

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

**International Fellowship of Christians
& Jews, Inc.**

December 31, 2022 and 2021

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GRANT THORNTON LLP

Grant Thornton Tower
171 N. Clark Street, Suite 200
Chicago, IL 60601

D +1 312 856 0200

F +1 312 602 8099

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
International Fellowship of Christians & Jews, Inc.

Opinion

We have audited the consolidated financial statements of International Fellowship of Christians & Jews, Inc. (the Fellowship), which comprise the consolidated statement of financial position as of December 31, 2022 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Fellowship as of December 31, 2022, 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 HaKeren L'Yedidut (the Amutah), an Israeli not-for-profit organization, whose statements reflect total assets constituting 22% of the consolidated total assets as of December 31, 2022, and total revenues constituting 5% of consolidated total revenues 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 Amutah, is based solely on the report of the other auditors.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fellowship 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.

Emphasis of matter

As discussed in Note 1 to the consolidated financial statements, the Fellowship has adopted Accounting Standards Codification Topic 842, *Leases*, as of January 1, 2022. Our opinion is not modified with respect to this matter.

Other matter

The consolidated financial statements of the Fellowship for the year ended December 31, 2021 were audited by other auditors, who expressed an unmodified opinion on those financial statements in their report dated July 14, 2022.

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 Fellowship's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Fellowship'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 Fellowship'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.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and 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. These additional procedures included 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 supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Chicago, Illinois
July 21, 2023

International Fellowship of Christians & Jews, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 32,468,302	\$ 52,097,762
Investments	80,255,145	76,243,379
Accounts and grants receivable	8,923,328	2,624,224
Prepaid expenses	2,486,710	2,012,526
Fixed assets, net	8,573,109	1,706,288
Operating lease right-of-use assets	9,714,044	-
Asset held for sale	12,281,363	12,281,363
Other	1,598,492	383,936
	\$ 156,300,493	\$ 147,349,478
Total assets	\$ 156,300,493	\$ 147,349,478
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 6,832,955	\$ 8,928,544
Grant commitments payable	8,556,924	6,184,431
Charitable gift annuities payable	4,686,724	4,526,058
Deferred compensation payable	2,340,846	2,625,076
Operating lease liabilities	14,171,891	-
Deferred rent	-	33,029
	36,589,340	22,297,138
Total liabilities	36,589,340	22,297,138
Net assets		
Without donor restrictions	70,662,027	93,268,043
With donor restrictions	49,049,126	31,784,297
	119,711,153	125,052,340
Total net assets	119,711,153	125,052,340
Total liabilities and net assets	\$ 156,300,493	\$ 147,349,478

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

International Fellowship of Christians & Jews, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 206,709,926	\$ 26,952,673	\$ 233,662,599
Contributions from Ministry of Welfare of Israel	8,804,521	-	8,804,521
Tours, conferences and other income	307,983	-	307,983
Investment return, net	(10,515,486)	(92,450)	(10,607,936)
Net assets released from restrictions	<u>9,595,394</u>	<u>(9,595,394)</u>	<u>-</u>
 Total revenues	 <u>214,902,338</u>	 <u>17,264,829</u>	 <u>232,167,167</u>
Expenses			
Fellowship	25,604,757	-	25,604,757
Guardians of Israel	95,819,425	-	95,819,425
Isaiah 58	40,743,534	-	40,743,534
On Wings of Eagles	17,068,728	-	17,068,728
Stand for Israel	386,279	-	386,279
Bless the Persecuted	<u>138,706</u>	<u>-</u>	<u>138,706</u>
 Total program	 <u>179,761,429</u>	 <u>-</u>	 <u>179,761,429</u>
General and administrative	24,136,457	-	24,136,457
Fundraising	<u>32,899,850</u>	<u>-</u>	<u>32,899,850</u>
 Total expenses	 <u>236,797,736</u>	 <u>-</u>	 <u>236,797,736</u>
 (Decrease) increase in net assets before other items	 (21,895,398)	17,264,829	(4,630,569)
Other items			
Other losses	(152,671)	-	(152,671)
Effects of foreign currency translation	<u>(557,947)</u>	<u>-</u>	<u>(557,947)</u>
 Total other items	 <u>(710,618)</u>	 <u>-</u>	 <u>(710,618)</u>
 (DECREASE) INCREASE IN NET ASSETS	 (22,606,016)	17,264,829	(5,341,187)
Net assets			
Beginning of year	<u>93,268,043</u>	<u>31,784,297</u>	<u>125,052,340</u>
 End of year	 <u>\$ 70,662,027</u>	 <u>\$ 49,049,126</u>	 <u>\$ 119,711,153</u>

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

International Fellowship of Christians & Jews, Inc.

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 201,287,971	\$ 22,757,536	\$ 224,045,507
Contributions from Ministry of Welfare of Israel	4,942,994	-	4,942,994
Tours, conferences and other income	299,915	-	299,915
Investment return, net	5,246,207	80,522	5,326,729
Net assets released from restrictions	530,568	(530,568)	-
	212,307,655	22,307,490	234,615,145
Expenses			
Fellowship	18,057,082	-	18,057,082
Guardians of Israel	80,211,453	-	80,211,453
Isaiah 58	30,075,986	-	30,075,986
On Wings of Eagles	14,065,316	-	14,065,316
Stand for Israel	575,640	-	575,640
Bless the Persecuted	235,468	-	235,468
	143,220,945	-	143,220,945
Total program	143,220,945	-	143,220,945
General and administrative	20,648,854	-	20,648,854
Fundraising	24,711,984	-	24,711,984
	24,711,984	-	24,711,984
Total expenses	188,581,783	-	188,581,783
Increase in net assets before other items	23,725,872	22,307,490	46,033,362
Other items			
Effects of foreign currency translation	250,935	-	250,935
	250,935	-	250,935
Total other items	250,935	-	250,935
INCREASE IN NET ASSETS	23,976,807	22,307,490	46,284,297
Net assets			
Beginning of year	69,291,236	9,476,807	78,768,043
	69,291,236	9,476,807	78,768,043
End of year	\$ 93,268,043	\$ 31,784,297	\$ 125,052,340
	\$ 93,268,043	\$ 31,784,297	\$ 125,052,340

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

International Fellowship of Christians & Jews, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	Program Services						Total Programs	General and Administrative	Fundraising	Total Expenses
	Fellowship	Guardians of Israel	Isaiah 58	On Wings of Eagles	Stand for Israel	Bless the Persecuted				
Grants disbursed	\$ 375,000	\$ 10,826,556	\$ 29,299,633	\$ 632,155	\$ -	\$ 2,292	\$ 41,135,636	\$ -	\$ -	\$ 41,135,636
Program implementation	14,922	77,915,266	445,156	13,758,063	-	125,068	92,258,475	-	-	92,258,475
Television and radio airtime and production	3,857,441	1,469,489	7,389,173	542,268	-	4,406	13,262,777	240,678	6,246,487	19,749,942
Public education	7,131,902	2,309,664	366,237	30,916	-	2,137	9,840,856	857,850	3,075,048	13,773,754
Salaries and benefits	5,352,974	2,166,534	993,200	1,902,314	11,287	2,885	10,429,194	8,612,302	4,108,351	23,149,847
Consulting and public relations	716,988	350	50,662	1,794	-	-	769,794	1,894,181	221,196	2,885,171
Printing and postage	6,088,569	1,124,934	1,730,041	184,862	374,823	-	9,503,229	5,241,411	14,412,419	29,157,059
Catalog production and merchandise sold	26,595	166	23,309	86	-	-	50,156	201	-	50,357
Lockbox and banking fees	242,645	204	28,583	205	-	-	271,637	2,662,367	107	2,934,111
Telemarketing	139,942	2,155	312,334	12,863	169	1,903	469,366	146,055	4,655,623	5,271,044
Occupancy	396,809	3,600	30,933	2,941	-	15	434,298	679,691	58,317	1,172,306
Equipment rental and maintenance	265,998	332	46,526	172	-	-	313,028	1,514,113	1,480	1,828,621
Office supplies and miscellaneous	5,760	-	1,866	-	-	-	7,626	138,627	4,726	150,979
Telephone and communications	371,480	-	2,125	-	-	-	373,605	698,843	38	1,072,486
Travel and meetings	410,831	137	19,189	71	-	-	430,228	514,005	115,293	1,059,526
Accounting and legal	22,953	33	4,566	17	-	-	27,559	343,909	704	372,172
Insurance	-	-	-	-	-	-	-	181,201	-	181,201
Depreciation and amortization	141,917	5	11	1	-	-	141,934	411,023	61	553,018
Miscellaneous	42,031	-	-	-	-	-	42,031	-	-	42,031
	<u>\$ 25,604,757</u>	<u>\$ 95,819,425</u>	<u>\$ 40,743,534</u>	<u>\$ 17,068,728</u>	<u>\$ 386,279</u>	<u>\$ 138,706</u>	<u>\$ 179,761,429</u>	<u>\$ 24,136,457</u>	<u>\$ 32,899,850</u>	<u>\$ 236,797,736</u>

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

International Fellowship of Christians & Jews, Inc.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2021

	Program Services						Total Programs	General and Administrative	Fundraising	Total Expenses
	Fellowship	Guardians of Israel	Isaiah 58	On Wings of Eagles	Stand for Israel	Bless the Persecuted				
Grants disbursed	\$ 155,304	\$ 8,302,000	\$ 20,663,308	\$ 1,000,000	\$ -	\$ -	\$ 30,120,612	\$ -	\$ -	\$ 30,120,612
Program implementation	-	64,974,017	142,166	11,926,957	-	234,218	77,277,358	235,587	-	77,512,945
Television and radio airtime and production	1,322,708	2,200,929	6,592,056	12,505	-	-	10,128,198	414,746	3,891,872	14,434,816
Public education	3,512,030	752,728	52,099	3,992	-	-	4,320,849	140,065	1,539,249	6,000,163
Salaries and benefits	5,141,476	3,036,204	742,302	965,986	12,744	1,132	9,899,844	7,461,219	4,405,875	21,766,938
Consulting and public relations	627,772	-	-	-	-	-	627,772	1,640,681	297,245	2,565,698
Printing and postage	4,508,684	892,349	1,436,042	145,182	561,998	-	7,544,255	4,405,559	10,918,391	22,868,205
Catalog production and merchandise sold	127,881	-	-	-	-	-	127,881	-	19	127,900
Lockbox and banking fees	207,029	12,000	-	-	-	-	219,029	2,743,490	(344)	2,962,175
Telemarketing	362,213	8,495	395,372	307	-	-	766,387	115,227	3,332,774	4,214,388
Occupancy	722,143	27,350	44,038	8,691	748	98	803,068	650,739	211,905	1,665,712
Equipment rental and maintenance	436,858	-	-	-	-	-	436,858	1,462,682	1,800	1,901,340
Office supplies and miscellaneous	203,891	-	-	-	-	-	203,891	363,501	5,401	572,793
Telephone	137,427	2,143	3,427	672	59	8	143,736	640,252	29,660	813,648
Travel and meetings	276,728	-	-	-	-	-	276,728	103,039	33,219	412,986
Accounting and legal	190,039	-	-	-	-	-	190,039	193,419	10	383,468
Depreciation and amortization	124,899	3,238	5,176	1,024	91	12	134,440	78,648	44,908	257,996
	<u>\$ 18,057,082</u>	<u>\$ 80,211,453</u>	<u>\$ 30,075,986</u>	<u>\$ 14,065,316</u>	<u>\$ 575,640</u>	<u>\$ 235,468</u>	<u>\$ 143,220,945</u>	<u>\$ 20,648,854</u>	<u>\$ 24,711,984</u>	<u>\$ 188,581,783</u>

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

International Fellowship of Christians & Jews, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2022	2021
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (5,341,187)	\$ 46,284,297
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	553,018	257,996
Realized and unrealized loss (gain) on investments	11,547,646	(3,751,319)
Changes in:		
Accounts and grants receivable	(6,299,104)	761,801
Prepaid expenses	(474,184)	(595,432)
Other assets	(1,214,556)	(28,301)
Accounts payable and accrued expenses	(2,095,589)	3,629,971
Grant commitments payable	2,372,493	(2,250,965)
Charitable gift annuities payable	160,666	32,436
Deferred compensation payable	(284,230)	89,113
Deferred rent	(33,029)	(128,278)
Operating lease right-of-use assets/liabilities	4,457,847	-
	3,349,791	44,301,319
Cash flows from investing activities:		
Purchase of investments	(41,765,036)	(51,561,197)
Proceeds from sale of investments	26,205,624	19,570,804
Purchase of fixed assets	(7,466,595)	(949,947)
	(23,026,007)	(32,940,340)
Effects of foreign exchange rates on cash and cash equivalents	46,756	(515,992)
	(19,629,460)	10,844,987
Cash and cash equivalents:		
Beginning of year	52,097,762	41,252,775
End of year	\$ 32,468,302	\$ 52,097,762

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

International Fellowship of Christians & Jews, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The International Fellowship of Christians & Jews, Inc. (The Fellowship) is a nonprofit organization operated exclusively for charitable, educational, and religious purposes. The Fellowship funds humanitarian aid to the needy in Israel and in Jewish communities around the world, promotes prayer on behalf of the Jewish state and provides resources that help build bridges of understanding between Christians and Jews. Through the generosity of its donors, The Fellowship has provided hundreds of millions of dollars to help Jews in Israel and from around the world living in poverty with basic needs. The Fellowship assists thousands of Jews flee anti-Semitism by making Aliyah (immigrating to Israel). Every day, The Fellowship's supports impoverished elderly Jewish people in Israel and the former Soviet Union with food through the distribution of food boxes, hot meals, food cards and soup kitchens. The Fellowship supports orphanages, elderly centers, and other programs of humanitarian aid with the focus on providing basic needs to millions of impoverished and disadvantaged Jews in Israel and the former Soviet Union. The Fellowship funds emergency needs during times of crisis primarily in Israel and Ukraine and security for Jewish institutions around the world. The Fellowship helps protect the Jewish state and the Jewish people from the scourges of anti-Semitism, terrorism, and war, providing mobile bomb shelters for citizens and supporting first responders with high priority needs. The Fellowship provides prayer to our donors and supporters through regular prayer calls, and prayer requests. The Fellowship also creates and distributes educational material that helps Christians learn about the Jewish roots of their faith and deepen their ties with Israel and her people.

These consolidated financial statements also include the accounts and activities of the following entities:

IFCJ Foundation (the Foundation)

The Foundation was organized under the Illinois trust provisions to serve as a supporting organization to The Fellowship.

HaKeren L'Yedidut (the Amutah)

The Amutah was established as a State of Israel Registered Amutah and operates as the Israeli representative of The Fellowship. The activities of the Amutah consist of direct operation of projects or recommendation to fund organizations which operate projects relating to Aliyah and absorption, poverty, welfare and security. In such cases, the Amutah acts as the "long arm" of The Fellowship by recommending projects serving the above objectives, as well as supervising and overseeing the implementation of the projects in accordance with the terms of the grant and requesting the transfer of funds based on compliance with the terms. In order to achieve its objectives, the Amutah is substantially supported by The Fellowship. The Amutah is affiliated with The Fellowship through common membership of their respective Boards of Directors and shared senior management.

The Amutah holds 100% of the shares of Beit HaYedidut Ltd (the Subsidiary). The Subsidiary had originally been established to build a worldwide headquarters in Israel. Upon sale of the related property, the Amutah is planning to dissolve this subsidiary (see Note 3).

The Amutah is recognized for tax purposes as a public institution in accordance with Section 9(2) of the State of Israel Income Tax Ordinance and the Value Added Tax Law.

Foundation Korea International Fellowship of Christians and Jews (IFCJ Korea)

IFCJ Korea was established to promote international fellowship between Korea and Israel. IFCJ Korea has a separate Board of Directors from The Fellowship, whose members are appointed by The Fellowship. IFCJ Korea is recognized as a charitable tax-exempt organization by the government of the Republic of South Korea.

International Fellowship of Christians & Jews, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

The Fellowship and the Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). Contributions to The Fellowship and the Foundation are tax-deductible under Section 170 (b)(1)(a)(6) of the Code. IFCJ Korea is a disregarded entity for federal and state tax purposes, and all income and expenses from IFCJ Korea are reported in The Fellowship's tax returns.

The Fellowship's major programs are:

The Fellowship

Through The Fellowship's programs of bridge building between Christians and Jews, The Fellowship's ministry provides educational resources that help Christians learn about the Jewish roots of their Christian faith, as well as the history of Israel and her people. The Fellowship provides prayer support to The Fellowship's donors through prayer calls with thousands of supporters, by taking donor requests for prayers to the Western Wall, and through a dedicated staff that prays with The Fellowship's donors daily. The Fellowship continues to engage both Christian and Jewish leaders in interfaith dialogue, continuing to strengthen the bridge of understanding and respect.

Guardians of Israel

Meeting the needs of Israel's poorest citizens remains a high priority for The Fellowship. Through its Guardians of Israel program, The Fellowship assists millions of impoverished people in Israel with basic needs as they struggle to overcome extreme economic hardship, find jobs, and provide for their families. The Fellowship focuses heavily on the elderly population. The Dignity and Fellowship reaches nearly half of the elderly eighty years or older living in poverty in Israel, and guarantees their food security for the rest of their lives. The Fellowship is actively involved in cities throughout Israel providing food, clothing, shelter, medical care, emergency funds, and other resources to those in desperate need, including families and children. With more than 21% of Israel's total population living below the poverty line, and the Israeli government unable to fully provide for many of its poorest citizens, this assistance is absolutely essential. Through Guardians of Israel, The Fellowship also provides for Israel's security needs. In 2020, 2021, and 2022 The Fellowship expanded its operations to assist the elderly, families, and hospitals during the COVID-19 pandemic.

Isaiah 58

Throughout the former Soviet Union, tens of thousands of elderly Jews, orphans and other desperately poor people struggle to survive. Survivors of both the Holocaust and years of Communist rule today still battle hunger, illness and brutal cold. In war-torn Ukraine, the problem is compounded by continuous fighting between Ukrainian forces and Russian separatists. Many innocent civilians have been displaced and have lost everything they had. Working with partner organizations and local Jewish communities, The Fellowship's Isaiah 58 program provides these suffering people with essentials like heating fuel, food, medicine, shelter and companionship, and helps improve their living conditions. Isaiah 58 also rescues orphaned and abandoned Jewish children from the streets and provides them with homes where they receive the support and love they need to succeed. In 2020, 2021 and 2022, The Fellowship contributed additional aid in response to the COVID-19 pandemic.

On Wings of Eagles

The Fellowship assists needy Jews in making Aliyah from 30 countries in the former Soviet Union, South America, Europe, and elsewhere - to escape rising anti-Semitism, violent conflict and extreme poverty, and to realize the dream of living in their historic homeland. When they arrive in Israel, On Wings of Eagles provides them with Klitah assistance in the form of temporary housing, job training and financial assistance, to help them become full, productive citizens of their new home.

International Fellowship of Christians & Jews, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Stand for Israel

Through the Stand for Israel social media presence, Stand for Israel keeps people informed about events affecting Israel, the Middle East and the U.S.-Israel relationship, and trains them to become informed, engaged supporters of Israel and the Jewish people. The goals of Stand for Israel are to educate the Christian community on the biblical, political and strategic importance of Israel, strengthen the ties between Israel and the United States, particularly in the U.S. evangelical Christian community, and coordinate the efforts of pro-Israel Christians in the United States to give tangible expression to Christian solidarity with Israel.

Bless the Persecuted

The Fellowship's Bless the Persecuted initiative brings care and aid to Christians and other minorities in the Middle East who have been targeted by radical Islamist terrorism. The Fellowship helps these oppressed people by providing them with financial and medical aid, and programs for families and children who have been victims of terror and other forms of religious persecution.

Across The Fellowship's major programs, The Fellowship provided support to aid those impacted by the following major crises:

COVID-19

The COVID-19 outbreak and actions taken to mitigate the spread continued to have, an impact on The Fellowship's operations during 2022. The Fellowship adjusted the programming to be responsive to those vulnerable to and affected by COVID-19. The Fellowship's services and outreach are especially important in these times as the public continues to deal with uncertainty. The Fellowship developed tailored COVID-19 action plans specific to its wide range of programming. The majority of The Fellowship's funding sources, including private contributions, have maintained and, in some areas, significantly exceeded pre-pandemic funding levels.

War in the Ukraine

When war erupted in Ukraine in February 2022, The Fellowship was in a unique position to provide for people impacted by the crisis. Having worked in the former Soviet Union for more than 30 years, The Fellowship had the partnerships and know-how to respond immediately and effectively.

As the war continues to threaten hundreds of thousands of Jewish people, The Fellowship continues to deliver the day-to-day aid that thousands have come to count on, as well as fill emergency needs. To date, The Fellowship has provided over \$28 million in emergency humanitarian aid to Ukraine and other countries in the region affected by the war, including food, water, medicine, warm clothing, housing, and other basic needs and services. We have also helped more than 4,600 Ukrainians make Aliyah since the war started, and given basic needs such as food, medicine, and temporary housing in Ukraine and in neighboring countries to displaced persons and refugees.

Basis of Accounting

The consolidated financial statements have been prepared using the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Principles of Consolidation

In accordance with the accounting guidance on reporting of related entities by nonprofit organizations, The Fellowship's financial statements consolidate the activities of the Foundation, the Amutah, and IFCJ Korea. All inter-organizational balances and transactions have been eliminated in consolidation.

International Fellowship of Christians & Jews, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Basis of Presentation

The Fellowship follows the accounting guidance for consolidated financial statements of nonprofit organizations which requires that net assets and related revenue, expenses, gains and losses be classified into two classes of net assets-without donor restrictions and with donor restrictions-based upon the existence or absence of donor-imposed restrictions. These net asset classes are described as follows:

Net Assets Without Donor Restrictions

Net assets that are available for support of The Fellowship's operations that are not subject to donor-imposed restrictions.

The Fellowship's Board of Directors created a board-designated fund in 2021. This fund (the Joseph Fund) is meant to function as a quasi-endowment fund. Gifts designated for the fund will be pooled and distributed to various program initiatives, at the discretion of The Fellowship's Board of Directors, with guidance from management, over a seven-year period. The Fellowship seeded the fund with an initial investment of \$1 million. Also during 2021, the Board of Directors established The Fellowship Urgent Program Fund comprised of year end surpluses, if any, to be used at the Board's discretion. The Amutah's Board of Directors has additionally designated funds for the implementation of strategic plan initiatives. Board-designated net assets are included within net assets without donor restrictions on the consolidated statements of financial position.

Board-designated net assets as of December 31, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
The Fellowship - Joseph Fund	\$ 1,000,000	\$ 1,000,000
The Fellowship Urgent Program Fund	26,621,843	23,432,000
Amutah - strategic initiatives	<u>16,265,927</u>	<u>16,104,000</u>
	<u>\$ 43,887,770</u>	<u>\$ 40,536,000</u>

Net Assets With Donor Restrictions

Net assets that are subject to donor-imposed restrictions that may or will be met either by actions of The Fellowship or the passage of time. Net assets with donor restrictions are released and reclassified to net assets without donor restrictions when the restrictions are met or have expired. Amounts received in the same period in which donor restrictions are satisfied are recorded in net assets without donor restrictions. Some donor restrictions are perpetual in nature, in which the donor has stipulated that the funds be invested in perpetuity.

Cash Concentrations

Amounts reflected as cash and cash equivalents include amounts held in checking and money market accounts with original maturities of three months or less. The Fellowship maintains these deposits with high-quality financial institutions in amounts that are in excess of federally insured limits; however, The Fellowship does not believe it is exposed to any significant risk of loss associated with these accounts.

Investments

Investments held by The Fellowship are stated at fair value. Realized and unrealized gains and losses resulting from changes in the fair value of securities held are reflected in the consolidated statements of activities, in the year of change. The cost of securities sold is based on the average-cost method, except

International Fellowship of Christians & Jews, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

for securities for which cost is based on the specific-identification method. Dividend income is recognized on the ex-dividend date. Both interest and dividend income is recorded on the accrual basis. Investment return, reported on the consolidated statements of activities, is presented net of investment fees.

Fixed Assets

All acquisitions of fixed assets are stated at cost or, if donated, at the approximate fair value at the date of donation. Furniture, computers and equipment are depreciated on the straight-line method over their estimated useful lives, ranging from three to 17 years. Leasehold improvements are amortized over the lesser of the term of the related lease or the useful life upon completion of related construction.

Leases

The Fellowship adopted Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*, as of January 1, 2022. After the adoption of this standard, The Fellowship determines if an arrangement contains a lease at inception based on whether there is an identified asset and whether The Fellowship controls the use of the identified asset throughout the period of use. The Fellowship classifies leases as either financing or operating. Right-of-use (“ROU”) assets are recognized at the lease commencement date and represent The Fellowship’s right to use an underlying asset for the lease term and lease liabilities represent The Fellowship’s obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments are discounted based on the risk-free rate for all classes of underlying assets except for those held by the Amutah, which are at the incremental borrowing rate. The lease term used in determining the discount rate starts at the transition date. The lease term is the remaining lease term on the transition date. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position.

The Fellowship’s operating lease ROU assets are measured based on the corresponding operating lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred and (iii) lease incentives under the lease. Options to renew or terminate the lease are recognized as part of our ROU assets and lease liabilities when it is reasonably certain the options will be exercised. ROU assets are also assessed for impairments consistent with The Fellowship’s long-lived asset policy.

The Fellowship elected the practical expedient to not separate lease components from nonlease components for all leases within the portfolio. Operating lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. Variable lease payments that depend on an index or rate are included in the lease payments and are measured using the prevailing index or rate at the measurement date. Variable lease payments not based on an index or a rate are excluded from lease payments and are expensed as incurred.

Operating leases are presented separately as operating lease ROU assets and operating lease liabilities in the accompanying consolidated statements of financial position.

Prior to the adoption of Accounting Standards Codification (ASC) 842, The Fellowship recognized rent expense on a straight-line basis over the term of the lease. The difference between cash rent payments and the recognition of rent expense was recorded as a deferred rent liability on the consolidated statements of financial position.

Asset Held for Sale

Asset held for sale is recorded at the lower of its carrying amount or fair value less costs to sell (see Note 3).

International Fellowship of Christians & Jews, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Grant Commitments Payable

This amount represents unconditional grants that were approved to be funded prior to either December 31, 2022 or 2021, by The Fellowship, the Amutah and IFCJ Korea. Any inter-entity grants are eliminated upon consolidation.

Charitable Gift Annuities Payable

The Fellowship has entered into various charitable gift annuity arrangements with its donors. Gift annuity rates are in accordance with the recommendations of the American Council on Gift Annuities. In order to comply with state regulations, annuity contracts vary by state. The Fellowship is obligated to make payments to the annuitants for the remainder of their lives. The contributed funds for charitable gift annuities immediately become part of the general assets and liabilities of The Fellowship, subject to The Fellowship maintaining an actuarial reserve in accordance with various state laws. Upon death of the annuitants, the residuum remains the property of The Fellowship.

Contributions

Unconditional contributions are recognized as revenue in the period received. Contributions are considered to be available without restrictions on use unless specifically restricted by the donor.

During 2021, approximately \$4.9 million was awarded to the Amutah by The Ministry of Welfare in Israel (Ministry of Welfare) to extend a program to provide food and other lifesaving care due to the ongoing COVID-19 crisis.

In 2022, the Amutah signed an agreement with the Ministry of Welfare for the joint funding of a project to provide material assistance to tens of thousands of households in Israel. The Ministry of Welfare reimburses the Amutah for 50% of the program. The revenue and receivable are recognized as the expenses are incurred. The total revenue from the Ministry of Welfare in 2022 was approximately \$8.8 million.

Tours, Conferences and Other Income

Revenue is recognized at a point in time when the related tour or event takes place. These contracts have distinct performance obligations and do not consist of multiple transactions. There were no outstanding receivables arising from these contracts at December 31, 2022 or 2021, and there were no incremental costs of obtaining these contracts. There were no significant changes in the judgments affecting the determination of the amount and timing of revenue from these arrangements.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. Operating expenses directly identified with a functional area are charged to that area. Those expenses, which affect more than one area, are allocated to the respective areas on the basis of ratios (including estimates of headcount) as determined by management.

International Fellowship of Christians & Jews, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Joint Allocation of Expenses

The Fellowship incurs program service, general and administrative and fundraising expenses in conducting its mission through the following activities: television and radio, production and airtime, printed materials and postage, and the activities of certain personnel. As provided by the applicable nonprofit accounting principles concerning fundraising activities, these joint activities have been allocated as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Program services	\$ 32,588,158	\$ 23,276,059
General and administrative	8,180,140	6,967,790
Fundraising	<u>30,818,446</u>	<u>22,656,390</u>
	<u>\$ 71,586,744</u>	<u>\$ 52,900,239</u>

Income Taxes

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, entities may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of an entity and various positions related to the potential sources of unrelated business taxable income.

The Fellowship and the Foundation file Form 990 in the U.S. federal jurisdiction and a related return in the state of Illinois. For the years ended December 31, 2022 and 2021, management has reviewed The Fellowship's tax positions for the open tax years (current and prior three tax years) and concluded that there are no material uncertain tax positions. Such open tax years remain subject to examination by tax authorities.

The Amutah files Form 5471 in the U.S. federal jurisdiction and related appropriate tax filings in their respective countries. For the years ended December 31, 2022 and 2021, management has reviewed the tax positions for the open tax years (current and prior three tax years) and concluded that there are no material uncertain tax positions. Such open tax years remain subject to examination by tax authorities.

Foreign Currency Translation

The Fellowship's functional currency and reporting currency is the United States Dollar. Monetary assets and liabilities denominated in the New Israel Shekel, and the South Korean Won, are translated into United States dollars using the rate of exchange in effect at the end of the year, except fixed assets and deferred lease expense, which are translated at the historical rate on the date of the transaction. All revenue and expense transactions denominated in the New Israel Shekel, South Korean Won and are translated into United States Dollars at the average exchange rates in effect at the transaction date. Any gain or loss resulting from foreign currency transactions are recognized in the consolidated financial statements when incurred.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated

International Fellowship of Christians & Jews, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Subsequent Events

The Fellowship has evaluated subsequent events for potential recognition and/or disclosure through July 21, 2023, the date the consolidated financial statements were available to be issued.

NOTE 2 - LIQUIDITY

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

- Operating within a prudent range of financial soundness and stability.
- Maintaining a sufficient level of asset liquidity.
- Monitoring and maintaining reserves to provide reasonable assurance that long-term grant and contract commitments and obligations with donor restrictions will continue to be met.

The Fellowship has a liquidity policy to maintain financial assets available to meet general expenditures at a level that represents three months expenses for administrative and general expenses, as well as fundraising expenses, plus an amount that represents three months of program commitments. In addition, The Fellowship sets aside an internal reserve to cover significant future contract and grant commitments. To achieve this, The Fellowship forecasts its future cash flows and monitors its liquidity monthly.

The table below represents financial assets available for general expenditures within one year of December 31, 2022 and 2021, respectively:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 32,468,302	\$ 52,097,762
Investments	80,255,145	76,243,379
Accounts and grants receivable	<u>8,923,328</u>	<u>2,624,224</u>
 Total financial assets available at year end	 121,646,775	 130,965,365
 Less amounts not available to be used within one year:		
Endowment funds to be held in perpetuity	(497,223)	(497,223)
Board-designated funds for The Fellowship	(27,621,843)	(24,432,000)
Assets restricted to cover charitable gift annuity obligations	(4,686,724)	(4,526,058)
Deferred compensation distributions to be paid	(170,172)	(170,172)
Cash required for leasehold build-out	<u>-</u>	<u>(4,914,640)</u>
 Financial assets not available to be used within one year	 <u>(32,975,962)</u>	 <u>(34,540,093)</u>
 Financial assets available to meet general expenditures within one year	 <u>\$ 88,670,813</u>	 <u>\$ 96,425,272</u>

The cash required for leasehold build-out costs, above, represent commitments that The Fellowship has with various contractors related to their leased space in both Chicago and Israel.

International Fellowship of Christians & Jews, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

The Fellowship also holds a line of credit with an approximate lendable value of \$9,800,000 secured by investment assets. No outstanding draws at December 31, 2022 or 2021. The line of credit was terminated as of January 18, 2023.

NOTE 3 - FAIR VALUE DISCLOSURES AND INVESTMENTS

The Fellowship records its investments at fair value. Fair value is 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. Valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs are used. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

- Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that The Fellowship has the ability to access. 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. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Investments in securities, which include corporate bonds, common stocks, various mutual funds, real estate investment trusts, exchange traded funds and U.S. government and municipal bonds, are traded on a national securities exchange are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

The Fellowship's investments in alternative funds of \$4,522,039 and \$4,080,368 as of December 31, 2022 and 2021, respectively, are measured at fair value using the net asset value (NAV) per share practical expedient and have not been categorized in the fair value hierarchy.

The Fellowship assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer.

The Fellowship holds various investments. Such investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of activities.

International Fellowship of Christians & Jews, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

The following table presents The Fellowship's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 and 2021:

	2022				
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Value Using Net Asset Value ⁽¹⁾	Total
Assets:					
Corporate bonds	\$ -	\$ 3,447,371	\$ -	\$ -	\$ 3,447,371
Common stocks	1,830,312	-	-	-	1,830,312
Equity mutual funds	11,372,901	-	-	-	11,372,901
Fixed-income mutual funds	8,933,855	-	-	-	8,933,855
Real estate investment trusts	185,268	-	-	-	185,268
Exchange-traded index funds	17,370,223	-	-	-	17,370,223
Exchange-traded fixed income funds	9,847,440	-	-	-	9,847,440
U.S. Government bonds	822,302	-	-	-	822,302
Municipal bonds	-	1,630,607	-	-	1,630,607
Investments in alternative funds ⁽¹⁾	-	-	-	4,522,039	4,522,039
	<u>\$ 50,362,301</u>	<u>\$ 5,077,978</u>	<u>\$ -</u>	<u>\$ 4,522,039</u>	
Money market funds					<u>20,292,827</u>
					<u>\$ 80,255,145</u>
	2021				
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Value Using Net Asset Value ⁽¹⁾	Total
Assets:					
Corporate bonds	\$ 3,353,998	\$ -	\$ -	\$ -	\$ 3,353,998
Common stocks	2,903,867	-	-	-	2,903,867
Equity mutual funds	12,097,345	-	-	-	12,097,345
Fixed-income mutual funds	12,735,845	-	-	-	12,735,845
Real estate investment trusts	235,759	-	-	-	235,759
Exchange-traded index funds	26,757,667	-	-	-	26,757,667
Exchange-traded fixed income funds	5,061,353	-	-	-	5,061,353
U.S. Government bonds	881,864	-	-	-	881,864
Municipal bonds	1,884,452	-	-	-	1,884,452
Investments in alternative funds ⁽¹⁾	-	-	-	4,080,368	4,080,368
	<u>\$ 65,912,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,080,368</u>	69,992,518
Money market funds					<u>6,250,861</u>
					<u>\$ 76,243,379</u>

⁽¹⁾ Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the consolidated statements of financial position.

International Fellowship of Christians & Jews, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

The Fellowship maintains a portion of its investment portfolio in a separate account as a reserve for its charitable gift annuities. This reserve totaled \$7,491,802 and \$8,661,428 at December 31, 2022 and 2021, respectively, which exceeds the projected current liability.

The tables below represent The Fellowship's ability to redeem an investment in underlying funds valued at NAV or their equivalent at December 31, 2022 and 2021, and include the underlying investment entities' redemption frequency and redemption notice period. The tables also include a summary of the significant categories of such investments measured at NAV, their attributes and investment strategies as of December 31, 2022 and 2021:

	December 31, 2022			
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Developed international equity ^(a)	\$ 4,522,039	\$ -	Monthly	30 days
	<u>\$ 4,522,039</u>	<u>\$ -</u>		
	December 31, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Developed international equity ^(a)	\$ 4,080,368	\$ -	Monthly	30 days
	<u>\$ 4,080,368</u>	<u>\$ -</u>		

^(a) This class represents mutual funds invested primarily in companies located in developed economies outside the United States.

Net investment return consists of the following as of December 31, 2022 and 2021:

	2022	2021
Interest and dividends	\$ 1,226,367	\$ 1,863,957
Realized (loss) gain on sales of investments	(2,302,536)	1,217,082
Unrealized (loss) gain relating to assets still held at year end	(9,245,110)	2,534,237
Investment fees	(286,657)	(288,547)
Net investment return	<u>\$ (10,607,936)</u>	<u>\$ 5,326,729</u>

Other assets measured at fair value on a nonrecurring basis:

Asset Held for Sale

In 2020, The Fellowship's Board decided to cease construction on property they held in Israel and in, June 2020, The Fellowship began marketing the property for sale. Amortization on the related asset ceased as of this date. The asset was reclassified from fixed assets to asset held for sale at \$12,281,363, its fair value at the time, less costs to sell. The fair value of the asset was determined using a third-party appraisal. An

International Fellowship of Christians & Jews, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

impairment loss was recognized on the 2020 consolidated statement of activities in the amount of \$7,495,711. Due to unforeseen circumstances, the property is still held for sale at December 31, 2022, and is still actively marketed. As of December 31, 2022, The Amutah has a contract for the sale of the property and the sale was completed in 2023, resulting in a gain on sale of approximately \$2,800,000.

NOTE 4 - FIXED ASSETS

Fixed assets are summarized by major classification, net of accumulated depreciation and amortization, as follows:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 1,716,592	\$ 1,363,594
Leasehold improvement	7,141,407	399,695
Computers and related equipment	<u>658,877</u>	<u>1,634,146</u>
	9,516,876	3,397,435
Less accumulated depreciation and amortization	<u>(943,767)</u>	<u>(1,691,147)</u>
	<u>\$ 8,573,109</u>	<u>\$ 1,706,288</u>

Depreciation and amortization expense for 2022 and 2021 totaled \$553,018 and \$257,996, respectively.

NOTE 5 - CHARITABLE GIFT ANNUITIES

During the years ended December 31, 2022 and 2021, the value of assets (primarily cash) received by The Fellowship in connection with the issuance of charitable gift annuities totaled \$697,500 and \$623,800, respectively. The Fellowship records a liability and revenue at time of receipt, which were as follows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Liability portion (actuarial value of estimated future payments due to annuitant)	\$ 304,840	\$ 409,543
Gift portion (recorded as revenue)	<u>392,660</u>	<u>214,257</u>
Total assets received	<u>\$ 697,500</u>	<u>\$ 623,800</u>

The gift and liability portion of each annuity is computed at inception using the Charitable Federal Midterm Rate (CFMR) established by the Internal Revenue Service. The CFMR rates used range from 0.4% to 6.2%. The difference between the amount received and the computed liability, representing the gift portion, is recorded as contribution revenue.

The Fellowship offers charitable gift annuities based on annuity rates published by the American Council on Gift Annuities and are in amounts ranging from 4.0% to 12.8% per year of the original annuity gifts. The actuarial adjustment, or increase, represents revaluations of future payments to annuitants based on changes in life expectancy and other actuarial assumptions.

International Fellowship of Christians & Jews, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

A donor-imposed restricted endowment was established to benefit the On Wings of Eagles program during 2015, in the amount of \$497,223. The net assets that represent this endowment, as well as subsequent contributions to the fund's corpus, are recorded as net assets with donor restrictions to be held in perpetuity. The investment earnings on this endowment will be used to support this program and are recorded as activity with donor restrictions, temporary in nature. Investment earnings will be released as they are used. There was \$68,379 and \$185,085 of unspent investment earnings as of December 31, 2022 and 2021, respectively.

Donors have imposed restrictions on donations for specific purposes. Net assets with donor restrictions at December 31, 2022 and 2021, were available for the following purposes:

	<u>2022</u>	<u>2021</u>
Isaiah 58	\$ 37,086,232	\$ 28,505,186
On Wings of Eagles	565,602	682,308
Stand for Israel	246,465	141,499
Ukraine Crisis Fund	6,412,580	-
Amutah	4,320,747	2,455,304
IFCJ Korea	417,500	-
	<u>\$ 49,049,126</u>	<u>\$ 31,784,297</u>

Net assets restricted at December 31, 2022 and 2021, for the Isaiah 58 fund above, will be available to meet urgent needs related to the ongoing crisis in Ukraine.

NOTE 7 - LEASES

As of December 31, 2022, The Fellowship's primary leasing activities were related to office space and equipment. The Fellowship leased office space in Chicago, Illinois under an operating lease agreement, which expired in March of 2022. A lease for new office space was executed in 2021 and commenced in March 2022. The lease provides for a rent abatement period through February of 2024 and expires in September 2037. In addition, The Fellowship has operating leases for three pieces of equipment that expire on various dates through February 2027 and a storage space that expires in March 2037.

International Fellowship of Christians & Jews, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Future undiscounted lease payments for The Fellowship's operating lease liabilities (excluding the Amutah) are as follows as of December 31, 2022:

Years Ending December 31,

2023	\$	206,173
2024		901,970
2025		907,090
2026		884,550
2027		833,199
Thereafter		<u>8,903,392</u>
Total minimum lease payments		12,636,374
Less: present value discount		<u>(2,387,483)</u>
Present value of future minimum lease payments		<u>\$ 10,248,891</u>
Weighted-average remaining lease term (in years)		14.13
Weighted-average discount rate		2.47%
Cash paid for amounts included in the measurement of lease liabilities		\$ 161,567
Operating lease liabilities arising from obtaining ROU assets		\$ 6,122,099

In 2014, the Amutah entered into a three-year lease for office space in the city of Jerusalem, Israel. The Amutah extended the agreement through December 2022.

In 2021, the Amutah entered into a new five-year lease for office space in the city of Modiin, Israel through August of 2026. The lease has options to extend for an additional 10 years. The Amutah expects to occupy the space after construction is complete in October 2022 and to exercise both periods of the extension option. The lease payments are monthly and are linked to the Consumer Price Index.

The Amutah uses its incremental borrowing rate based on information available at the commencement date in determining the present value of lease payments.

International Fellowship of Christians & Jews, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Future undiscounted lease payments for the Amutah's operating lease liabilities are as follows as of December 31, 2022:

<u>Years Ending December 31,</u>	
2023	\$ 338,738
2024	338,738
2025	338,738
2026	349,802
2027	365,689
Thereafter	<u>3,285,243</u>
Total minimum lease payments	5,016,948
Less: present value discount	<u>(1,093,948)</u>
Present value of future minimum lease payments	<u>\$ 3,923,000</u>
Weighted-average remaining lease term (in years)	14
Weighted-average discount rate	3.75%
Cash paid for amounts included in the measurement of lease liabilities	\$ 338,738
Operating lease liabilities arising from obtaining ROU assets	\$ 4,113,079

Total lease expenses related to these agreements was approximately \$1,307,401 and \$1,861,000 for the years ended December 31, 2022 and 2021, respectively.

The following tables summarize the future minimum lease payments for The Fellowship and the Amutah under the previous lease standard ASC 840:

Approximate future minimum lease payments for The Fellowship (exclusive of operating expenses) at December 31, 2021, are as follows:

2022	\$ 157,000
2023	-
2024	687,000
2025	764,000
2026	780,000
Thereafter	<u>9,437,000</u>
	<u>\$ 11,825,000</u>

Approximate future minimum lease payments for the Amutah (exclusive of operating expenses) at December 31, 2021, are as follows:

2022	\$ 639,000
2023	384,000
2024	384,000
2025	384,000
2026	<u>256,000</u>
	<u>\$ 2,047,000</u>

International Fellowship of Christians & Jews, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

NOTE 8 - EMPLOYEE BENEFIT PLANS

The Fellowship sponsors a defined-contribution retirement plan (qualified under Section 403(b) of the Internal Revenue Code) which covers substantially all full-time employees. The Fellowship matches employee contributions on a dollar-for-dollar basis up to a maximum deferral of 5% of annual salary. The Fellowship contributed \$395,192 and \$403,728 to the plan during the years ended December 31, 2022 and 2021, respectively.

In addition, The Fellowship sponsors a fully employer-funded defined-contribution plan (qualified under Section 401(a) of the Internal Revenue Code) which covers all employees who have completed at least 1,000 hours of creditable service and have been employed at least one year. Contributions are determined based on Section 415 limits and certain discrimination provisions. The Fellowship accrued \$537,084 and \$564,312 at December 31, 2022 and 2021, respectively, to fund its contribution to the plan for each respective plan year. This amount is included in accounts payable and accrued expenses on the consolidated statements of financial position at December 31, 2022 and 2021.

Under Israeli law, the Amutah is required to make severance payments to dismissed employees and to employees leaving employment in certain other circumstances. This liability for employees hired prior to January 1, 2015, is partly covered by deposits in insurance policies. The value of severance pay covered by insurance plans is not under the control and management of the Amutah and, accordingly, is not reflected in the consolidated statements of financial position. The liability that is not covered by insurance is presented in the consolidated statements of financial position as severance funds. The estimated net liability recorded by the Amutah for severance payments totaled \$188,944 and \$203,859 at December 31, 2022 and 2021, respectively.

The Amutah's liability for severance pay to its employees who were employed after January 1, 2015, is fully covered by current payments in the name of each employee to the insurance companies, in accordance with Israeli law.

NOTE 9 - DEFERRED COMPENSATION

The Fellowship established a retirement plan (nonqualified deferred-compensation plan) for the former president with a benefit to his beneficiary in the case of his death. The former president passed away in February 2019. Under the agreement, in the case of death, the former president's beneficiary is to receive fixed monthly payments for ten years. The Fellowship had been fully funding the future liability. In 2020, The Fellowship made a one-time tax payment to the Israel Tax Authority to pay for the present value of future payments made to the beneficiary. As of December 31, 2022 and 2021, \$1,174,840 and \$1,345,012, respectively, have been accrued, as part of the deferred compensation liability, on the consolidated statements of financial position.

The Fellowship funded the expected liability into a Rabbi Trust. As of December 31, 2022 and 2021, the Rabbi Trust held investments of \$3,765,622 and \$4,613,264, respectively.

SUPPLEMENTARY INFORMATION

International Fellowship of Christians & Jews, Inc.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2022

	<u>IFCJ</u>	<u>Foundation</u>	<u>Amutah</u>	<u>IFCJ Korea</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 25,788,074	\$ 44,244	\$ 6,036,847	\$ 599,137	\$ -	\$ 32,468,302
Investments	79,596,216	-	241,429	417,500	-	80,255,145
Accounts and grants receivable	904,561	-	8,013,384	5,383	-	8,923,328
Prepaid expenses	2,485,186	-	-	1,524	-	2,486,710
Fixed assets, net	5,487,547	-	3,013,743	71,819	-	8,573,109
Operating lease right-of-use assets	5,791,044	-	3,923,000	-	-	9,714,044
Asset held for sale	-	-	12,281,363	-	-	12,281,363
Other	618,877	-	979,615	-	-	1,598,492
	<u>\$ 120,671,505</u>	<u>\$ 44,244</u>	<u>\$ 34,489,381</u>	<u>\$ 1,095,363</u>	<u>\$ -</u>	<u>\$ 156,300,493</u>
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable and accrued expenses	\$ 5,533,380	\$ 3,000	\$ 1,276,650	\$ 19,925	\$ -	\$ 6,832,955
Grant commitments payable	4,245,255	-	4,311,669	-	-	8,556,924
Charitable gift annuities payable	4,686,724	-	-	-	-	4,686,724
Deferred compensation payable	1,174,840	-	1,166,006	-	-	2,340,846
Operating lease liabilities	10,248,891	-	3,923,000	-	-	14,171,891
	<u>25,889,090</u>	<u>3,000</u>	<u>10,677,325</u>	<u>19,925</u>	<u>-</u>	<u>36,589,340</u>
Net assets						
Without donor restrictions	50,471,536	41,244	19,491,309	657,938	-	70,662,027
With donor restrictions	44,310,879	-	4,320,747	417,500	-	49,049,126
	<u>94,782,415</u>	<u>41,244</u>	<u>23,812,056</u>	<u>1,075,438</u>	<u>-</u>	<u>119,711,153</u>
Total liabilities and net assets	<u>\$ 120,671,505</u>	<u>\$ 44,244</u>	<u>\$ 34,489,381</u>	<u>\$ 1,095,363</u>	<u>\$ -</u>	<u>\$ 156,300,493</u>

International Fellowship of Christians & Jews, Inc.

CONSOLIDATING STATEMENT OF ACTIVITIES

Year ended December 31, 2022

	<u>IFCJ</u>	<u>Foundation</u>	<u>Amutah</u>	<u>IFCJ Korea</u>	<u>Eliminations</u>	<u>Total</u>
Revenues						
Contributions	\$ 228,029,299	\$ -	\$ 96,764,184	\$ 2,832,768	\$ (93,963,652)	\$ 233,662,599
Contributions from Ministry of Welfare of Israel	-	-	8,804,521	-	-	8,804,521
Tours, conferences and other income	138,260	-	-	169,723	-	307,983
Investment return, net	<u>(10,607,957)</u>	21	-	-	-	<u>(10,607,936)</u>
Total revenues	<u>217,559,602</u>	<u>21</u>	<u>105,568,705</u>	<u>3,002,491</u>	<u>(93,963,652)</u>	<u>232,167,167</u>
Expenses						
Fellowship	20,254,954	-	5,349,803	-	-	25,604,757
Guardians of Israel	16,004,905	-	79,798,758	15,762	-	95,819,425
Isaiah 58	38,143,034	-	402,130	2,198,370	-	40,743,534
On Wings of Eagles	3,124,297	-	13,936,288	8,143	-	17,068,728
Stand for Israel	373,829	-	-	12,450	-	386,279
Bless the Persecuted	<u>138,706</u>	-	-	-	-	<u>138,706</u>
Total program	78,039,725	-	99,486,979	2,234,725	-	179,761,429
General and administrative	24,136,457	-	-	-	-	24,136,457
Fundraising	<u>32,899,850</u>	-	-	-	-	<u>32,899,850</u>
Total expenses	<u>135,076,032</u>	-	<u>99,486,979</u>	<u>2,234,725</u>	-	<u>236,797,736</u>
Increase (decrease) in net assets before other items	<u>82,483,570</u>	<u>21</u>	<u>6,081,726</u>	<u>767,766</u>	<u>(93,963,652)</u>	<u>(4,630,569)</u>
Other items						
Other expenses	(63,839)	-	(88,832)	-	-	(152,671)
Effects of foreign currency translation	364,229	-	(1,066,702)	144,526	-	(557,947)
Transfers between affiliates	<u>(93,963,652)</u>	-	-	-	93,963,652	-
Total other items	<u>(93,663,262)</u>	-	<u>(1,155,534)</u>	<u>144,526</u>	<u>93,963,652</u>	<u>(710,618)</u>
(DECREASE) INCREASE IN NET ASSETS	<u>(11,179,692)</u>	<u>21</u>	<u>4,926,192</u>	<u>912,292</u>	-	<u>(5,341,187)</u>
Net assets						
Beginning of year	105,962,107	41,223	18,885,864	163,146	-	125,052,340
End of year	<u>\$ 94,782,415</u>	<u>\$ 41,244</u>	<u>\$ 23,812,056</u>	<u>\$ 1,075,438</u>	<u>\$ -</u>	<u>\$ 119,711,153</u>