

**AMERICAN FRIENDS OF NEVE SHALOM/
WAHAT AL-SALAM, INC.**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED AUGUST 31, 2023 AND 2022

**AMERICAN FRIENDS OF NEVE SHALOM/WAHAT AL-SALAM, INC.
TABLE OF CONTENTS**

INDEPENDENT AUDITOR’S REPORT..... 1-2

AUDITED FINANCIAL STATEMENTS

 Statements of Financial Position..... 3

 Statements of Activities and Changes in Net Assets..... 4

 Statements of Functional Expenses 5

 Statements of Cash Flows..... 6

 Notes to Financial Statements..... 7-15

INDEPENDENT AUDITOR'S REPORT

December 19, 2023

To the Board of Directors of
American Friends of Neve Shalom/Wahat Al-Salam, Inc.
Glendale, California

Opinion

We have audited the accompanying financial statements of American Friends of Neve Shalom/Wahat Al-Salam, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Friends of Neve Shalom/Wahat Al-Salam, Inc. as of August 31, 2023 and 2022, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Friends of Neve Shalom/Wahat Al-Salam, Inc. 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 these 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 American Friends of Neve Shalom/Wahat Al-Salam, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

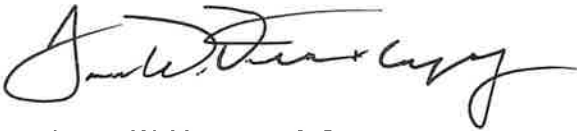
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**AMERICAN FRIENDS OF NEVE SHALOM/WAHAT AL-SALAM, INC.
INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Friends of Neve Shalom/Wahat Al-Salam, Inc.'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 American Friends of Neve Shalom/Wahat Al-Salam, Inc.'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.



James W. Vanstrom & Company
Jamestown, New York

December 19, 2023

**AMERICAN FRIENDS OF NEVE SHALOM/WAHAT AL-SALAM, INC.
STATEMENTS OF FINANCIAL POSITION**

Page 3

	August 31,	
	2023	2022
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 195,288	\$ 317,589
BOARD DESIGNATED ASSETS		
Investments - board designated	489,193	265,743
DONOR RESTRICTED ASSETS		
Investments held for endowment purposes	546,323	523,038
OTHER ASSETS		
Security deposits	800	800
Total assets	\$ 1,231,604	\$ 1,107,170
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accrued retirement contribution	\$ 1,980	\$ 1,197
Accrued compensated absences	7,248	6,902
Total current liabilities	9,228	8,099
NET ASSETS		
Without donor restrictions:		
Undesignated	186,860	310,290
Board designated	489,193	265,743
With donor restrictions	546,323	523,038
Total net assets	1,222,376	1,099,071
Total liabilities and net assets	\$ 1,231,604	\$ 1,107,170

See accompanying independent auditor's report and notes to financial statements.

**AMERICAN FRIENDS OF NEVE SHALOM/WAHAT AL-SALAM, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

Page 4

	Year Ended August 31,	
	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Operating revenues and other support:		
Contributions	\$ 786,734	\$ 693,914
Interest and dividends	14,965	12,515
Total operating revenues and other support	801,699	706,429
Operating expenses:		
Program services	636,089	641,659
Support	40,981	38,281
Fundraising	60,024	60,326
Total operating expenses	737,094	740,266
Operating income (loss)	64,605	(33,837)
Other :		
Loan forgiveness - SBA/Paycheck Protection Plan (PPP) loan	-	19,200
Realized and unrealized gains (losses) on investments	8,486	(40,207)
Net assets released from restrictions	26,929	31,804
Increase (decrease) in net assets without donor restrictions	100,020	(23,040)
NET ASSETS WITH DONOR RESTRICTIONS:		
Investment income from donor restricted investments	50,214	(94,074)
Net assets released from restrictions	(26,929)	(31,804)
Increase (decrease) in net assets with donor restrictions	23,285	(125,878)
Change in net assets	123,305	(148,918)
Net assets at beginning of year	1,099,071	1,247,989
Net assets at end of year	\$ 1,222,376	\$ 1,099,071

See accompanying independent auditor's report and notes to financial statements.

AMERICAN FRIENDS OF NEVE SHALOM/WAHAT AL-SALAM, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended August 31, 2023 and 2022

	Year Ended August 31, 2023			
	Program Services	Support	Fundraising	Total
Bank and credit card charges	\$ 250	\$ 2,168	\$ 1,880	\$ 4,298
Conferences	-	-	-	-
Direct mail	9,518	-	11,794	21,312
Donor relations software	-	-	-	-
Employee benefits	13,947	2,146	5,364	21,457
Fundraising	-	-	500	500
Grants for NS/WAS projects	510,000	-	-	510,000
Insurance	-	3,911	-	3,911
Miscellaneous	23	1,527	574	2,124
Office expense	2,611	1,917	1,954	6,482
Other program expenses	3,108	-	-	3,108
Payroll	66,471	10,226	25,566	102,263
Payroll taxes	5,286	813	2,033	8,132
Postage and messenger	444	1,015	444	1,903
Printing and copying	624	156	260	1,040
Professional services	12,934	10,539	3,246	26,719
Rent	8,710	4,355	4,355	17,420
State registration fees	-	1,410	1,410	2,820
Telephone and website	1,701	567	567	2,835
Travel and tour	462	231	77	770
Total operating expenses	\$ 636,089	\$ 40,981	\$ 60,024	\$ 737,094

See accompanying independent auditor's report and notes to financial statements.

Year Ended August 31, 2022

	Program			
	Services	Support	Fundraising	Total
Bank and credit card charges	\$ 267	\$ 2,886	\$ 2,582	\$ 5,735
Conferences	-	-	-	-
Direct mail	8,940	-	13,084	22,024
Donor relations software	1,138	1,139	1,173	3,450
Employee benefits	12,209	1,878	4,696	18,783
Fundraising	-	-	-	-
Grants for NS/WAS projects	523,000	-	-	523,000
Insurance	-	2,861	-	2,861
Miscellaneous	21	1,503	564	2,088
Office expense	1,414	707	706	2,827
Other program expenses	-	-	-	-
Payroll	67,644	10,407	26,017	104,068
Payroll taxes	5,406	832	2,079	8,317
Postage and messenger	780	587	780	2,147
Printing and copying	791	198	330	1,319
Professional services	11,009	9,792	2,862	23,663
Rent	7,500	3,750	3,750	15,000
State registration fees	-	1,209	1,209	2,418
Telephone and website	1,429	476	476	2,381
Travel and tour	111	56	18	185
Total operating expenses	\$ 641,659	\$ 38,281	\$ 60,326	\$ 740,266

**AMERICAN FRIENDS OF NEVE SHALOM/WAHAT AL-SALAM, INC.
STATEMENTS OF CASH FLOWS**

Page 6

	<u>Year Ended August 31,</u>	
	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 123,305	\$ (148,918)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized (gains) losses on investments	(31,845)	165,661
Loan forgiveness - SBA/Paycheck Protection Plan (PPP) loan	-	(19,200)
Noncash contributions	-	(899)
Interest and dividends restricted for long-term purposes	(41,819)	(42,996)
Decrease in promises to give	-	-
Increase (decrease) in accrued retirement contribution	783	(223)
Increase in accrued compensated absences	346	200
Net cash provided by (used in) operating activities	<u>50,770</u>	<u>(46,375)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments - board designated	(214,964)	(12,515)
Proceeds from investments held for endowment purposes	26,929	31,804
Purchases of investments held for endowment purposes	(26,855)	(30,481)
Net cash used in investing activities	<u>(214,890)</u>	<u>(11,192)</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Interest and dividends restricted for long-term purposes	41,819	42,996
Net increase (decrease) in cash	<u>(122,301)</u>	<u>(14,571)</u>
Cash at beginning of year	<u>317,589</u>	<u>332,160</u>
Cash at end of year	<u>\$ 195,288</u>	<u>\$ 317,589</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report and notes to financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Neve Shalom/Wahat al-Salam (NS/WAS), the “Oasis of Peace” in Hebrew and Arabic, is the only community in Israel where Jews and Palestinians choose to live, work, and raise their children in equality and mutual respect. The Village started with a handful of individuals in the 1970’s, and is now home to approximately sixty families – half Jewish, half Palestinian.

For more than forty years, NS/WAS has been dedicated to dialogue, cooperation and a genuine and durable peace between Arabs and Jews, Palestinians, and Israelis. The “Oasis of Peace” is uniquely designed to fulfill this mission, through its institutions such as the bilingual, bi-national, K-6 Primary School; the School for Peace, where young adults and university students participate in conflict management programs and cross-culture encounter workshops; and the Pluralistic Spiritual Center, where adults and youth engage in interfaith, intercultural dialogue, study and leadership programs, and the NADI Youth Center, which provides non-academic experiences in theater, community service, and youth leadership training. These institutions also serve as resource and research centers for peace-promoting projects that extend throughout the Israel/Palestine region.

American Friends of Neve Shalom/Wahat Al-Salam is a nonprofit corporation formed in 1986 under Section 501(c)(3) of the Internal Revenue Code, to provide support to the Oasis of Peace and awareness to the American public. American Friends of Neve Shalom/Wahat Al-Salam encourages, supports, and publicizes the projects of NS/WAS. The Organization is supported primarily through donor contributions, as well as foundation grants. In addition, the Organization has been awarded certain grants from the United States Agency for International Development (USAID), as further disclosed in Note K to the financial statements.

Basis of Presentation

The Organization has adopted FASB Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities*. As such, the Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of donor restrictions:

Net Assets without Donor Restrictions – net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – net assets subject to donor-imposed restrictions. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-imposed restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of revenues, expenses, and other changes in net assets as net assets released from restrictions.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of temporary cash investments. The Organization maintains its cash balances in one financial institution. Although the cash accounts may exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institutions.

Revenue Recognition

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received.

It is, normally, the Organization's policy not to accept donor-restricted contributions. Donors may request that their contributions be used for specific purposes, and the board of directors may designate the funds for use in accordance with the donor's request. However, in order to maintain discretion and control over the contributions in accordance with Internal Revenue Service regulations, the board of directors reserves the right to redirect the use of such funds at any time, and the final decision on the use of such funds is made by the board of directors. Accordingly, all contributions received by the Organization are, normally, considered for unrestricted use. During the year ended August 31, 2004, the board of directors made an exception to this policy with the establishment of the Jesse Zel Lurie Endowment Fund, which is further disclosed in Note C.

Donated material, equipment and services are not recorded if their value cannot be objectively measured or valued under FASB ASC 958-605, *Revenue Recognition*.

Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Organization achieves some of its programmatic goals in direct mail campaigns, and travel and tour activities that include requests for contributions. For the years ended August 31, 2023 and 2022, the costs of conducting those activities included a total of \$ 22,582 and \$ 22,209, respectively, of joint costs that are not directly attributable to either the program, support, or fundraising components of the activities. Those joint costs were allocated as follows:

	<u>2023</u>	<u>2022</u>
Program services	\$ 9,980	\$ 9,051
Support	231	56
Fundraising	<u>11,871</u>	<u>13,102</u>
	<u>\$ 22,082</u>	<u>\$ 22,209</u>

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for Investments

The Organization has adopted FASB ASC 958-320, *Investments – Debt and Equity Securities*. ASC 958-320 requires not-for-profit organizations to record certain investments at fair value with unrealized gains and losses being recorded in the statements of activities and changes in net assets. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. The cost of specific securities sold is used to compute realized gains or losses on sales.

Investments – other consist of mutual fund investments. The funds are stated at fair value, which approximates their cost.

Investment income (expense) includes interest, dividends and realized and unrealized gains and losses on investments, net of investment fees.

Furniture and Equipment

The Organization capitalizes all expenditures for furniture and equipment in excess of \$1,000.

Purchased furniture and equipment are carried at cost. Donated furniture and equipment are carried at the approximate fair value at the date of donation.

The Organization has no capitalized furniture and equipment as of August 31, 2023 and 2022

Compensated Absences

The Organization accrues for the costs of compensated absences to the extent that the employee's right to receive payment relates to service already rendered, the obligation vests or accumulates, payment is probable, and the amount can be reasonably estimated.

Income Taxes

American Friends of Neve Shalom/Wahat Al-Salam, Inc. has been granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code, and is registered as a charity in all states in which it solicits contributions. Accordingly, no provision has been made for federal, state, or local income taxes.

The Organization has adopted FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. Accordingly, penalties and interest associated with uncertain tax positions are accrued as part of any income tax provision. For the years ended August 31, 2023 and 2022, there were no penalties or interest recognized related to uncertain tax positions.

The Organization files U.S. federal, as well as various state exempt organization returns. The returns for 2019 – 2022 are still open to review.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated events and transactions that occurred between September 1, 2023 and December 19, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE B – BOARD DESIGNATED ASSETS

The board of directors has determined that certain funds should remain in segregated board designated accounts. Such funds and the interest earned thereon are to be restricted for use, as approved by the Organization’s board of directors, for certain projects at NS/WAS.

For the years ended August 31, 2023 and 2022, activities related to board designated investments were as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 265,743	\$ 293,435
Interest and dividend income earned	14,964	12,515
Realized gains (losses)	-	-
Unrealized gains (losses)	8,486	(40,207)
Net deposits (withdrawals)	200,000	-
Ending balance	<u>\$ 489,193</u>	<u>\$ 265,743</u>

As of August 31, 2023 and 2022, board designated investments, which are stated at fair value, consisted of the following:

	<u>2023</u>	
	<u>Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 176,913	142,675
Cash and cash equivalents	312,280	312,280
	<u>\$ 489,193</u>	<u>\$ 454,955</u>

NOTE B – BOARD DESIGNATED ASSETS (CONTINUED)

	<u>2022</u>	
	<u>Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 168,427	142,675
Cash and cash equivalents	97,316	97,316
	<u>\$ 265,743</u>	<u>\$ 239,991</u>

NOTE C – DONOR RESTRICTED ASSETS

Donor restricted assets consist of the Jesse Zel Lurie Endowment Fund, which was established in May 2004. The agreement with the donor directs that the principal of the endowment remain intact. Income and appreciation from the endowment are expendable annually, first, to pay the salary and benefits of one or more school teachers at the Primary School and/or Secondary School in NS/WAS, Israel, and, if there are additional funds available in any year, for any other use identified by the Schools. The agreement also states that in extraordinary or emergency circumstances, the Organization may expend the principal of the endowment, but only upon the majority vote of the entire board of directors.

For the years ended August 31, 2023 and 2022, activities related to investments held for endowment purposes were as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 523,038	\$ 648,916
Interest and dividend income earned	26,855	30,481
Realized gains (losses)	-	(17)
Unrealized gains (losses)	23,359	(124,538)
Grant expenses	(26,929)	(31,804)
Ending balance	<u>\$ 546,323</u>	<u>\$ 523,038</u>

As of August 31, 2023 and 2022, investments held for endowment purposes, which are stated at fair value, consisted of the following:

	<u>2023</u>	
	<u>Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 515,961	463,395
Cash and cash equivalents	30,362	30,362
	<u>\$ 546,323</u>	<u>\$ 493,757</u>

NOTE C – DONOR RESTRICTED ASSETS (CONTINUED)

	2022	
	Fair Value	Cost
Mutual funds	\$ 492,602	\$ 463,395
Cash and cash equivalents	30,436	30,436
	\$ 523,038	\$ 493,831

As of August 31, 2023 and 2022, donor restricted assets were classified as follows:

	2023	2022
Temporarily restricted for purposes as further disclosed above.	\$ 182,542	\$ 159,257
Permanently restricted endowment as further disclosed above.	363,781	363,781
	\$ 546,323	\$ 523,038

NOTE D – FAIR VALUE MEASUREMENTS

The Organization has adopted the provisions of FASB ASC 820, *Fair Value Measurement*. Under ASC 820, fair value is defined as 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. ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization’s assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

NOTE D – FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets measured on a recurring basis as of August 31, 2023 and 2022 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
August 31, 2023:				
Investments, including endowment funds	\$ 1,035,516	\$ 1,035,516	\$ -	\$ -
August 31, 2022:				
Investments, including endowment funds	\$ 788,781	\$ 788,781	\$ -	\$ -

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE E – SBA/PAYCHECK PROTECTION PLAN (PPP) LOANS

On April 30, 2021 the Organization received funding of a second round, U.S. Small Business Administration (SBA) guaranteed loan through the Coronavirus Aid, Relief, and Economic Securities (CARES) Act. The loan proceeds of the Paycheck Protection Plan (PPP) loan totaled \$19,200. The loan agreement includes forgiveness provisions. Principal and Interest payments are deferred for ten months after disbursement. Loan amounts not forgiven have a five-year term with interest at 1%.

The Organization incurred eligible expenses within the designated period in excess of the loan proceeds, providing for the entire loan to be forgiven. The SBA approved the Organization's application for loan forgiveness effective July 19, 2022. Accordingly, Other Income, for the year ended August 31, 2022 includes loan forgiveness in the amount of \$19,200 related to this loan.

NOTE F – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization regularly reviews its financial position and operations, including liquidity required to meet general expenditures, liabilities, and obligations that may come due. The following reflects the Organization's financial assets as of August 31, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor/grantor-imposed restrictions within one year of the balance sheet date. Amounts not available also include amounts designated by the governing board for long-term uses that could be drawn upon if the governing board approves that action.

NOTE F – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

	<u>2023</u>	<u>2022</u>
Financial assets at August 31:		
Cash	\$ 195,288	\$ 317,589
Investments	1,035,516	788,781
Total financial assets	1,230,804	1,106,370
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions	(546,323)	(523,038)
Governing board restrictions	(489,193)	(265,743)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 195,288</u>	<u>\$ 317,589</u>

NOTE G – INVESTMENT INCOME

Investment income for the years ended August 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 41,819	\$ 42,996
Realized gains (losses)	-	(17)
Unrealized gains (losses)	31,846	(164,745)
	<u>\$ 73,665</u>	<u>\$ (121,766)</u>

NOTE H – GRANTS FOR NS/WAS PROJECTS

Funds are granted to NS/WAS by the board of directors in response to specific proposals submitted by the directors of NS/WAS in Israel. During the years ended August 31, 2023 and 2022, approved grants included funding for primary school general support and special projects, School for Peace general support and special projects, the Pluralistic Spiritual Center, NADI Youth Center, and humanitarian aid projects. For the years ended August 31, 2023 and 2022, grant expenses for NS/WAS projects totaled \$510,000 and \$523,000, respectively, and are included in program services expenses.

NOTE I – RENTAL AGREEMENTS

The Organization leases office space in Glendale, California under a three-year lease, the initial term of which expired in November 2017. The lease provides for automatic renewals for additional six-month terms. The current agreement calls for monthly rent of \$1,470. The Organization may terminate this lease by providing sixty days written notice and paying a termination charge equal to one month's rent or the maximum allowable by law, whichever is less. Rent expense for the years ended August 31, 2023 and 2022 amounted to \$17,420 and \$15,000, respectively per year.

NOTE J - RETIREMENT PLAN

The Organization sponsors a savings incentive match plan (SIMPLE) covering employees who are reasonably expected to earn at least \$5,000 per calendar year. Employees may defer up to \$19,000 (\$17,000 – 2022) as a salary deferral contribution each year. The Organization provides a nonelective contribution of 3% (2% - 2022) of each eligible employee's compensation that is made at the end of each calendar year.

Retirement expense for the years ended August 31, 2023 and 2022 amounted to \$3,476 and \$2,391, respectively. As of August 31, 2023 and 2022, accrued retirement contributions amounted to \$1,980 and \$1,197, respectively.