

The Friends of Israel Gospel Ministry, Inc. and Affiliates

**Consolidated Financial Statements with Supplementary Information
December 31, 2024
With Summarized Comparative Information for 2023
With Independent Auditors' Report**

**THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC.
AND AFFILIATES
December 31, 2024 and 2023**

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Independent Auditors' Report

To the Board of Directors
The Friends of Israel Gospel Ministry, Inc. and Affiliates
Westville, New Jersey

Opinion

We have audited the accompanying consolidated financial statements of The Friends of Israel Gospel Ministry, Inc. and Affiliates (a nonprofit organization) (the Organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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.

We did not audit the financial statements of The Friends of Israel Gospel Ministry – Canada, a consolidated affiliate, which statements reflect total assets of \$1,930,335 as of December 31, 2024 and total revenues of \$1,338,480 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Friends of Israel Gospel Ministry - Canada, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Adjustments to Prior Period Financial Statements and Summarized Comparative Information

The consolidated financial statements of the Organization as of December 31, 2023 were audited by other auditors whose report dated April 18, 2024 expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended December 31, 2023 is derived from the audited financial statements of those other auditors. We do not express an opinion on it. As more fully explained in Note 1 to the financial statements, the Organization has adjusted its 2023 financial statements to retrospectively apply the change in accounting for donor restricted contributions. The other auditors reported on the financial statements before the retrospective adjustment.

As part of our audit of the 2024 financial statements, we also audited the adjustments to the 2023 financial statements to retrospectively apply the change in accounting as described in Note 1. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the Organization's 2023 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 financial statements as a whole.

**Independent Auditors' Report
(Continued)**

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

**Independent Auditors' Report
(Continued)**

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Statement of Financial Position, Consolidating Statement of Activities, Schedule of Revenues and Expenses for U.S. Operations – Matching Basis, and Schedule of Revenues and Expenses for Canada Operations – Matching Basis, which is the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information, except for the portion marked “unaudited”, was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The information marked “unaudited” has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Barnes, Dennig & Co., Ltd.

May 23, 2025
Indianapolis, Indiana

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Consolidated Statements of Financial Position December 31, 2024 and 2023

	2024	2023
Assets		
Cash	\$ 1,711,749	\$ 2,508,521
Receivables	369,237	256,540
Inventory	373,767	380,238
Prepaid expenses	524,931	387,459
Investments	2,956,868	4,785,813
Assets held under split-interest agreements	5,769,798	5,220,160
Right-of-use assets - operating leases	166,191	218,997
Property and equipment, net	11,296,105	11,634,066
Total assets	<u>\$ 23,168,646</u>	<u>\$ 25,391,794</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,234,302	\$ 1,127,940
Deferred revenue	331,972	380,533
Deferred compensation	-	122,742
Notes payable	4,161,884	4,566,132
Liabilities under charitable gift annuity	3,067,529	3,226,599
Lease liabilities - operating leases	166,407	222,956
Liabilities under charitable remainder trusts	148,685	151,096
Total liabilities	<u>9,110,779</u>	<u>9,797,998</u>
Net assets		
Net assets without donor restrictions		
Undesignated	5,293,572	7,529,409
Board designated for:		
Scholarship fund	73,789	111,058
Future needs	669,285	-
Debt retirement	223,300	236,100
	6,259,946	7,876,567
Net assets with donor restrictions	<u>7,797,921</u>	<u>7,717,229</u>
Total net assets	<u>14,057,867</u>	<u>15,593,796</u>
Total liabilities and net assets	<u>\$ 23,168,646</u>	<u>\$ 25,391,794</u>

See accompanying notes to consolidated financial statements

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Consolidated Statement of Activities Year Ended December 31, 2024 With Summarized Financial Information for the Year Ended December 31, 2023

	2024				2023
	Without Donor Restrictions	With Donor Restrictions			Summary Total
		Restrictions	Designations	Total	Total
Revenues					
Ministry contributions	\$ 3,650,524	\$ 199,790	\$ 6,221,543	\$ 6,421,333	\$ 10,071,857
Legacies	1,064,110	-	-	-	1,064,110
Ministry, publications, audio, and video	1,252,799	-	-	-	1,252,799
Field ministry contributions	5,728,960	-	-	-	5,728,960
Joint ministry foreign initiatives	61,191	-	-	-	61,191
Investment return	294,823	-	-	-	294,823
Change of value of split-interest agreements	228,826	28,347	-	28,347	257,173
Other items	131,535	-	-	-	131,535
Net assets released from restrictions	6,368,989	(1,277,148)	(5,091,841)	(6,368,989)	-
Total revenues	18,781,757	(1,049,011)	1,129,702	80,691	18,862,448
Expenses					
Program	15,594,926	-	-	-	15,594,926
Management and general	3,291,381	-	-	-	3,291,381
Fundraising	1,369,591	-	-	-	1,369,591
Total expenses	20,255,898	-	-	-	20,255,898
Change in net assets before translation adjustments	(1,474,141)	(1,049,011)	1,129,702	80,691	(1,393,450)
Translation adjustments	(142,479)	-	-	-	(142,479)
Net assets, beginning of year, as previously stated	12,765,808	2,827,988	-	2,827,988	15,593,796
Effect of net asset reclassification (Note 1)	(4,889,242)	-	4,889,242	4,889,242	-
Net assets, end of year	<u>\$ 6,259,946</u>	<u>\$ 1,778,977</u>	<u>\$ 6,018,944</u>	<u>\$ 7,797,921</u>	<u>\$ 14,057,867</u>
					<u>\$ 15,593,796</u>

See accompanying notes to consolidated financial statements

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses Year Ended December 31, 2024

	Media Ministries	North American Ministries	International Ministries	Relief Ministries Ministries	Total Program	Management and General	Fundraising	Total
Ministry expenditures	\$ 355,147	\$ 175,432	\$ 1,081,618	\$ 3,020,848	\$ 4,633,045	\$ 39,294	\$ 9,583	\$ 4,681,922
Salaries	1,517,498	2,088,966	1,919,866	-	5,526,330	962,738	476,773	6,965,841
Payroll taxes	106,814	88,826	80,781	-	276,421	63,110	33,337	372,868
Pension	144,327	189,290	188,026	-	521,643	101,643	46,118	669,404
Other staff benefits	331,846	305,044	91,466	-	728,356	233,857	99,719	1,061,932
Professional fees	106,013	16,773	46,937	-	169,723	226,171	125,756	521,650
Advertising	56,397	74,081	3,000	146	133,624	6,800	239,742	380,166
Postage and mailings	375,841	54,361	12,984	-	443,186	52,826	16,088	512,100
Office supplies and services	46,053	99,840	10,943	116	156,952	121,221	15,827	294,000
Bank fees	-	-	-	-	-	161,550	-	161,550
Information technology	23,282	41,214	13,326	-	77,822	333,736	14,621	426,179
Royalties	-	-	-	-	-	-	-	-
Occupancy	126,048	34,759	28,301	-	189,108	158,459	24,061	371,628
Travel	30,151	555,988	109,774	22,059	717,972	205,290	178,700	1,101,962
Conference, conventions, meetings	415	77,940	6,840	-	85,195	18,899	3,529	107,623
Interest	-	-	-	-	-	196,481	-	196,481
Insurance	80,615	15,019	15,905	-	111,539	41,879	14,589	168,007
Current exchange rate adjustments	-	-	16,617	-	16,617	-	-	16,617
Cost of goods sold	1,425,887	-	64,731	-	1,490,618	-	-	1,490,618
Training	664	5,184	1,559	-	7,407	14,543	6,409	28,359
Miscellaneous	250	-	-	-	250	-	2,175	2,425
	<u>4,727,248</u>	<u>3,822,717</u>	<u>3,692,674</u>	<u>3,043,169</u>	<u>15,285,808</u>	<u>2,938,497</u>	<u>1,307,027</u>	<u>19,531,332</u>
Depreciation	<u>65,330</u>	<u>175,142</u>	<u>68,646</u>	<u>-</u>	<u>309,118</u>	<u>352,884</u>	<u>62,564</u>	<u>724,566</u>
Total expenses	<u>\$ 4,792,578</u>	<u>\$ 3,997,859</u>	<u>\$ 3,761,320</u>	<u>\$ 3,043,169</u>	<u>\$ 15,594,926</u>	<u>\$ 3,291,381</u>	<u>\$ 1,369,591</u>	<u>\$ 20,255,898</u>

See accompanying notes to consolidated financial statements

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses (Continued) Year Ended December 31, 2023

	Media Ministries	North American Ministries	International Ministries	Relief Ministries Ministries	Total Program	Management and General	Fundraising	Total
Ministry expenditures	\$ 354,575	\$ 315,371	\$ 1,051,991	\$ 1,625,610	\$ 3,347,547	\$ 35,298	\$ 5,642	\$ 3,388,487
Salaries	1,420,967	1,819,473	1,938,345	-	5,178,785	901,241	478,619	6,558,645
Payroll taxes	98,234	76,962	87,747	-	262,943	58,582	33,212	354,737
Pension	140,728	166,244	192,288	-	499,260	110,481	47,913	657,654
Other staff benefits	344,824	271,238	81,375	-	697,437	201,746	101,404	1,000,587
Professional fees	91,483	8,530	27,229	-	127,242	167,024	126,039	420,305
Advertising	29,243	32,191	-	29	61,463	4,500	199,865	265,828
Postage and mailings	361,938	45,202	13,441	-	420,581	49,318	12,294	482,193
Office supplies and services	40,299	64,274	35,158	450	140,181	107,500	16,143	263,824
Bank fees	-	-	-	-	-	162,645	-	162,645
Information technology	17,269	26,722	13,579	-	57,570	256,380	12,187	326,137
Royalties	11,155	-	-	-	11,155	-	-	11,155
Occupancy	125,632	28,604	22,232	-	176,468	206,751	20,387	403,606
Travel	10,015	506,631	113,881	1,108	631,635	72,372	206,523	910,530
Conference, conventions, meetings	15,984	173,395	93,477	-	282,856	89,038	22,726	394,620
Interest	-	-	-	-	-	126,383	-	126,383
Insurance	57,082	10,466	11,248	-	78,796	27,666	128	106,590
Current exchange rate adjustments	-	-	(613)	27	(586)	-	-	(586)
Cost of goods sold	1,424,168	-	70,178	-	1,494,346	-	924	1,495,270
Training	2,826	29,320	3,024	-	35,170	17,519	4,569	57,258
Miscellaneous	850	-	-	-	850	3,959	1,505	6,314
	<u>4,547,272</u>	<u>3,574,623</u>	<u>3,754,580</u>	<u>1,627,224</u>	<u>13,503,699</u>	<u>2,598,403</u>	<u>1,290,080</u>	<u>17,392,182</u>
Depreciation	<u>45,224</u>	<u>107,083</u>	<u>45,716</u>	<u>-</u>	<u>198,023</u>	<u>235,587</u>	<u>41,545</u>	<u>475,155</u>
Total expenses	<u>\$ 4,592,496</u>	<u>\$ 3,681,706</u>	<u>\$ 3,800,296</u>	<u>\$ 1,627,224</u>	<u>\$ 13,701,722</u>	<u>\$ 2,833,990</u>	<u>\$ 1,331,625</u>	<u>\$17,867,337</u>

See accompanying notes to consolidated financial statements

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Consolidated Statements of Cash Flows Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ (1,535,929)	\$ 3,085,325
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	724,566	475,155
Net realized and unrealized (gains) losses on investments	(195,112)	(171,843)
Foreign currency translation (gain) loss	142,479	-
Change in value of split-interest agreements	175,961	(38,272)
Noncash lease expense	216	2,162
Change in value of beneficial interest in trust	-	270,689
Changes in:		
Receivables	(102,355)	(151,075)
Inventory	3,555	36,971
Prepaid expenses	(138,788)	(50,555)
Accounts payable and accrued expenses	102,746	(247,203)
Deferred revenue	(48,561)	(89,752)
Deferred compensation	(122,742)	(10,471)
Other liabilities	(2,411)	-
Net cash provided by (used in) operating activities	(996,375)	3,111,131
Cash flows from investing activities		
Purchase of property and equipment	(393,808)	(4,652,842)
Proceeds from sales of investments	7,102,554	3,943,568
Purchase of investments	(5,205,793)	(5,286,813)
Net cash provided by (used in) investing activities	1,502,953	(5,996,087)
Cash flows from financing activities		
Payment of notes payable	(404,248)	(75,000)
Proceeds from notes payable	-	3,385,632
Payment on annuities payable	(825,568)	(330,558)
Proceeds from capital contributions	-	68,977
Face value of new annuities	(167,099)	413,000
New annuities, contribution value to donor	107,998	(191,396)
Net cash provided by (used in) financing activities	(1,288,917)	3,270,655
Net change in cash and cash equivalents	(782,339)	385,699
Effect of exchange rates on cash and cash equivalents	(14,433)	29,184
Cash, beginning of year	2,508,521	2,093,638
Cash, end of year	<u>\$ 1,711,749</u>	<u>\$ 2,508,521</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 196,481</u>	<u>\$ 126,383</u>

See accompanying notes to consolidated financial statements

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Principles of Consolidation

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

The Friends of Israel Gospel Ministry, Inc. has a commitment to its ministries around the world. Affiliate entities are as follows: FOI – Canada, Christian Foundation of FOI Argentina, FOIGM Ltd. By Guarantee (Australia), TFOIGM New Zealand Trust, FOIGM UK Ltd. By Guarantee (United Kingdom), FOIGM Germany, and FOIGM France. As affiliates, certain board members and employees of The Friends of Israel Gospel Ministry, Inc. sit on affiliates' boards. Per the joint ministries agreements between The Friends of Israel Gospel Ministry, Inc. and the affiliates, support may be collected on behalf of the other entity and exchanged on a monthly basis throughout the year.

FOI – Canada meets the requirements under U.S. GAAP to be consolidated in these financial statements and collectively referred to in these notes as “the Organization”. All other affiliates mentioned above do not meet the consolidation requirements under U.S. GAAP. Only transactions between The Friends of Israel Gospel Ministry, Inc and these unconsolidated affiliates are included in these financial statements. The accompanying consolidated financial statements include the accounts of the Organization. All material inter-organization transactions, if any, have been eliminated in consolidation.

Financial Statement Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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

Fair Value Measurements

GAAP has a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

The Organization maintains its cash in bank deposit accounts, which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Receivables

Receivables consist of contribution receivables and are stated at the amount management expects to collect from outstanding balances. Management believes all receivable balances are collectible; therefore, no provision for uncollectible accounts has been made. All receivables are expected to be collected within one year.

Inventory

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

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Certificates of deposit are recorded at original investment plus accrued interest. Investment return includes dividends, interest and realized and unrealized gains and losses on investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions and then released from restrictions. Other investment return is reflected in the statements of activities as net assets with donor restriction or net assets without donor restriction based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment are recorded at cost or, if donated or impaired, at fair value at the time of the gift or determination. The Organization capitalizes assets with a cost basis or fair value for donated assets of \$5,000 or greater, and expenditures for repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

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

In accordance with GAAP, the Organization assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Organization believes no impairments existed at December 31, 2024 or 2023.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization leases its Canadian facility and office equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and lease liabilities on the statements 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. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Operating lease ROU assets also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization accounts for lease and non-lease components as a single lease component. There may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of fees for amount of usage of the assets, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment. The Organization has elected to apply the short-term lease exemption to any lease agreements lasting less than 12 months.

Annuities Payable

The Organization has established a gift annuity plan whereby donors may contribute assets in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the gift annuity is considered to be a charitable contribution at the date of the gift. The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as a contribution at the date of the gift. The annuity liability is revalued annually using a discount rate established at the inception of the agreement and appropriate actuarial assumptions. Actuarial assumptions used in calculating the annuity obligation are those provided from Internal Revenue Service guidelines. The resulting actuarial gain or loss is recorded as change in change of value of split-interest agreements in the consolidated statement of activities.

The Organization is required to maintain legally-mandated reserves and follow investment guidelines for the State of New Jersey. At December 31, 2024 and 2023, management believes the Organization was in compliance with each of these requirements.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charitable Remainder Trusts

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

Contributions

The Organization records gifts of cash and other assets at their fair value as of the date of contribution. Such donations are recorded as support without restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as with donor restriction and then released from restriction.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue.

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

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

Contract Liabilities

Contract liabilities consist of payments received in advance for subscriptions to Israel My Glory. The balance of contract liabilities at December 31, 2022 was \$380,533.

Revenue Recognition

The Organization identifies a contract with a customer for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance, and the collectability of consideration is probable. The Organization evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. To determine proper revenue recognition method, the Organization evaluates whether two or more contracts should be combined and accounted for as a single or more than one performance obligation.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Revenue from customers is primarily recognized from the sale of products and subscriptions to Israel My Glory publication. These revenues typically have contract terms equal to one year or less, except for Israel My Glory subscriptions which can be purchased for longer terms. The Organization recognizes revenue from these contracts both at a point in time and over time.

Product Sales

Contracts for the sale of products consist of a distinct performance obligation for each item ordered by the customer. The nature of the Organization's business gives rise to variable consideration, including discounts and product returns. Any discounts within the contract are allocated to all performance obligations unless there is evidence that the discount relates to a specific performance obligation in the contract. For product sales with a right of return, amounts are estimated based upon prior experience and assessment to ensure that it is probable that a significant reversal of cumulative revenue recognized will not occur.

Revenue is recognized when control of the product is transferred to the customer, which is primarily the point in time the customer physically receives the product. The payment terms and conditions in customer contracts is at point of purchase.

The Organization charges shipping costs for online purchases of products. Shipping contracts consist of a distinct performance obligation for each shipment. Revenue is recognized at the point in time when the shipment is made.

Publication Revenue

Contracts for subscriptions consist of a single performance obligation comprised of a series of distinct services transferring to the customer in the same pattern. The nature of the Organization's business gives rise to variable consideration in the form of discounts that are applied to its performance obligation at contract inception. The Organization recognizes revenue from subscriptions during the year in which the respective issue of the Israel My Glory is delivered to the customer. The performance obligation is met over time as each publication is made available to the customer during the year, consequently the Organization recognizes revenue ratably over the course year as each issue is published. The sale of books, literature, and other items are recognized at a point in time when the ordered product is shipped to the customer.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of New Jersey law. However, the organization is subject to federal income tax on any unrelated business taxable income.

As a religious organization, the Organization is not required to file annual federal or state information returns. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Expenses have been classified based upon the actual direct expenditures and cost allocations. Expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries, payroll taxes, pension, other staff benefits, and insurance, which are allocated on the basis of estimates of time and effort.

Shipping and Handling Costs

Shipping and handling costs of \$461,444 and \$425,962 for the years ended December 31, 2024 and 2023, respectively, are included in cost of goods sold in the statements of functional expense.

Advertising Expense

The Organization uses advertising to promote its programs among the audience it serves. The costs of advertising are expensed as incurred. Advertising expense was \$380,166 and \$265,828 for the years ended December 31, 2024 and 2023, respectively.

Debt issuance costs

Debt issuance costs are amortized over the term of the loan using the straight-line method. GAAP requires that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method.

Reclassifications

Certain reclassifications were made to the prior year financial statements for consistency with current year reporting. These reclassifications had no impact to net assets for either year.

Change in Accounting for Donor Designated/Restricted Contributions

In 2024 the Organization changed its policy for accounting for donor designated contributions to record them as contributions with donor restrictions if they contain purpose restrictions by the donor. Prior to 2024, the Organization maintained a published policy that retained the power to modify all donor restricted contributions. At January 1, 2023 \$4,889,241 was reclassified from net assets without donor restrictions to net assets with donor restrictions. For 2023 \$6,332,378 was reclassified from contributions without donor restrictions to contributions with donor restrictions. These reclassifications had no impact on the total change in net assets for either year.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Event Evaluation

In preparing its financial statements, the Organization has evaluated events subsequent to the statement of financial position date through May 23, 2025, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization's total financial assets available within one year of the statement of financial position date for general expenditures are as follows as of December 31:

	2024	2023
Cash	\$ 1,711,749	\$ 2,508,521
Investments	2,956,868	4,785,813
Receivables	369,237	256,540
Assets held under split-interest agreements	5,769,798	5,220,160
Total financial assets available	10,807,652	12,771,034
Less amounts not available to be used within one year for general expenditures:		
Net assets - designated by board		
Scholarship fund	(73,789)	(111,058)
Future needs	(669,285)	-
Debt retirement	(223,300)	(236,100)
Net assets with donor restrictions		
purpose restrictions	(7,797,921)	(7,717,229)
Deferred compensation	-	(122,742)
Total amount not available	(8,764,295)	(8,187,129)
Net financial assets available	<u>\$ 2,043,357</u>	<u>\$ 4,583,905</u>

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

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

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

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

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

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

NOTE 3 INVESTMENTS

Investments at fair value at December 31 consisted of the following:

	<u>2024</u>	<u>2023</u>
Fixed income	\$ 676,238	\$ 971,745
Common stock	874,981	506,576
Equity US mutual funds	301,193	73,744
Canadian equity funds	120,901	275,060
International funds	249,282	218,978
Certificates of deposit - long term	102,077	101,039
Money market funds	321,995	2,638,671
Brokerage cash	<u>310,201</u>	<u>-</u>
	<u>\$ 2,956,868</u>	<u>\$ 4,785,813</u>

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

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 4 FAIR VALUE MEASUREMENTS

The following table summarizes assets measured at fair value on a recurring basis at December 31, 2024:

	Total	Level 1	Level 2	Not subject to fair value measurements
Investments				
Fixed income	\$ 676,238	\$ 676,238	\$ -	\$ -
Common stock	874,981	874,981	-	-
Equity US mutual funds	301,193	301,193	-	-
Canadian equity funds	120,901	120,901	-	-
International funds	249,282	-	249,282	-
Certificates of deposit - long term	102,077	102,077	-	-
Money market funds	321,995	321,995	-	-
Brokerage cash	310,201	310,201	-	-
Total investments	<u>\$ 2,956,868</u>	<u>\$ 2,707,586</u>	<u>\$ 249,282</u>	<u>\$ -</u>
Assets held under split interest agreements				
Revocable				
Fixed income	\$ 25,702	\$ -	\$ 25,702	\$ -
Irrevocable				
Fixed income	167,049	167,049	-	-
Equity US mutual funds	218,961	218,961	-	-
International mutual funds	99,750	99,750	-	-
Money market funds	6,153	6,153	-	-
	<u>491,913</u>	<u>491,913</u>	<u>-</u>	<u>-</u>
Annuities				
Fixed income	1,196,438	1,196,438	-	-
Long-term bonds	90,486	-	90,486	-
Short-term bonds	11,000	-	11,000	-
Common stock	971,066	971,066	-	-
Equity US mutual funds	1,049,273	1,049,273	-	-
International funds	812,977	812,977	-	-
State of Israel bonds	255,844	-	255,844	-
Preferred stock	1,891	-	1,891	-
Money market funds	94,317	94,317	-	-
Hedge funds	768,891	-	-	768,891
	<u>\$ 5,252,183</u>	<u>\$ 4,124,071</u>	<u>\$ 359,221</u>	<u>\$ 768,891</u>
Total assets under split interest agreements	<u>\$ 5,769,798</u>	<u>\$ 4,615,984</u>	<u>\$ 384,923</u>	<u>\$ -</u>

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes assets measured at fair value on a recurring basis at December 31, 2023:

	Total	Level 1	Level 2	Not subject to fair value measurements
Investments				
Fixed income	\$ 971,745	\$ 971,745	\$ -	\$ -
Common stock	506,576	506,576	-	-
Equity US mutual funds	73,744	73,744	-	-
Canadian equity funds	275,060	275,060	-	-
International funds	218,978	218,978	-	-
Certificates of deposit - long term	101,039	101,039	-	-
Money market funds	2,638,671	2,638,671	-	-
Total investments	<u>\$ 4,785,813</u>	<u>\$ 4,785,813</u>	<u>\$ -</u>	<u>\$ -</u>
Assets held under split interest agreements				
Revocable				
Fixed income	\$ 26,452	\$ -	\$ 26,452	\$ -
Irrevocable				
Fixed income	191,711	191,711	-	-
Equity US mutual funds	156,595	156,595	-	-
International mutual funds	109,707	109,707	-	-
Money market funds	7,214	7,214	-	-
	<u>465,227</u>	<u>465,227</u>	<u>-</u>	<u>-</u>
Annuities				
Fixed income	962,560	962,560	-	-
Long-term bonds	1,040,117	-	1,040,117	-
Short-term bonds	110,793	-	110,793	-
Common stock	697,072	697,072	-	-
Equity US mutual funds	445,421	445,421	-	-
International funds	1,008,927	1,008,927	-	-
State of Israel bonds	49,267	-	49,267	-
Preferred stock	3,229	-	3,229	-
Money market funds	45,427	45,427	-	-
Hedge funds	365,668	-	-	365,668
	<u>4,728,481</u>	<u>3,159,407</u>	<u>1,203,406</u>	<u>365,668</u>
Total assets under split interest agreements	<u>\$ 5,220,160</u>	<u>\$ 3,624,634</u>	<u>\$ 1,229,858</u>	<u>\$ 365,668</u>

There were no valuations using level 3 inputs for either year.

Investments in Certain Entities that Calculate Net Asset Value per Share

Hedge funds are investments in unregistered investment pools. The investment pools in turn invest in various equity and debt securities and other vehicles to generate an investment return. The value of these investment pools is reported by the Organization based on information provided by the investment management.

Values may be based on readily available public market data as well as estimates that require varying degrees of judgment. Generally, the value reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expenses. The financial statements of the investees are audited annually by independent auditors as of December 31 with the most recent being as of December 31, 2024 or December 31, 2023. Valuations for these investment pools provided by the investment managers are evaluated by the Organization, and management believes such values are reasonable for years ended December 31, 2024 and 2023.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 5 INVENTORY

Inventory as of December 31 consisted of the following:

	2024	2023
Books and publications	\$ 233,318	\$ 248,124
Media	58,032	71,868
Other items	82,417	60,246
	<u>\$ 373,767</u>	<u>\$ 380,238</u>

NOTE 6 PROPERTY AND EQUIPMENT

	2024	2023
Land	\$ 629,330	\$ 629,330
Land improvements	3,377,748	3,310,840
Buildings	11,186,150	11,186,150
Leasehold improvements	82,464	89,714
Furniture and fixtures	1,071,071	881,921
Equipment and vehicles	2,118,323	2,003,057
Construction in progress	35,345	18,320
	<u>18,500,431</u>	<u>18,119,332</u>
Accumulated depreciation	<u>(7,204,326)</u>	<u>(6,485,266)</u>
	<u>\$ 11,296,105</u>	<u>\$ 11,634,066</u>

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

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

Property Location	Type	Original cost	2024		2023	
			Accumulated Depreciation	Carrying value	Accumulated Depreciation	Carrying value
Argentina	Building	\$ 567,158	\$ (333,205)	\$ 233,953	\$ (319,026)	\$ 248,132

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 7 LEASES

The Organization leases office equipment from various vendors under non-cancelable lease agreements. In January 2023, FOI – Canada entered into a seven-year operating lease for its headquarters in Toronto Canada.

The components of lease expense during the years ended December 31 were as follows:

	2024	2023
Operating lease expense	\$ 51,590	\$ 53,539

Other information related to the leases was as follows:

	2024	2023
Operating cash flows:		
Operating leases	\$ 48,266	\$ 51,377
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	\$ -	\$ 221,987
Weighted average remaining lease term:		
Operating leases	4.73 years	5.59 years
Weighted average discount rate:		
Operating leases	1.61%	1.72%

Future minimum payments under non-cancellable leases as of December 31, 2024 were as follows:

2025	\$ 38,278
2026	33,963
2027	35,731
2028	34,945
2029	25,956
Thereafter	3,890
	<hr/>
Total lease payments	172,763
Less imputed interest	(6,356)
	<hr/>
Present value of lease liability	\$ 166,407

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 8 NOTES PAYABLE

	<u>2024</u>	<u>2023</u>
Promissory notes ranging from \$2,000 to \$100,000 with interest at 4.00% are secured by the net assets of the Organization. A board-designated debt retirement fund has been established toward the payment of the notes as they come due. The maximum authorized promissory note indebtedness is \$2,500,000. Interest is payable semiannually, quarterly, and monthly depending on the specific terms of each outstanding note. The notes are due according to the schedule below, but are payable on demand, in part, or in whole, upon 30 days' notice.	\$ 1,116,500	\$ 1,180,500
On May 25, 2022, the Organization entered into a construction loan in the amount of \$2,500,000. The loan bears interest at 3.25% on the outstanding balance. Monthly payments are required to be made until the May 25, 2033 maturity date.	2,157,466	2,394,004
On April 4, 2023, the Organization entered into a construction loan with Century Savings Bank. The Organization began making interest payments on May 4, 2023, and each month thereafter. On October 4, 2023 (conversion date from construction loan to permanent mortgage loan), the Organization converted to an amortizing loan with monthly payments due beginning November 4, 2023, and each month thereafter. The loan bears interest at 6.76% per annum with the total balance due in full on October 4, 2033.	915,617	988,356
On October 26, 2023, the Organization entered into an auto loan with Century Savings Bank. The loan bears interest at 7.5% with a 5-year term. Payments are to be made monthly.	<u>-</u>	<u>34,229</u>
	4,189,583	4,597,089
Less unamortized debt issuance costs	<u>(27,699)</u>	<u>(30,957)</u>
	<u>\$ 4,161,884</u>	<u>\$ 4,566,132</u>

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 8 NOTES PAYABLE (CONTINUED)

Scheduled maturities of principal on the notes payable are as follows:

Year ending December 31,	
2025	\$ 445,651
2026	571,155
2027	604,084
2028	563,301
2029	599,599
Thereafter	<u>1,405,793</u>
	<u>\$ 4,189,583</u>

Total interest expense for the years ended December 31, 2024 and 2023 was \$196,481 and \$126,383, respectively.

NOTE 9 BOARD DESIGNATED NET ASSETS

The governing board of the Organization has designated 20% of the proceeds from the issuance of promissory notes to be kept in escrow to be used for interest and debt repayment. The balance of the reserve is not to go below one year's interest obligation. The balance of the board-designated reserve for debt repayment was \$223,300 and \$236,000 at December 31, 2024 and 2023, respectively.

The governing board of the Organization has designated funds to provide scholarships for various ministerial activities. The balance of the board-designated reserve for scholarships was \$73,789 and \$111,058 at December 31, 2024 and 2023, respectively.

The governing board of the organization has designated funds to be set aside for future needs. The balance of the funds set aside for future needs was \$669,285 and \$0 at December 31, 2024 and 2023, respectively.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following reasons as of December 31,

	<u>2024</u>	<u>2023</u>
Designated for a specified purpose		
FOI - US		
Relief fund	\$ 587,216	\$ 1,218,217
International ministry projects	4,462,260	2,889,320
Missionary support	551,715	458,823
Ministries for specific individuals	220,576	145,807
Israel awareness initiative	181,578	-
Other	15,599	177,074
	<u>6,018,944</u>	<u>4,889,241</u>
Subtotal designated FOI - US		
	<u>6,018,944</u>	<u>4,889,241</u>
Restricted for a specified purpose		
FOI - US		
Annuity reserves required by state law (10%)	306,753	322,659
Remainder trusts	368,930	340,585
International ministry projects	678,040	1,495,439
Argentina clinic	81,775	81,775
Missionary support	82,379	240,664
Ministries for specific individuals	32,363	94,273
	<u>1,550,240</u>	<u>2,575,395</u>
Subtotal restricted FOI - US		
	<u>1,550,240</u>	<u>2,575,395</u>
Subtotal FOI - USA		
	<u>7,569,184</u>	<u>7,464,636</u>
FOI - Canada		
Gift basket	16,304	13,106
Cruizin for Zion	491	492
Ministry launch initiative	1,906	19,056
Stand with Israel	84,850	108,881
College campus outreach	20,660	-
North American ministries	2,012	-
Worldwide ministries - relief	8,281	-
International ministries	20,445	-
Scholarships	73,788	111,058
	<u>228,737</u>	<u>252,593</u>
Subtotal FOI - Canada		
	<u>228,737</u>	<u>252,593</u>
	<u>\$ 7,797,921</u>	<u>\$ 7,717,229</u>

The Organization reports net assets with donor restrictions as either designated or restricted for internal tracking purposes. All contributions with donor restrictions are treated as restricted under US GAAP.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 11 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers consists of the following for the year ended December 31,

	<u>2024</u>	<u>2023</u>
Recognized over time		
Subscription revenue - Israel My Glory	<u>\$ 312,379</u>	<u>\$ 325,664</u>
Recognized at a point in time		
Books	\$ 311,931	\$ 369,492
Audio CDs and DVDs	57,278	61,882
Shipping	484,444	77,686
Other products	<u>86,767</u>	<u>108,469</u>
Subtotal	<u>940,420</u>	<u>617,529</u>
Total	<u><u>\$ 1,252,799</u></u>	<u><u>\$ 943,193</u></u>

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

	<u>2024</u>	<u>2023</u>
Deferred revenue, beginning of year	\$ 380,533	\$ 401,308
Revenue recognized that was included in deferred revenue at the beginning of the year	(380,533)	(401,308)
Increase in deferred revenue due to cash received during the year	<u>331,972</u>	<u>380,533</u>
Deferred revenue, end of year	<u><u>\$ 331,972</u></u>	<u><u>\$ 380,533</u></u>

Deferred revenue at December 31, 2024 and 2023 consisted of payments received in advance for subscriptions for Israel My Glory.

NOTE 12 DEFERRED COMPENSATION

The Organization has entered into a deferred compensation agreement with one of its former executive directors and emeritus board member. The annual payout is based on a rate of 43% of the year 2000 salary level of \$98,500 beginning on the first month subsequent to retirement and continues until his passing with no survivor payout. The present value of that obligation is \$0 and \$122,742 as of December 31, 2024 and 2023, respectively. Beginning in February 2011, the Organization began paying the deferred compensation to this former executive director. These payments amounted to \$0 and \$42,360 for the year ended December 31, 2024 and 2023, respectively. The Organization's former executive director passed away on March 31, 2024, ending the deferred compensation agreement.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Notes to Consolidated Financial Statements (Continued)

NOTE 13 RETIREMENT PLAN

The Organization maintains a 401(k) retirement plan for eligible employees who work 1,000 hours or more during the year and have been with the Organization for more than one year. Participants in the plan vest over a six-year period. Each year, the Organization makes a discretionary contribution to the plan for each eligible employee, which is an amount equal to 10% of an employee's gross earnings for the years ending December 31, 2024 and 2023. The employer contribution for the plan was \$469,527 and \$436,468 for FOI-USA and \$45,193 and \$40,573 for FOI-Canada for the years ending December 31, 2024 and 2023, respectively. The amount of accrued retirement expense for the year is funded in annual contributions to the plan.

The Organization also funds individual retirement accounts for qualified foreign national workers who are not eligible to participate in the 401(k) plan. The employer contribution to the plan for the years ending December 31, 2024 and 2023 was \$136,121 and \$142,389, respectively. The amount of accrued retirement expense for the year is funded by the Organization in annual contributions to the accounts.

SUPPLEMENTARY INFORMATION

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Consolidating Statement of Financial Position Year Ended December 31, 2024

	FOI - USA	FOI - Canada	Intercompany Eliminations	2024 Totals
Assets				
Cash and cash equivalents	\$ 1,614,231	\$ 97,518	\$ -	\$ 1,711,749
Receivables	347,448	103,524	(81,735)	369,237
Inventory	340,776	32,991	-	373,767
Prepaid expenses	509,014	15,917	-	524,931
Investments	1,506,200	1,450,668	-	2,956,868
Assets held under split-interest agreements	5,769,798	-	-	5,769,798
Right of use assets - operating leases	12,095	154,096	-	166,191
Property and equipment, net	11,220,484	75,621	-	11,296,105
Total assets	<u>\$ 21,320,046</u>	<u>\$ 1,930,335</u>	<u>\$ (81,735)</u>	<u>\$ 23,168,646</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 1,159,466	\$ 156,571	\$ (81,735)	\$ 1,234,302
Deferred revenue	305,284	26,688	-	331,972
Notes payable	4,161,884	-	-	4,161,884
Liabilities under charitable gift annuity	3,067,529	-	-	3,067,529
Lease liabilities - operating leases	12,096	154,311	-	166,407
Liabilities under charitable remainder trusts	148,685	-	-	148,685
Total liabilities	<u>8,854,944</u>	<u>337,570</u>	<u>(81,735)</u>	<u>9,110,779</u>
Net assets				
Net assets without donor restrictions				
Undesignated	4,672,618	620,954	-	5,293,572
Board designated for:				
Scholarship fund	-	73,789	-	73,789
Future needs	-	669,285	-	669,285
Debt retirement	223,300	-	-	223,300
	4,895,918	1,364,028	-	6,259,946
Net assets with donor restrictions	<u>7,569,184</u>	<u>228,737</u>	<u>-</u>	<u>7,797,921</u>
Total net assets	<u>12,465,102</u>	<u>1,592,765</u>	<u>-</u>	<u>14,057,867</u>
Total liabilities and net assets	<u>\$ 21,320,046</u>	<u>\$ 1,930,335</u>	<u>\$ (81,735)</u>	<u>\$ 23,168,646</u>

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Consolidating Statement of Activities Year Ended December 31, 2024

	<u>FOI - USA</u>	<u>FOI - Canada</u>	<u>Intercompany Eliminations</u>	<u>2024 Totals</u>
Revenues				
Ministry contributions	\$ 9,345,412	\$ 726,445	\$ -	\$ 10,071,857
Legacies	978,742	85,368	-	1,064,110
Ministry, publications, audio, and video	1,194,750	58,049	-	1,252,799
Field ministry contributions	5,514,815	214,145	-	5,728,960
Joint ministry foreign initiatives	-	61,191	-	61,191
Investment return	141,967	152,856	-	294,823
Change of value of split-interest agreements	257,173	-	-	257,173
Other items	91,109	40,426	-	131,535
	<u>\$ 17,523,968</u>	<u>\$ 1,338,480</u>	<u>\$ -</u>	<u>\$ 18,862,448</u>
Expenses				
Program	\$ 14,567,471	\$ 1,027,455	\$ -	\$ 15,594,926
Management and general	2,881,728	409,653	-	3,291,381
Fundraising	1,296,024	73,567	-	1,369,591
	<u>18,745,223</u>	<u>1,510,675</u>	<u>-</u>	<u>20,255,898</u>
Change in net assets before translation adjustments	(1,221,255)	(172,195)	-	(1,393,450)
Translation adjustments	-	(142,479)	-	(142,479)
Net assets, beginning of year	<u>13,686,357</u>	<u>1,907,439</u>	<u>-</u>	<u>15,593,796</u>
Net assets, end of year	<u>\$ 12,465,102</u>	<u>\$ 1,592,765</u>	<u>\$ -</u>	<u>\$ 14,057,867</u>

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Schedule of Revenues and Expenses for US Operations – Matching Basis Year Ended December 31, 2024 With Summarized Financial Information for the Year Ended December 31, 2023 (Unaudited)

	2024				2023
	Program	Management and General	Fundraising	Total	Total
Revenues					
Ministry contributions	\$ 2,176,052	\$ -	\$ 7,169,360	\$ 9,345,412	\$ 8,156,568
Legacies	-	-	978,742	978,742	1,897,647
Ministry, publications, audio, and video	1,194,750	-	-	1,194,750	861,974
Field ministry contributions	5,514,815	-	-	5,514,815	7,762,732
Investment return	-	141,967	-	141,967	95,783
Change of value of split-interest agreements	-	-	257,173	257,173	642,368
Other items	76,144	14,965	-	91,109	207,890
Contributions designated for future years expenditures	(6,249,889)	-	-	(6,249,889)	(6,370,651)
Current year contributions designated for current year	6,145,346	-	-	6,145,346	6,386,791
Total revenues	8,857,218	156,932	8,405,275	17,419,425	19,641,102
Expenses	14,567,471	2,881,728	1,296,024	18,745,223	16,440,774
Change in net assets - matching	(5,710,253)	(2,724,796)	7,109,251	(1,325,798)	3,200,328
Contributions designated for future years expenditures	6,249,889	-	-	6,249,889	6,370,651
Current year contributions designated for current year	(6,145,346)	-	-	(6,145,346)	(6,386,791)
Change in net assets				(1,221,255)	3,184,188
Net assets, beginning of year				13,686,357	10,502,169
Net assets, end of year				<u>\$ 12,465,102</u>	<u>\$ 13,686,357</u>

NOTE 1 BASIS OF ACCOUNTING

The Schedule of Revenues and Expenses for US Operations – Matching Basis is prepared on an accounting basis other than GAAP. Under this basis, revenues are recognized when the corresponding costs are incurred.

THE FRIENDS OF ISRAEL GOSPEL MINISTRY, INC. AND AFFILIATES

Schedule of Revenues and Expenses for Canada Operations – Matching Basis Year Ended December 31, 2024 With Summarized Financial Information for the Year Ended December 31, 2023 (Unaudited)

	2024				2023
	Program	Management and General	Fundraising	Total	Total
Revenues					
Ministry contributions	\$ -	\$ 710,795	\$ 15,650	\$ 726,445	\$ 598,445
Legacies	-		85,368	85,368	120,935
Ministry, publications, audio, and video	57,222	827	-	58,049	81,219
Field ministry contributions	204,435	-	9,710	214,145	317,387
Joint ministries foreign initiatives	61,191	-	-	61,191	-
Investment return	-	152,856	-	152,856	123,279
Other items	40,426	-	-	40,426	57,251
Contributions designated for future years expenditures	(199,790)	-	-	(199,790)	(252,593)
Current year contributions designated for current year	223,643	-	-	223,643	232,314
	<u>387,127</u>	<u>864,478</u>	<u>110,728</u>	<u>1,362,333</u>	<u>1,278,237</u>
Total revenues					
	<u>387,127</u>	<u>864,478</u>	<u>110,728</u>	<u>1,362,333</u>	<u>1,278,237</u>
Expenses					
	<u>1,027,455</u>	<u>409,653</u>	<u>73,567</u>	<u>1,510,675</u>	<u>1,426,563</u>
Change in net assets - matching	(640,328)	454,825	37,161	(148,342)	(148,326)
Contributions designated for future years expenditures	199,790	-	-	199,790	252,593
Current year contributions designated for current year	(223,643)	-	-	(223,643)	(232,314)
	<u>(664,181)</u>	<u>454,825</u>	<u>37,161</u>	<u>(172,195)</u>	<u>(128,047)</u>
Change in net assets					
				(172,195)	(128,047)
Translation adjustments				(142,479)	29,184
Net assets, beginning of year				<u>1,907,439</u>	<u>2,006,302</u>
Net assets, end of year				<u>\$ 1,592,765</u>	<u>\$ 1,907,439</u>

NOTE 1 BASIS OF ACCOUNTING

The Schedule of Revenues and Expenses for Canada Operations – Matching Basis is prepared on an accounting basis other than GAAP. Under this basis, revenues are recognized when the corresponding costs are incurred.