482,056</u>	<u>\$ 174,266,646</u>

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

Friends of the Israel Defense Forces

**STATEMENT OF CASH FLOWS**

For the year ended December 31, 2024, with summarized comparative information for the year ended December 31, 2023

	2024	2023
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 17,182,228	\$ 113,677,786
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	129,801	147,294
Contributions restricted for endowments	335,259	(1,569,390)
Change in split interest agreements	(2,554,805)	(1,047,907)
Contributions restricted for split-interest agreements	(1,289,610)	(214,686)
Realized and unrealized gain on investments	(6,460,441)	(6,592,084)
Lease amortization	1,686,584	338,506
(Increase) decrease in assets:		
Contributions receivable	5,796,431	(11,436,784)
Government grant receivable	-	1,264,629
Prepaid expenses and other assets	(2,625,348)	(520,040)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	27,643	394,738
Grants payable for capital projects	32,386,230	23,105,618
Operating lease liabilities, net	(1,810,579)	(360,198)
Net cash provided by operating activities	42,803,393	117,187,482
<b>Cash flows from investing activities:</b>		
Acquisition of fixed assets	(12,245)	(117,930)
Purchases of investments and securities	(451,643,457)	(131,279,754)
Proceeds from sale of investments and securities	412,291,385	15,997,143
Net cash used in investing activities	(39,364,317)	(115,400,541)
<b>Cash flows from financing activities:</b>		
Proceeds from contribution for endowment	(335,259)	1,569,390
Payment of annuity obligations	(1,475,779)	(1,360,852)
Net cash (used in) provided by financing activities	(1,811,038)	208,538
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,628,037	1,995,479
<b>Cash and cash equivalents - beginning of year</b>	2,213,580	218,101
<b>Cash and cash equivalents - end of year</b>	\$ 3,841,617	\$ 2,213,580

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

**Friends of the Israel Defense Forces**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2024**

**NOTE 1 - ORGANIZATION**

Friends of the Israel Defense Forces (“FIDF”) was incorporated under the laws of the State of New York on December 15, 1981, and began operations on April 1, 1983. FIDF is a Section 501(c)(3) not-for-profit organization and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the “Code”). FIDF has been classified as a publicly supported organization as described in Section 509(a)(1) of the Code.

FIDF’s primary sources of revenue are contributions and special event income.

FIDF’s national office and-Northeast regional offices are in New York City. Other offices are in the Mid-Atlantic, Southeast, Central and Western Regions and in Petach Tikvah, Israel.

Friends of the Israel Defense Forces (FIDF) provides critical support for the health, well-being, and education of Israel’s protectors.

***Health Programs***

***PTSD and Mental Health***

Through its direct funding and program partnerships, FIDF is driving the creation of an integrated new system of mental health care for soldiers, reservists, veterans, and their families across Israel.

- *Construction funding for Mental Health* is provided for facilities dedicated to treatment for PTSD and other mental health issues for soldiers, veterans, and their family members. In 2024, FIDF granted approximately \$41.5 million for such projects, which included a \$33.6 million increase in grants payable from 2023.
- *PTSD Therapy* includes care and services provided to soldiers such as screening, therapy and other treatments. In 2024, FIDF granted approximately \$11.3 million for these services.
- *Recharge Weeks* is a week-long program that provides soldiers with badly needed rest and relaxation and the chance to process their experiences, get essential services including early detection screening for PTSD, physical therapy, and dental and grooming services. The program takes place at the Recreation Village in Ashkelon, which is fully equipped with lodging and dining facilities, swimming pool, fitness room, and other amenities. In 2024, FIDF granted approximately \$3.0 million for such activities, sponsoring 45 weeks of such programs for a total of about 41,000 soldiers.

***Wounded Soldier and Bereaved Family Programs***

FIDF provides grants, supplies, and gift cards, as well as sponsors events for the benefit of wounded soldiers. These grants and programs allow for these brave wounded warriors to concentrate more fully on their physical rehabilitation and mental health treatments. The organization also supports the bereaved families of fallen soldiers, giving soldiers peace of mind to know their families will be cared for should something ultimately happen to them. This allows these soldiers to better focus on themselves as well as on their physical and mental health needs during their service.

In 2024, FIDF granted approximately \$8.7 million for these various services and events.

## Friends of the Israel Defense Forces

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

#### **Well-Being Programs**

##### Financial Support Programs

FIDF aims to alleviate soldiers' financial stress, economic insecurity, or anxiety regarding financial matters. Among these programs:

- *General financial support* includes provision of cash subsidies, holiday gift packages, food vouchers, and other financial assistance for soldiers' and reservists' families. In 2024, FIDF granted approximately \$5.8 million in financial assistance to approximately 10,000 soldiers.
- *The Adopt a Brigade Program* connects a donor to a brigade of choice to provide its soldiers with multi-faceted financial support to benefit their welfare and well-being. Special emphasis is given to Lone Soldiers, who serve with no immediate family in Israel to rely upon, and to soldiers from low socio-economic backgrounds. In 2024, FIDF granted approximately \$6.6 million to sponsor soldier needs in the 27 brigades adopted by FIDF, amounting to over 80,000 soldiers benefiting from our support.
- *The Adopt a Battalion Program* provides year-long recreational activities for designated battalions that are paired with donors. In 2024, FIDF granted approximately \$2.2 million to sponsor well-being activities for the 93 battalions adopted by FIDF (over 40,000 soldiers).

##### Spiritual and Heritage Programs

These initiatives bring Israel's historic Judaic roots, culture, and traditions to Israel's defenders. We offer comforting support to those who seek it, ranging from tangible materials to meaningful experiences and courses. In 2024, FIDF granted approximately \$0.9 million to sponsor such articles and activities and touched the lives of over 24,000 soldiers.

##### Construction Projects

In addition to construction projects dedicated to PTSD and mental health (see above), FIDF helps provide a "home away from home" for soldiers by sponsoring the construction, refurbishment and maintenance of recreation and sports centers, cultural and educational facilities, synagogues, memorial rooms, auditoriums, and soldier recreational homes throughout Israel. These facilities range from individual structures to large well-being complexes. FIDF also sponsors the construction and renovation of smaller projects and semi-permanent facilities, such as social clubs and synagogues. In 2024, FIDF granted approximately \$23.1 million for these projects, which included a \$1.2 million decrease in grants payable from 2023.

##### Support for Lone Soldiers

FIDF's *Lone Soldier Program* offers support to the young men and women actively serving in the Israel Defense Forces with no immediate family in Israel to rely upon during their military service. In addition to a range of services that provide social and emotional support, FIDF sponsors flights home, enabling them to visit their families in their home countries during their period of service. In 2024, FIDF granted approximately \$5.7 million to assist over 4,000 lone soldiers.

#### **Educational Programs**

##### IMPACT! Scholarship Program

FIDF's *IMPACT! Scholarship Program* grants full four-year scholarships for higher education to Israeli combat or combat-support soldiers from disadvantaged socioeconomic backgrounds who have completed

**Friends of the Israel Defense Forces**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2024**

their military service. Donors are paired with prospective students, enabling them to build personal relationships which often last beyond the completion of the recipient's studies. Each scholarship recipient is required to complete 130 hours of community service every year during the full term of the scholarship, choosing from one of the 24 organizations that FIDF partners with, empowering students to give back to their communities. In the 2024-2025 academic year, FIDF funded 3,431 scholarships. In 2024, FIDF granted approximately \$17.2 million in total scholarship assistance for portions of the 2023-2024 and 2024-2025 academic years.

*Educational and Training Programs*

In 2024, FIDF sponsored approximately \$3.9 million for a range of educational programs designed to support soldiers at every stage of their personal and professional development. These initiatives help ensure a successful transition from high school to higher education or directly into the workforce. Our programs include seminars, workshops, discussion groups, and field trips that assist new immigrant soldiers in their assimilation process to life in Israel, mentorship and support soldiers with special needs, and other enrichment opportunities that promote learning, growth, and long-term success. Approximately 33,000 soldiers participated in such activities.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

FIDF classifies its net assets in the following categories:

*Net Assets Without Donor Restriction* - Represent net assets which are not restricted by donors. Net assets without donor restrictions are funds that are fully available, at the discretion of the Board of Directors and management, for FIDF to utilize in any of its programs or supporting services. Net assets without donor restrictions may be designated for specific purposes by FIDF's Board of Directors or may be limited by legal requirements or contractual agreements with outside parties.

*Net Assets with Donor Restriction* - Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. A portion of FIDF's net assets with donor restrictions are subject to donor-imposed restrictions that require FIDF to use or expend the gifts as specified, based on purpose or passage of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, such net assets are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Another portion of net assets with donor restrictions stipulates that the corpus of the gifts be maintained in perpetuity but allow for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes.

***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Friends of the Israel Defense Forces**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2024**

***Summarized Financial Information***

The financial statements include certain prior-year summarized comparative totals but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with FIDF's financial statements for the year ended December 31, 2023, from which the summarized totals were derived.

***Cash and Cash Equivalents***

Cash and cash equivalents include certain investments in highly liquid instruments with original maturities, when acquired, of three months or less. Cash balances denominated in a foreign currency, primarily the New Israeli Shekel ("NIS"), are reported at the exchange rate effective at the reporting date.

***Investments***

Investments are recorded at fair value. FIDF invests in various investment securities. These securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based upon the markets' fluctuations, and that such changes could materially affect FIDF's financial statements.

***Fair Value Measurements***

Fair value is the exchange price that would be received for 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. As required by US GAAP for fair value measurement, FIDF uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed; and
- Level 3 - Securities that have little to no observable pricing. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by FIDF. FIDF considers observable data to be market data that is readily

**Friends of the Israel Defense Forces**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2024**

available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to FIDF's perceived risk of that instrument.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2024 as compared to December 31, 2023.

*U.S. Treasury and government agency guaranteed obligation* - Valued using pricing models maximizing the use of observable inputs for similar securities.

*Exchange traded funds (ETFs) and common stock* - Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds and common trust funds* - Valued at the net asset value ("NAV") of shares held at year end.

*State of Israel bonds* - Fair value is determined using observed pricing for similar instruments, which approximates cost.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while FIDF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

See Note 3 for a table which sets forth by level, within the fair value hierarchy, the assets and liabilities at fair value as of December 31, 2024.

***Contributions Receivable***

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. The amortization of discounts is included in contribution revenues on the accompanying statement of activities for the year ended December 31, 2024. Conditional promises to give are not recorded as receivable until the conditions are substantially met. Interest is not charged on outstanding receivables.

***Allowance for Doubtful Accounts***

FIDF determines whether an allowance for doubtful accounts should be provided for contributions and other accounts receivable. Such estimates are based on management's assessments of its receivable balances, current economic conditions, subsequent collections and historical information. Receivables are written off when all reasonable collection efforts have been exhausted.

***Fixed Assets***

Fixed assets are stated at cost. Items of \$2,500 or more with an estimated useful life of more than one year are capitalized at cost. Depreciation is recorded under the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the estimated useful lives of the assets or remaining lease terms, whichever is shorter.

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2024**

***Contributions***

Unconditional contributions, including promises to give cash and other assets are reported at fair value at the date the contribution is received. Such gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

***Bequests***

Bequest income is recorded when notification of the bequest is received, the will is declared valid by the probate court and the proceeds are reasonably determinable.

***In-kind Contributions***

Donated legal services with a fair value of \$250,000 for the year ended December 31, 2024 were recognized at the date the services were received and are reported as in-kind contributions and professional fees in the accompanying statements of activities and functional expenses, respectively.

***Functional Allocation of Expenses***

The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Leases***

FIDF determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. FIDF determines these assets are leased because FIDF has the right to obtain substantially all the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because FIDF determines it does not have the right to control and direct the use of the identified asset. FIDF's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, FIDF separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use ("ROU") assets and lease liabilities for its office space. FIDF has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. FIDF determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. FIDF has made a policy election to use a risk-free rate per U.S. Treasury instrument for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2024**

The lease term may include options to extend or to terminate the lease that FIDF is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

FIDF has elected not to record leases with an initial term of 12 months or less on its statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

***Grants Payable***

Grants are recorded as expenses in the year in which they are awarded, including multi-year awards which are discounted to present value using risk-adjusted discount rates.

***Advertising***

Advertising costs are expensed when incurred.

***Uncertainty in Income Taxes***

FIDF follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

FIDF is exempt from federal income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. FIDF has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it has a nexus; and to identify and evaluate other matters that may be considered tax positions. FIDF has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. In addition, FIDF has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2024**

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The following table sets forth by level, within the fair value hierarchy, the assets and liabilities as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
U.S. Treasury and government agency guaranteed obligations	\$ -	\$ 147,736,962	\$ -	\$ 147,736,962
Mutual funds and ETFs	8,697,457	4,258,582	-	12,956,038
Corporate bonds	-	48,919,833	-	48,919,833
Common stock	9,083,625	-	-	9,083,625
State of Israel bonds	-	367,025	-	367,026
Total investments reported on the fair value hierarchy	<u>\$ 17,781,082</u>	<u>\$ 201,282,407</u>	<u>\$ -</u>	219,063,489
Cash and cash equivalents				78,446,682
Investments at NAV				<u>9,761,938</u>
Total investments				<u>\$ 307,272,109</u>

FIDF's investments at NAV as of December 31, 2024 consisted of holdings in seven funds. The redemption terms for these funds vary from daily to semi-monthly and there are no associated unfunded commitments as of December 31, 2024.

Investment income consisted of the following as of December 31, 2024:

Interest and dividend income	\$ 8,424,122
Realized and unrealized gain on investments	<u>6,460,441</u>
Total investment income	<u>\$ 14,884,563</u>

**NOTE 4 - FOREIGN EXCHANGE**

For the year ended December 31, 2024, the net realized foreign exchange gain on FIDF's foreign currency transactions amounted to \$240,148.

In addition, at December 31, 2024, unrealized loss on foreign currency held in the bank amounted to \$48,831, representing the difference between the carrying value of the currency in the accompanying statement of financial position and the purchase cost of that currency.

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2024**

**NOTE 5 - CONTRIBUTIONS RECEIVABLE**

Unconditional contributions receivable have been recorded at fair value. Those receivables that are due in more than one year have been discounted to their present value using an estimated discount rate of 3%. The receivables are due as follows as of December 31, 2024:

Less than one year	\$ 38,815,447
One to five years	31,614,562
More than five years	<u>2,381,000</u>
	72,811,009
Less: discount to present value	<u>(3,747,705)</u>
	69,083,304
Less: allowance for doubtful accounts	<u>(6,585,440)</u>
Contributions receivable - net	<u>\$ 62,477,864</u>

Contributions receivable at December 31, 2024 included outstanding pledges from two donors which collectively represented approximately 20% of total outstanding gross contributions receivable.

**NOTE 6 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

FIDF manages its liquidity and reserves pursuant to a policy that considers the timing and stability of cash disbursements, the timing of cash receipts and cash disbursements, a willingness to borrow and strategic direction. FIDF monitors cash balances at least quarterly to provide reasonable assurance that obligations will be discharged. During the year ended December 31, 2024, the level of liquidity was managed within the policy requirements.

Financial assets available within one year as of December 31, 2024 are as follows:

Cash and cash equivalents	\$ 3,841,617
Investments	307,272,109
Contributions receivable, net	<u>62,477,864</u>
Total financial assets	373,591,590
Less:	
Donor-imposed restrictions:	
Investments and contributions receivable, net	(218,069,036)
Contractual and internal restrictions	<u>(69,475,029)</u>
Total financial assets available within one year for general expenditure	<u>\$ 86,047,525</u>

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2024**

**NOTE 7 - FIXED ASSETS**

Fixed assets on December 31, 2024 consisted of the following:

	Estimated Useful Life		
Office equipment	5 years	\$	28,364
Computer hardware and software	5 years		358,490
Furniture and fixtures	7 years		208,850
Leasehold improvements	1 - 8 years		776,699
			1,372,402
Less: accumulated depreciation and amortization			(887,072)
		\$	485,330

Depreciation expense for the year ended December 31, 2024 was \$129,801.

**NOTE 8 - SPLIT-INTEREST AGREEMENTS**

FIDF's investments include funds pertaining to split-interest agreements with donors, consisting primarily of charitable gift annuities and charitable remainder unitrusts. Contribution revenues for split-interest agreements are recognized at the date the agreement is established, along with a related liability representing the present value of the future payments to be made to the donor and/or other beneficiaries. The present value of payments to beneficiaries is calculated using discount rates of 3% - 6%. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the respective net asset class in the accompanying statement of activities.

The following table summarizes the changes in FIDF's Level 3 annuities payable for the year ended December 31, 2024:

	Charitable Reminder Trusts and Gift Annuities
Balance at December 31, 2023	\$ 8,368,162
Additions	1,082,243
Payments to annuitants	(1,475,779)
Terminated agreements	(812,784)
Change in fair value of annuities payable	979,918
	\$ 8,141,760
Balance at December 31, 2024	\$ 8,141,760

The fair value of investments held for annuities and trusts totaled \$16,209,664 at December 31, 2024.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

**NOTE 9 - GRANTS PAYABLE FOR CAPITAL PROJECTS**

Grants payable for capital projects reflects firm commitments for the construction of capital projects in Israel. The change in the amount payable during the year is reflected in grants for projects and programs in the accompanying statement of activities.

These grants were due to be paid as follows as of December 31, 2024:

Current	\$ 23,517,220
One to three years	<u>40,395,718</u>
	63,912,938
Less: discount to present value (3%)	<u>(2,700,871)</u>
	<u>\$ 61,212,067</u>

Commitments denominated in NIS have been converted to U.S. dollars at the exchange rate in effect as of December 31, 2024.

**NOTE 10 - RENT EXPENSE AND LEASE COMMITMENTS**

FIDF leases office space for its national office and regional offices around the United States as well as in Israel. The leases of these facilities expire at various dates between 2025 and 2031; however, certain facilities are rented on a month-to-month basis.

The minimum annual rental obligation reported below includes a 15-year lease commitment for office space totaling \$9,489,526. The security deposit for the lease is provided via a letter of credit in the amount of \$360,782 and is reflected within prepaid expenses and other assets in the accompanying statement of financial position as of December 31, 2024.

In January 2023, FIDF entered a lease commitment for office space in Cleveland, Ohio. This lease agreement expires in December 2025. In May 2023, FIDF entered a lease commitment for office space in Petach Tikva, Israel. This lease agreement expires in April 2026. In June 2023, FIDF entered a lease commitment for office space in Baltimore, Maryland. This lease agreement expires in July 2026. In July 2023, FIDF entered a lease commitment for office space in Rockville, Maryland. This lease agreement expires in August 2028. In September 2024, FIDF entered into a lease commitment for office space in Los Angeles, California. This lease agreement expires in October 2027.

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**December 31, 2024**

The lease cost and other required information relevant to the lease commitments for the year ended December 31, 2024 are:

Operating lease cost	\$ 1,352,277
Short-term lease cost	<u>202,216</u>
Total operating lease costs	<u>\$ 1,554,493</u>
Operating cash flows from operating leases	\$ 1,434,276
ROU assets, obtained in exchange for new operating lease liabilities	\$ 209,111
Weighted-average remaining lease term:	
Operating leases	6.44 years
Weighted-average discount rate:	
Operating leases	3.95%

Future minimum payments under the above-described leases are due as follows:

2025	\$ 1,422,919
2026	1,253,559
2027	1,214,267
2028	1,127,347
2029	1,096,295
Thereafter	<u>2,123,190</u>
Total future undiscounted lease payments	8,237,577
Less: interest	<u>(1,323,891)</u>
Lease liabilities	<u>\$ 6,913,687</u>

**NOTE 11 - CONCENTRATIONS**

Financial instruments which potentially subject FIDF to a concentration of credit risk are cash accounts with a financial institution in excess of Federal Deposit Insurance Corporation insurance limits.

**NOTE 12 - EMPLOYEE RETIREMENT PLAN**

FIDF sponsors a 403(b) defined contribution employee retirement plan that covers substantially all employees in the United States. It is funded through voluntary contributions by participants and employer matching contributions of up to 4%. Retirement plan expense for the year ended December 31, 2024 was \$431,113.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

**NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets restricted by time and/or purpose were available for the following programs as of December 31, 2024:

Construction programs	\$ 4,305,364
Educational and scholarship programs	53,017,514
Wellbeing and recreational programs	111,597,120
Split-interest agreements	37,690,183
Time restrictions	<u>11,458,855</u>
	<u>\$ 218,069,036</u>

Net assets restricted by time and/or purpose were released from donor restrictions by satisfying the following for the year ended December 31, 2024:

Construction programs	\$ 43,144,314
Educational and scholarship programs	20,476,991
Wellbeing and recreational programs	<u>43,776,503</u>
	<u>\$ 107,397,808</u>

***Endowments***

Net assets restricted in perpetuity consist of twelve individual donor-restricted endowment funds established to support activities of FIDF, as well as accumulation of income. As required by US GAAP in the United States of America, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

***Interpretation of Relevant Law***

FIDF has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of the original gift, as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, FIDF classifies as net assets with donor restriction (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with NYPMIFA, FIDF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of FIDF and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of FIDF
- The investment policies of FIDF

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2024**

***Return Objectives, Strategies Employed and Spending Policy***

The objective of FIDF is to maintain the principal endowment funds at the historical dollar value designated by the donor by investing in low-risk securities to generate investment income for the programs supported by the endowments. Investment income earned in relation to the endowment funds is recorded as increases to net assets with donor restriction and released from restriction when appropriations are made for the program for which the endowment fund was established.

***Funds with Deficiencies***

FIDF does not have any funds with deficiencies.

***Endowment Net Asset Composition by Type of Fund***

The endowment net asset composition as of December 31, 2024 consisted of the following:

Wellbeing and recreational programs	\$ 1,838,384
Educational and scholarship programs	14,096,461
Operations	494,261
	\$ 16,429,106

Changes in endowment net assets for the year ended December 31, 2024 consisted of the following:

	Net Assets with Donor Restrictions		
	Accumulated Unspent Earnings	Held in Perpetuity	Total
Endowment net assets, beginning of year	\$ 3,437,530	\$ 11,746,754	\$ 15,184,284
Investment gain	1,457,346	-	1,457,346
Contributions	-	335,259	335,259
Appropriation for expenditure	(547,783)	-	(547,783)
Endowment net assets, end of year	\$ 4,347,093	\$ 12,082,013	\$ 16,429,106

**NOTE 14 - CONTINGENCIES**

In March 2016, an action was brought by certain Palestinian residents against FIDF, certain of its donors, and numerous other parties in the United States District Court for the District of Columbia. The action seeks damages in excess of \$34.5 billion (subsequently reduced to \$1 billion) and alleges, among other things, civil conspiracy, war crimes, trespass, and pillage. FIDF believes the action is totally without merit and intends to defend the claims vigorously. The Defendants, including FIDF, filed a joint motion to dismiss the action, and in August 2017 the District Court granted the Defendants' motion. The Plaintiffs appealed and in February 2019 the D.C. Circuit reversed the District Court's decision but also significantly limited the scope of the Plaintiffs' claims (including by limiting any claims based on alleged conduct by the Israeli army). On July 3, 2020, the Defendants, including FIDF, jointly moved to dismiss the amended complaint for multiple reasons not considered by the District Court in its earlier opinion. FIDF and its donors also moved separately to dismiss the amended complaint on the additional basis that the D.C. Circuit's foreclosure of claims based on actions by the Israeli army precludes the Plaintiffs' claims against FIDF and its donors. The motions to dismiss were fully briefed on December 18, 2020, and are currently pending before the

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**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2024**

District Court. After the motions were fully submitted, counsel for Plaintiffs passed away. On January 31, 2022, the District Court stayed the case and ordered Plaintiffs to notify the District Court by June 1, 2022 whether they would seek representation by substitute counsel or continue with the lawsuit pro se. On July 22, 2022, the District Court dismissed without prejudice certain Plaintiffs who failed to respond to its January 31, 2022 order. The District Court lifted the stay with respect to the remaining Plaintiffs in its July 22, 2022 and indicated it would rule on the pending motions to dismiss in due course.

In February 2020, a separate action was brought by individual Palestinians and American taxpayers in the United States District Court for the District of Columbia against AIPAC and eighteen individuals, including state, federal, and foreign government officials and the former Executive Director for FIDF's Broward-West Palm Region. The action alleges that the Defendants aided and abetted (1) the denationalization and dehumanization of the Palestinian people and (2) rampant genocide and the installation of an apartheid regime in the Palestinian territories. The Plaintiffs seek damages of \$1 billion against each Defendant. FIDF believes the action is totally without merit and intends to defend the action vigorously. On August 14, 2020, the non-government Defendants jointly moved to dismiss the Plaintiffs' complaint. Among numerous other arguments, the motion argues that the case against the former Executive Director should be dismissed with prejudice because the District Court lacks personal jurisdiction over her. On March 3, 2021, the District Court dismissed the case without prejudice and permitted Plaintiffs to file an amended complaint to cure the deficiencies in the original complaint, including failure to serve the former Executive Director and numerous other Defendants properly. Plaintiffs filed an amended complaint that again failed to serve the former Executive Director and the other Defendants, and the Court dismissed the case on April 23, 2021. After the case was dismissed, counsel for Plaintiffs passed away. On June 16, 2021, interim counsel for Plaintiffs requested that the District Court grant Plaintiffs 120 days to find new counsel. The request has not yet been ruled upon, and interim counsel for plaintiffs withdrew his appearance on July 13, 2021.

**NOTE 15 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 22, 2025, which is the date the financial statements were available to be issued. No subsequent events have occurred that would require recognition or disclosure in these financial statements other than what has been disclosed within Note 14.