



FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2024 AND 2023

AMERICAN FRIENDS OF MAGEN DAVID ADOM

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED DECEMBER 31, 2024 AND 2023

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CBIZ CPAs P.C.

685 Third Avenue
New York, NY 10017

P: 212.503.8800

INDEPENDENT AUDITORS' REPORT

The Board of Directors
American Friends of Magen David Adom
New York, NY

Opinion

We have audited the financial statements of American Friends of Magen David Adom ("AFMDA"), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AFMDA as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AFMDA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AFMDA's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 AFMDA'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 AFMDA'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.

CBIZ CPAs P.C.

New York, NY
June 27, 2025

AMERICAN FRIENDS OF MAGEN DAVID ADOM
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Cash and cash equivalents (Notes 2C and 15A)	\$ 29,497,113	\$ 31,464,020
Pledges receivable, net (Notes 2F, 2G, 4 and 15B)	17,265,371	20,340,761
Investments, at fair value (Notes 2D, 6 and 7)	299,989,959	244,772,726
Prepaid expenses and other assets	3,030,100	5,016,537
Assets held in split interest agreements, at fair value (Notes 7 and 8)	9,418,714	8,076,604
Beneficial interest in perpetual trust (Note 16)	9,337,500	10,337,500
Property and equipment, net (Notes 2E and 5)	86,952	135,896
Right-of-use operating lease (Notes 2N and 9)	2,473,692	2,198,794
TOTAL ASSETS	\$ 371,099,401	\$ 322,342,838
LIABILITIES		
Accounts payable and accrued expenses	\$ 41,249,569	\$ 39,656,798
Grants payable (Notes 2L and 10)	54,020,798	43,293,649
Loans payable (Note 11)	-	2,300,000
Deferred revenue (Note 2J)	836,412	482,746
Accrued post-retirement health benefit costs (Notes 12 and 13)	569,276	680,092
Lease liability (Notes 2N and 9)	2,599,092	2,276,001
TOTAL LIABILITIES	99,275,147	88,689,286
COMMITMENTS AND CONTINGENCIES (Note 14)		
NET ASSETS (Note 2B)		
Without donor restrictions:		
Board-designated (Note 16)	180,000,000	-
Operations	57,311,377	170,924,095
Total without donor restrictions	237,311,377	170,924,095
With donor restrictions (Note 16)	34,512,877	62,729,457
TOTAL NET ASSETS	271,824,254	233,653,552
TOTAL LIABILITIES AND NET ASSETS	\$ 371,099,401	\$ 322,342,838

AMERICAN FRIENDS OF MAGEN DAVID ADOM
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	For the Year Ended December 31, 2024			For the Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	2024 Total	Without Donor Restrictions	With Donor Restrictions	2023 Total
OPERATING REVENUE AND SUPPORT:						
Special event revenue	\$ 5,569,918	\$ 8,858,079	\$ 14,427,997	\$ 2,216,419	\$ 3,579,815	\$ 5,796,234
Less: direct benefit to donors	(2,654,658)	-	(2,654,658)	(895,261)	-	(895,261)
Special event revenue, net (Note 2J)	2,915,260	8,858,079	11,773,339	1,321,158	3,579,815	4,900,973
Contributions (Notes 2F and 16)	54,064,702	49,339,132	103,403,834	204,955,247	62,468,459	267,423,706
Estates, trusts, bequests, legacies and other (Note 2I)	11,856,045	640,000	12,496,045	11,938,755	2,349,739	14,288,494
Gifts in-kind (Note 2L)	5,000	-	5,000	-	-	-
Interest	476,674	-	476,674	375,881	-	375,881
Investment activity (Note 6)	15,310,651	237,196	15,547,847	2,228,818	245,030	2,473,848
Change in value of split interest agreements (Note 8)	1,737,763	-	1,737,763	1,193,291	-	1,193,291
Miscellaneous income	6,805	-	6,805	6,626	-	6,626
Net assets released from restrictions (Notes 2B and 16)	87,290,987	(87,290,987)	-	43,016,190	(43,016,190)	-
TOTAL OPERATING REVENUE AND SUPPORT	173,663,887	(28,216,580)	145,447,307	265,035,966	25,626,853	290,662,819
OPERATING EXPENSES (Note 2K):						
Program services	92,500,233	-	92,500,233	78,420,643	-	78,420,643
Management and general	6,271,448	-	6,271,448	5,340,670	-	5,340,670
Fundraising	8,631,490	-	8,631,490	6,547,766	-	6,547,766
TOTAL OPERATING EXPENSES	107,403,171	-	107,403,171	90,309,079	-	90,309,079
CHANGE IN NET ASSETS (DEFICIT) FROM OPERATIONS	66,260,716	(28,216,580)	38,044,136	174,726,887	25,626,853	200,353,740
NON-OPERATING ACTIVITIES:						
Change in beneficial interest in perpetual endowment (Note 16)	-	-	-	-	160,381	160,381
Other components of net periodic pension credit changes (Note 13)	41,360	-	41,360	28,877	-	28,877
TOTAL NON-OPERATING ACTIVITIES	41,360	-	41,360	28,877	160,381	189,258
CHANGE IN NET ASSETS (DEFICIT) BEFORE POST-RETIREMENT CHANGE OTHER THAN NET PERIODIC PENSION CHANGES	66,302,076	(28,216,580)	38,085,496	174,755,764	25,787,234	200,542,998
Post-retirement change other than net periodic pension changes (Note 13)	85,206	-	85,206	9,357	-	9,357
CHANGE IN TOTAL NET ASSETS (DEFICIT)	66,387,282	(28,216,580)	38,170,702	174,765,121	25,787,234	200,552,355
Net assets (deficit) - beginning of year	170,924,095	62,729,457	233,653,552	(3,841,026)	36,942,223	33,101,197
NET ASSETS (DEFICIT) - END OF YEAR	\$ 237,311,377	\$ 34,512,877	\$ 271,824,254	\$ 170,924,095	\$ 62,729,457	\$ 233,653,552

AMERICAN FRIENDS OF MAGEN DAVID ADOM
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	For the Year Ended December 31, 2024						For the Year Ended December 31, 2023					
	Supporting Services			Total Expenses 2024			Supporting Services			Total Expenses 2023		
	Program Services	Management and General	Fundraising	Total Supporting Services	Program Services	Total Expenses 2024	Program Services	Management and General	Fundraising	Total Supporting Services	Program Services	Total Expenses 2023
Salaries	\$ 2,588,170	\$ 2,069,377	\$ 3,127,188	\$ 5,196,565	\$ 7,784,735	\$ 2,867,910	\$ 1,393,120	\$ 2,174,061	\$ 3,567,181	\$ 6,435,091		
Payroll taxes and employee benefits (Notes 12 and 13)	680,581	513,647	776,209	1,289,856	1,970,437	795,202	378,144	559,031	937,175	1,732,377		
Total salaries and related costs	3,268,751	2,583,024	3,903,397	6,486,421	9,755,172	3,663,112	1,771,264	2,733,092	4,504,356	8,167,468		
Occupancy and utilities (Notes 2N and 9)	110,908	353,189	138,635	491,824	602,732	105,910	291,072	132,306	423,378	529,288		
Professional fees	643,624	1,171,071	566,486	1,737,557	2,381,181	477,053	921,812	459,517	1,381,329	1,858,382		
Insurance	25,001	41,030	20,515	61,545	86,546	31,360	62,720	31,360	94,080	125,440		
Printing, publications and supplies	111,445	204,234	102,117	306,351	417,796	98,938	169,641	84,821	254,462	353,400		
Travel, conferences and events	558,702	83,374	281,996	365,370	924,072	355,604	69,243	227,708	296,951	652,555		
Telephone	26,993	41,739	36,521	78,260	105,253	25,690	38,834	33,980	72,814	98,504		
Postage and shipping	259,635	257,574	343,433	601,007	860,642	80,531	79,829	106,439	186,268	266,799		
Dues and subscriptions	11,956	10,248	11,956	22,204	34,160	11,342	9,722	11,342	21,064	32,406		
Equipment (Note 9)	64,364	126,570	63,285	189,855	254,219	51,872	94,940	47,470	142,410	194,282		
Bank charges and interest expense (Note 11)	182,351	285,033	249,404	534,437	716,788	527,130	837,459	732,777	1,570,236	2,097,366		
Events expense	1,822,612	514,315	2,828,734	3,343,049	5,165,661	720,113	204,567	1,125,116	1,329,683	2,049,796		
Depreciation and amortization (Note 5)	-	64,303	-	64,303	64,303	-	70,962	-	70,962	70,962		
Marketing and direct mail	1,997,496	274,132	2,678,594	2,952,726	4,950,222	1,269,008	173,804	1,698,271	1,872,075	3,141,083		
Bad debt expense	-	183,512	-	183,512	183,512	-	528,662	-	528,662	528,662		
Grants to Magen David Adom	83,355,235	-	-	-	83,355,235	70,984,051	-	-	-	70,984,051		
Miscellaneous	61,160	78,100	61,075	139,175	200,335	18,929	16,139	18,828	34,967	53,896		
TOTAL EXPENSES	92,500,233	6,271,448	11,286,148	17,557,596	110,057,829	78,420,643	5,340,670	7,443,027	12,783,697	91,204,340		
Less: Special event direct expenses (Note 2J)	-	-	(2,654,658)	(2,654,658)	(2,654,658)	-	-	(895,261)	(895,261)	(895,261)		
TOTAL EXPENSES, Net of special event direct expenses	\$ 92,500,233	\$ 6,271,448	\$ 8,631,490	\$ 14,902,938	\$ 107,403,171	\$ 78,420,643	\$ 5,340,670	\$ 6,547,766	\$ 11,888,436	\$ 90,309,079		

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

AMERICAN FRIENDS OF MAGEN DAVID ADOM
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 38,170,702	\$ 200,552,355
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	64,303	70,962
Pension and post-retirement changes	(110,816)	(39,232)
Bad debt	183,512	528,662
Change in beneficial interest in perpetual endowment	-	(160,381)
Contribution received for endowment	(1,640,000)	-
Change in value of split interest agreements	(1,737,763)	(1,111,164)
Change in discount on pledges receivable	600,959	(36,076)
Realized and unrealized gain on investments, net	(498,757)	(626,757)
Subtotal	35,032,140	199,178,369
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Pledges receivable	2,290,919	(11,997,780)
Prepaid expenses and other assets	1,986,437	(3,773,044)
Right-of-use operating lease	(274,898)	265,388
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,592,771	19,530,023
Grants payable	10,727,149	26,872,901
Deferred revenue	353,666	(298,030)
Lease liability	323,091	(230,633)
Net Cash Provided By Operating Activities	52,031,275	229,547,194
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(15,359)	(5,558)
Purchase of investments	(107,722,316)	(268,419,852)
Proceeds from sales/redemptions of investments	54,399,493	28,554,873
Net Cash Used In Investing Activities	(53,338,182)	(239,870,537)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of loans payable	(2,300,000)	-
Contribution received for endowment	1,640,000	-
Net Cash Used In Financing Activities	(660,000)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,966,907)	(10,323,343)
Cash and cash equivalents - beginning of year	31,464,020	41,787,363
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 29,497,113	\$ 31,464,020
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 7,226	\$ 30,315

**AMERICAN FRIENDS OF MAGEN DAVID ADOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

American Friends of Magen David Adom ("AFMDA"), a not-for-profit 501(c)(3) organization, exempt from federal income taxes, is recognized by the United States Internal Revenue Service (the "IRS") as a public charity. AFMDA solicits contributions, which are used to purchase ambulances, medical and other supplies, emergency medical stations, blood service centers, cord blood bank and training for Magen David Adom ("MDA") in Israel. AFMDA is the only authorized tax-exempt fundraising organization in the United States of America for MDA.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of accounting** - AFMDA's financial statements have been prepared on the accrual basis of accounting. AFMDA adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").
- B. Basis of presentation** - Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:
 - **Without donor restrictions**

Operations – These represent resources of AFMDA that have not been restricted by the donor and that have no time restrictions. Such resources are available for support of AFMDA's operations over which the Board of Directors has discretionary control.

Board-Designated Net Assets – AFMDA's Board has established Board-Designated funds in which the Board designated a portion of net assets without donor restrictions to be treated as an endowment. These funds are included as part of AFMDA's investments. Effective December 31, 2024, the Board designated \$100 million for capital projects and \$80 million for special projects.
 - **With donor restrictions** – These represent net assets resulting from contributions and other inflows of assets whose use by AFMDA is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of AFMDA pursuant to those stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), these are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. These also represent net assets resulting from contributions and other inflows of assets whose use by AFMDA is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of AFMDA.
- C. Cash and cash equivalents** - Cash equivalents consist of all highly liquid debt instruments with maturities of three months or less when acquired except for certain cash, money market funds and short-term government securities held for long-term investment purposes, which are included in investments.
- D. Investments and fair value measurements** - Investments are carried at fair value. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 7.
- E. Property and equipment** - Property and equipment is stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable values. Property and equipment is capitalized provided its cost is \$5,000 or more and its useful life is greater than one year. Depreciation is provided on a straight-line basis over the estimated useful life of the asset. Leasehold improvements are amortized over the lesser of their useful lives or the term of the lease.

**AMERICAN FRIENDS OF MAGEN DAVID ADOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- F. Revenue recognition and pledges receivable, net** - Contributions are accounted for under Accounting Standards Update ("ASU") 2018-08. 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. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.
- G. Allowance for doubtful accounts** - As of both December 31, 2024 and 2023, AFMDA determined that an allowance of \$500,000 was necessary relative to its pledges receivable. Such estimates are based on management's assessment of the creditworthiness of donors, review of individual accounts outstanding, as well as current economic conditions and historical information.
- H. Use of estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- I. Estates, trusts, bequests, legacies and other** - AFMDA recognizes bequests as income when the bequests become known and when the individual's will is declared valid by the probate court and the sum is certain.
- J. Special events** - The direct expense of special events includes expenses for the benefit of the donor. For example, meals, facilities and rentals are considered direct expenses of special events. On occasion, AFMDA receives cash donations for special events that are to be held after the date of the statements of financial position. It is the policy of AFMDA to refund all cash received in advance of special events (both contribution and exchange portions), if the event is subsequently cancelled.
- K. Functional allocation of expenses** - The costs of providing program, management and general and fundraising expenses have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, expenses that are not directly charged to program, management and general and fundraising are allocated among them. The expenses that are allocated include salaries and wages, benefits and payroll taxes, which are allocated on the basis of estimates of time and effort. Other costs such as occupancy, insurance and telephone are allocated on the basis of personnel services allocation.
- L. Grants payable** - Grants made, including unconditional promises to give, are recognized as an expense in the period made. Unconditional promises to give that are payable in future periods are recorded as grants payable in the statements of financial position.
- M. Operating and non-operating activities** - AFMDA includes, in its definition of operations, all revenues and expenses that are an integral part of its programs and supporting activities, including all contributions except for those that have been restricted in perpetuity by donors. Change in beneficial interest in trust and other components of net periodic pension credit changes are recognized as non-operating activities.
- N. Leases** - AFMDA determines if an arrangement is a lease at inception. Leases are included in right-of-use ("ROU") operating lease and lease liability in the statements of financial position as of December 31, 2024 and 2023. ROU asset and lease liability reflect the present value of future minimum lease payments over the lease term, and ROU asset also includes prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. AFMDA does not report ROU assets and leases liabilities for its short-term leases.
- O. Reclassifications** - Certain line items in the December 31, 2023 financial statements have been reclassified to conform to the December 31, 2024 presentation.

**AMERICAN FRIENDS OF MAGEN DAVID ADOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

AFMDA manages its assets available to meet general expenditures following the guiding principles of operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets. AFMDA's primary purpose is to support MDA in Israel. All contributions received for such purpose are considered part of expenditures. As of December 31, 2024 and 2023, AFMDA's financial assets available to meet the general expenditures over the next twelve months were as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 29,497,113	\$ 31,464,020
Pledges receivable, net	17,265,371	20,340,761
Investments, at fair value	<u>299,989,959</u>	<u>244,772,726</u>
Total financial assets	346,752,443	296,577,507
Less: net assets with donor restrictions	(34,512,877)	(62,729,457)
Board-designated - Capital Projects	(100,000,000)	-
Board-designated – Special Projects	<u>(80,000,000)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 132,239,566</u>	<u>\$ 233,848,050</u>

NOTE 4 – PLEDGES RECEIVABLE, NET

Pledges receivable are recorded net of a discount (at a risk adjusted rate) to reflect the present value of future cash flows and are scheduled to be collected as follows as of December 31:

	<u>2024</u>	<u>2023</u>
Less than one year	\$ 12,084,086	\$ 19,030,165
One year to four years	5,184,273	2,102,625
Five years and more	<u>1,520,000</u>	<u>130,000</u>
	18,788,359	21,262,790
Less: allowance for doubtful pledges	(500,000)	(500,000)
Less: present value discount (1.19% to 5.09%)	<u>(1,022,988)</u>	<u>(422,029)</u>
	<u>\$ 17,265,371</u>	<u>\$ 20,340,761</u>

NOTE 5 – PROPERTY AND EQUIPMENT, NET

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

	Estimated Useful Lives	2024	2023
Furniture and equipment	3-7 years	\$ 318,605	\$ 303,246
Leasehold improvements	10 years	<u>106,493</u>	<u>106,493</u>
		425,098	409,739
Less: accumulated depreciation and amortization		<u>(338,146)</u>	<u>(273,843)</u>
Total		<u>\$ 86,952</u>	<u>\$ 135,896</u>

Depreciation and amortization expense amounted to \$64,303 and \$70,962 for the years ended December 31, 2024 and 2023, respectively. During the year ended December 31, 2024, there were additions to furniture and equipment amounting to \$15,358. During December 31, 2023, there were additions to leasehold improvements amounting to \$5,558.

**AMERICAN FRIENDS OF MAGEN DAVID ADOM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 6 – INVESTMENTS

Investments consist of the following as of December 31:

	2024	2023
Cash and money market funds	\$ 769,417	\$ 1,017,484
Equities	5,138,311	8,652,936
U.S. Treasuries	293,908,213	234,885,358
State of Israel bonds	<u>174,018</u>	<u>216,948</u>
	<u><u>\$ 299,989,959</u></u>	<u><u>\$ 244,772,726</u></u>

Investments are subject to market volatility that could change their carrying value in the near term. Investment activity consists of the following for the years ended December 31:

	2024	2023
Interest and dividends	\$ 15,067,526	\$ 1,861,677
Realized gain on investments	487,862	314,998
Unrealized gain on investments	10,895	311,759
Investment fees	<u>(18,436)</u>	<u>(14,586)</u>
	<u><u>\$ 15,547,847</u></u>	<u><u>\$ 2,473,848</u></u>

NOTE 7 – FAIR VALUE MEASUREMENTS

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, AFMDA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Investments in equities, cash and money market funds, fixed income securities, and treasuries are valued using Level 1 instrument valuations obtained from real-time quotes in active exchange markets involving identical assets. Level 2 valuations are based on inputs other than Level 1 prices corroborated with observable market data. Level 3 instruments and valuations are stated at fair value in an unquoted market.

Financial assets carried at fair value at December 31, 2024 are classified in the table as follows:

ASSETS CARRIED AT FAIR VALUE	Level 1	Level 2	Level 3	Total
Investments:				
Cash and money market funds	\$ 769,417	\$ -	\$ -	\$ 769,417
Equities	5,138,311	-	-	5,138,311
Treasuries	293,908,213	-	-	293,908,213
State of Israel bonds	<u>-</u>	<u>174,018</u>	<u>-</u>	<u>174,018</u>
Total Investments	<u>\$ 299,815,941</u>	<u>\$ 174,018</u>	<u>\$ -</u>	<u>\$ 299,989,959</u>

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NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

	Level 1	Level 2	Level 3	Total
Assets held in split interest agreements:				
Cash and money market funds	\$ 392,473	\$ -	\$ -	\$ 392,473
Equities	8,032,370	-	-	8,032,370
Treasuries	993,871	-	-	993,871
Total assets held in split interest agreements	<u>9,418,714</u>	<u>-</u>	<u>-</u>	<u>9,418,714</u>
Beneficial interest in trusts	-	-	9,337,500	9,337,500
TOTAL ASSETS CARRIED AT FAIR VALUE	<u>\$ 309,234,655</u>	<u>\$ 174,018</u>	<u>\$ 9,337,500</u>	<u>\$ 318,746,173</u>

Financial assets carried at fair value at December 31, 2023 are classified in the table as follows:

ASSETS CARRIED AT FAIR VALUE	Level 1	Level 2	Level 3	Total
Investments:				
Cash and money market funds	\$ 1,017,484	\$ -	\$ -	\$ 1,017,484
Equities	8,652,936	-	-	8,652,936
Treasuries	234,885,358	-	-	234,885,358
State of Israel bonds	-	216,948	-	216,948
Total Investments	<u>244,555,778</u>	<u>216,948</u>	<u>-</u>	<u>244,772,726</u>
Assets held in split interest agreements:				
Cash and money market funds	155,043	-	-	155,043
Equities	6,983,369	-	-	6,983,369
Treasuries	938,192	-	-	938,192
Total assets held in split interest agreements	<u>8,076,604</u>	<u>-</u>	<u>-</u>	<u>8,076,604</u>
Beneficial interest in trusts	-	-	10,337,500	10,337,500
TOTAL ASSETS CARRIED AT FAIR VALUE	<u>\$ 252,632,382</u>	<u>\$ 216,948</u>	<u>\$ 10,337,500</u>	<u>\$ 263,186,830</u>

NOTE 8 – ASSETS HELD IN SPLIT INTEREST AGREEMENTS

Assets held in split interest agreements include charitable gift annuities and charitable remainder trusts agreements. As of December 31, 2024 and 2023, the estimated future liabilities of \$3,382,937 and \$3,779,060, respectively, are included in accounts payable and accrued expenses in the accompanying statements of financial position. The present value of the estimated future interest is calculated using a discount rate of 5% as of both December 31, 2024 and 2023. The majority of the underlying assets of the split interest agreements are held in equities and fixed income securities. As of December 31, 2024 and 2023, the assets comprising the charitable gift annuities are segregated and held separately for the purposes of annuity benefits and may not, without exception, be applied towards the payment of other debts or obligations of AFMDA.

NOTE 9 – OPERATING LEASES

AFMDA has entered into lease agreements through year 2029. The leases include rent escalation. AFMDA assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

As of December 31, 2024 and 2023, the right-of-use ("ROU") asset had a balance of \$2,473,692 and \$2,198,794, respectively, and the lease liability amounted to \$2,599,092 and \$2,276,001, respectively, as shown in the statements of financial position.

The weighted-average discount rate is based on the risk-free rate. AFMDA has elected the option to use the risk-free rate determined by using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

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NOTE 9 – OPERATING LEASES (Continued)

The following summarizes the weighted-average remaining lease term and weighted-average discount rate as of December 31, 2024:

Weighted-average remaining lease term in years	
Operating leases	4.76
Weighted-average discount rate	
Operating leases	2.93%

The following summarizes the weighted-average remaining lease term and weighted-average discount rate as of December 31, 2023:

Weighted-average remaining lease term in years	
Operating leases	5.90
Weighted-average discount rate	
Operating leases	2.45%

Future minimum payments for non-cancelable operating leases for the next five years ending after December 31, 2024 are as follows:

2025	\$ 586,284
2026	581,206
2027	550,109
2028	538,112
2029	529,369
Total lease payments	2,785,080
Less: Present value discount	<u>(185,988)</u>
Present value of lease liabilities	<u>\$ 2,599,092</u>

Rent expense amounted to \$602,732 and \$529,288 for the years ended December 31, 2024 and 2023, respectively, and is included in occupancy and utilities in the accompanying statements of functional expenses. Equipment lease expense amounted to approximately \$51,000 and \$24,000 for the years ended December 31, 2024 and 2023, respectively, and is included in equipment expense in the accompanying statements of functional expenses.

NOTE 10 – GRANTS PAYABLE

As of December 31, 2024 and 2023, AFMDA was obligated under unconditional promises to give amounting to \$54,020,798 and \$43,293,649, respectively, to MDA for several projects. The payments for such commitments are made as needed based on actual expenses incurred by MDA. As of December 31, 2024, the grants payable are expected to be paid to MDA within one to three years or upon completion of ongoing projects.

NOTE 11 – LOANS PAYABLE

As of December 31, 2023, AFMDA has a loan payable to a bank in the principal amount of \$2,300,000. Interest on the outstanding principal balance accrues and interest is payable at a money market rate plus 1% per annum. Principal is due at maturity and there is no prepayment charge with respect to this loan. The loan is secured by investments. Interest expense for the years ended December 31, 2024 and 2023 amounted to \$7,226 and \$30,315, respectively. The loan was paid in full during 2024

NOTE 12 – PENSION PLANS

AFMDA has a 403(b) defined contribution pension plan for all employees. AFMDA contributes 6% of eligible employees' compensation to the plan after one year of employment. The total expense of AFMDA under the plan for the years ended December 31, 2024 and 2023 amounted to \$359,526 and \$327,132, respectively.

**AMERICAN FRIENDS OF MAGEN DAVID ADOM
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NOTE 13 – POST-RETIREMENT HEALTH BENEFITS PLAN

AFMDA maintains a post-retirement health benefits plan (the "Post-retirement Plan") that covers substantially all current and future retirees. Employees who qualify to receive paid post-retirement medical coverage are those employees who retire with an immediate pension benefit and are at least age 60 with at least 15 years of service, or age 65. During 2011, AFMDA amended the Post-retirement Plan to require participants who retire on or after September 1, 2011 to contribute 50% of the premium rates. For the years ended December 31, 2024 and 2023, the Post-retirement Plan held no assets. The funded status of the Post-retirement Plan as of December 31 is as follows:

	<u>2024</u>	<u>2023</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 680,092	\$ 719,324
Service cost	-	-
Interest cost	29,201	35,164
Plan participants' contributions	25,135	24,379
Actuarial gain	(85,206)	(9,357)
Benefits paid	<u>(79,946)</u>	<u>(89,418)</u>
Benefit obligation at end of year	569,276	680,092
Funded status	<u><u>\$ (569,276)</u></u>	<u><u>\$ (680,092)</u></u>

The components of the net periodic benefit cost including the service cost included in payroll taxes and benefits for the Post-retirement Plan for the years ended December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Benefits paid	\$ 79,946	\$ 89,418
Employer contributions	54,811	65,039
Administration fees	4,475	4,475

The other components of net periodic benefit cost for the years ended December 31 are as follows:

	<u>2024</u>	<u>2023</u>
Interest cost	\$ (29,201)	\$ (35,164)
Amortization of net gain	<u>70,561</u>	<u>64,041</u>
Net benefits cost	<u><u>\$ 41,360</u></u>	<u><u>\$ 28,877</u></u>

The amounts recognized in the without donor restriction net assets (deficit) as of December 31 consist of the following:

	<u>2024</u>	<u>2023</u>
Pension related change other than net periodic pension costs	<u><u>\$ 85,206</u></u>	<u><u>\$ 9,357</u></u>

AFMDA's expected rate of return on Post-retirement Plan assets is determined by the Post-retirement Plan assets' historical long-term investment performance, current asset allocation and estimates of future long-term returns by asset class.

The measurement of the benefit obligation and health care cost trends as of December 31 is based on the following assumptions:

	<u>2024</u>	<u>2023</u>
Discount rate	5.45%	4.91%
Health care cost trend rate assumed for next year	4.0%/5.0%	4.6%/7.0%
Rate to which the cost trend rate is assumed to decline	4.037%	4.037%
Year that the rate reaches the ultimate trend rate	2075	2075

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NOTE 13 – POST-RETIREMENT HEALTH BENEFITS PLAN (Continued)

The following schedule of benefit payments, which reflects expected future services, as appropriate, are expected to be paid in each of the next five years and in the aggregate for the five years thereafter:

2025	\$ 54,933
2026	54,307
2027	56,603
2028	55,436
2029	53,898
Five years thereafter	<u>238,565</u>
	<u>\$ 513,742</u>

NOTE 14 – COMMITMENTS AND CONTINGENCIES

On November 29, 2020, AFMDA renewed its longstanding relationship with MDA to act as a nationwide organization for the purpose of fundraising for MDA in the territory of the United States of America. This agreement confirms AFMDA's commitment to focus its operations solely on raising funds for MDA. The agreement is for three years commencing January 1, 2021 and will be renewed automatically in three-year periods up to four renewals. The agreement was automatically renewed on January 1, 2024.

NOTE 15 – CONCENTRATIONS

- A. Financial instruments that potentially subject AFMDA to a concentration of credit risk include cash held with two banks in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits by approximately \$2.4 million and \$24.4 million as of December 31, 2024 and 2023, respectively. Cash accounts are insured up to \$250,000 per depositor, per insured financial institution. This risk is mitigated by AFMDA maintaining a daily cash sweep arrangement with its primary banking institution, whereby excess balances in all operating accounts are automatically transferred each business day into an interest-bearing sweep account. The purpose of this arrangement is to optimize liquidity by earning interest on idle cash while ensuring sufficient funds remain available for daily operations. As of December 31, 2024 and 2023, the balance in the sweep account was approximately \$25 million and \$6.7 million, respectively. AFMDA also maintains cash and cash equivalents in financial institutions located in Israel that are not FDIC insured. These accounts totaled approximately \$650,000 and \$808,000 as of December 31, 2024 and 2023, respectively.
- B. As of December 31, 2024, approximately 25% of pledges receivable is comprised of amounts due from two donors. There was no pledges receivable concentration as of December 31, 2023. There was no revenue concentration for the year ended December 31, 2024. Approximately 15% of revenue for the year ended December 31, 2023 was from one donor.

NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31:

	2024	2023
Ambulances	\$ 11,646,511	\$ 30,584,362
Blood center construction	858,602	3,485,632
Other	7,397,764	14,689,463
Restricted in perpetuity	<u>14,610,000</u>	<u>13,970,000</u>
	<u>\$ 34,512,877</u>	<u>\$ 62,729,457</u>

Net assets with donor restrictions amounting to \$87,290,987 and \$43,016,190 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors for the years ended December 31, 2024 and 2023, respectively.

AMERICAN FRIENDS OF MAGEN DAVID ADOM
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NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions also include funds restricted in perpetuity of \$14,610,000 and \$13,970,000 as of December 31, 2024 and 2023, respectively, included in the statements of financial position as follows:

	<u>2024</u>	<u>2023</u>
Beneficial interest in perpetual trust	\$ 9,337,500	\$ 10,337,500
Perpetual ambulance fund program donor restricted endowment	3,840,000	3,200,000
Donor restricted endowment	<u>1,432,500</u>	<u>432,500</u>
	<u><u>\$ 14,610,000</u></u>	<u><u>\$ 13,970,000</u></u>

In 2012, a decedent bequeathed a portion of her estate to a perpetual endowment in which AFMDA was named a beneficiary. In accordance with the endowment agreement signed by the decedent, the funds are to be kept in perpetual endowment, and distributions from the fund may be used for general operations.

The perpetual ambulance fund program donor restricted endowment and donor restricted endowment were included in cash and cash equivalents in the statements of financial position as of both December 31, 2023 and 2024, and therefore, there was no investment activity and appropriations for the years then ended.

As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. AFMDA is a New York corporation and is subject to the New York Prudent Management of Institutional Funds Act ("NYPMIFA") adopted by New York State. AFMDA recognizes that NYPMIFA permits the Board of Directors to appropriate for expenditure all earnings of endowment funds (both realized and unrealized) with a presumption of prudence to a ceiling of 7% annually based on a quarterly rolling five-year average of the fair value of the endowment funds. Any unappropriated earnings that would otherwise be considered not restricted by the donor will be reflected in net assets with donor restrictions until appropriated.

The policy for valuing the AFMDA's investments is described in Notes 2D and 7. In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor-restricted endowment funds that fall below the level the donor requires the organization to retain in perpetuity. As of December 31, 2024 and 2023, there was no deficiency.

AFMDA's Board established Board-designated funds effective December 31, 2024. The funds are intended to provide funding for Board-specified capital projects, specifically for stations and National Dispatch Center, and other special projects outside the scope of normal operating expenses. The Board exercises investment decisions and establishes and maintains investment guidelines and strategies over these funds.

Changes in endowment net assets for the year ended December 31, 2024 are as follows:

	Without donor Restrictions		With donor restrictions		Total 2024
	Board- Designated Net Assets	Endowment Earnings	Endowment Corpus		
Investment activity:					
Interest and dividends	\$ -	\$ 177,810	\$ -	\$ 177,810	
Unrealized gain on investment	- -	59,346	- -	59,346	
	- -	237,156	- -	237,156	
Contributions					
Endowment contributions	- -	- -	1,640,000	1,640,000	
Board-designated – Capital Projects	100,000,000	- -	- -	100,000,000	
Board-designated – Special Projects	80,000,000	- -	- -	80,000,000	
	180,000,000	- -	1,640,000	181,640,000	
Endowment net assets, beginning of year	- -	199,920	3,632,500	3,832,420	
Endowment net assets, end of year	<u><u>\$ 180,000,000</u></u>	<u><u>\$ 437,076</u></u>	<u><u>\$ 5,272,500</u></u>	<u><u>\$ 185,709,576</u></u>	

**AMERICAN FRIENDS OF MAGEN DAVID ADOM
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NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Changes in endowment net assets for the year ended December 31, 2023 are as follows:

	With donor restrictions		
	Endowment Earnings	Endowment Corpus	Total 2023
Investment activity:			
Interest and dividends	\$ 76,505	\$ -	\$ 76,505
Unrealized gain on investment	<u>168,525</u>	<u>-</u>	<u>168,525</u>
Total investment activity	245,030	-	245,030
Endowment net assets, beginning of year	<u>(45,110)</u>	<u>3,632,500</u>	<u>3,587,390</u>
Endowment net assets, end of year	<u>\$ 199,920</u>	<u>\$ 3,632,500</u>	<u>\$ 3,832,420</u>

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through June 27, 2025, the date the financial statements were available to be issued.