

**NA'AMAT USA**  
**Financial Statements**  
**June 30, 2023 and 2022**  
**With Independent Auditor's Report**

**NA'AMAT USA**  
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**June 30, 2023 and 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
NA'AMAT USA:

### Opinion

We have audited the financial statements of NA'AMAT USA (the "Organization"), which comprise the statements of financial position as of June 30, 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 financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis of Opinion

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

*Withum Smith & Brown, PC*

December 11, 2023

**NA'AMAT USA**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents		
Cash and cash equivalents without donor restriction	\$ 241,412	\$ 294,334
Cash and cash equivalents with donor restriction	379,030	299,654
Cash held for charitable gift annuities	<u>45,249</u>	<u>47,344</u>
Total cash and cash equivalents	665,691	641,332
Other assets	4,117	4,117
Employee retention credit receivable	145,506	-
Investments		
Investments without donor restrictions	3,306,749	3,123,432
Investments with donor restrictions	6,629,069	6,283,506
Investments held for charitable remainder trusts	<u>1,349,321</u>	<u>1,240,622</u>
Total investments	<u>11,285,139</u>	<u>10,647,560</u>
 Total assets	 <u>\$ 12,100,453</u>	 <u>\$ 11,293,009</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 36,846	\$ 45,470
Gift annuities payable	10,840	12,943
Settlement payable	109,565	119,018
Due to beneficiaries of charitable remainder trusts	<u>692,576</u>	<u>658,132</u>
Total liabilities	<u>849,827</u>	<u>835,563</u>
Net assets		
Net assets without donor restrictions	3,551,373	3,257,396
Net assets with donor restrictions	<u>7,699,253</u>	<u>7,200,050</u>
Total net assets	<u>11,250,626</u>	<u>10,457,446</u>
 Total liabilities and net assets	 <u>\$ 12,100,453</u>	 <u>\$ 11,293,009</u>

The Notes to Financial Statements are an integral part of these statements.

**NA'AMAT USA**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended June 30, 2023 and 2022**

	June 30, 2023			June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support</b>						
Contributions	\$ 876,080	\$ 373,063	\$ 1,249,143	\$ 787,776	\$ 376,649	\$ 1,164,425
Membership	16,924	-	16,924	19,248	-	19,248
Convention	5,290	-	5,290	9,444	-	9,444
Other income	763	-	763	1,764	-	1,764
Net assets released from restriction	510,345	(510,345)	-	723,886	(723,886)	-
Total revenue and support	<u>1,409,402</u>	<u>(137,282)</u>	<u>1,272,120</u>	<u>1,542,118</u>	<u>(347,237)</u>	<u>1,194,881</u>
<b>Expenses</b>						
Program	1,065,327	-	1,065,327	1,113,612	-	1,113,612
Management and general	346,450	-	346,450	318,402	-	318,402
Fundraising	251,397	-	251,397	230,118	-	230,118
	<u>1,663,174</u>	<u>-</u>	<u>1,663,174</u>	<u>1,662,132</u>	<u>-</u>	<u>1,662,132</u>
<b>Other income (expense)</b>						
Net investment return (loss)	434,386	698,270	1,132,656	(1,219,556)	(1,441,407)	(2,660,963)
Employee retention credit income	145,506	-	145,506	-	-	-
Change in value of charitable remainder trusts	(32,143)	(61,785)	(93,928)	(24,176)	40,916	16,740
Total other income (expense)	<u>547,749</u>	<u>636,485</u>	<u>1,184,234</u>	<u>(1,243,732)</u>	<u>(1,400,491)</u>	<u>(2,644,223)</u>
<b>Changes in net assets</b>	293,977	499,203	793,180	(1,363,746)	(1,747,728)	(3,111,474)
<b>Net assets</b>						
Beginning of year	<u>3,257,396</u>	<u>7,200,050</u>	<u>10,457,446</u>	<u>4,621,142</u>	<u>8,947,778</u>	<u>13,568,920</u>
End of year	<u>\$ 3,551,373</u>	<u>\$ 7,699,253</u>	<u>\$ 11,250,626</u>	<u>\$ 3,257,396</u>	<u>\$ 7,200,050</u>	<u>\$ 10,457,446</u>

The Notes to Financial Statements are an integral part of these statements.

**NA'AMAT USA**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating activities</b>		
Changes in net assets	\$ 793,180	\$ (3,111,474)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities		
Realized and unrealized (gains) losses	(917,690)	3,566,097
Change in assets and liabilities		
Employee retention credit receivable	(145,506)	-
Accounts payable and accrued expenses	(8,624)	3,004
Settlement payable	(9,453)	(11,310)
Gift annuities payable	(2,103)	(2,102)
Due to beneficiaries of charitable remainder trusts	34,444	(106,165)
Net cash provided by (used in) operating activities	<u>(255,752)</u>	<u>338,050</u>
<b>Investing activities</b>		
Proceeds from sales of investments	1,909,914	7,230,070
Purchases of investments	<u>(1,629,803)</u>	<u>(7,560,348)</u>
Net cash provided by (used in) investing activities	<u>280,111</u>	<u>(330,278)</u>
Net change in cash and cash equivalents and restricted cash	24,359	7,772
<b>Cash and cash equivalents and restricted cash</b>		
Beginning of year	<u>641,332</u>	<u>633,560</u>
End of year	<u>\$ 665,691</u>	<u>\$ 641,332</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of cash and equivalents and restricted cash to statement of financial position</b>		
Cash and cash equivalents		
Cash and cash equivalents without donor restriction	\$ 241,412	\$ 294,334
Cash and cash equivalents with donor restriction	379,030	299,654
Cash held for charitable gift annuities	45,249	47,344
	<u>\$ 665,691</u>	<u>\$ 641,332</u>

The Notes to Financial Statements are an integral part of these statements.

**NA'AMAT USA**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2023**

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	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation costs	\$ 154,492	\$ 141,250	\$ 145,664	\$ 441,406
Grants made	793,764	-	-	793,764
Office expense	63,153	57,740	59,544	180,437
Occupancy	21,214	19,395	20,001	60,610
Insurance	6,158	5,630	5,806	17,594
Travel	146	134	138	418
Professional fees	2,012	71,479	2,485	75,976
Advertising	5,553	-	-	5,553
Dues and subscriptions	10,002	9,144	9,430	28,576
Conference and meetings	-	33,602	-	33,602
Information technology	<u>8,833</u>	<u>8,076</u>	<u>8,329</u>	<u>25,238</u>
 Total expenses	 <u>\$ 1,065,327</u>	 <u>\$ 346,450</u>	 <u>\$ 251,397</u>	 <u>\$ 1,663,174</u>

The Notes to Financial Statements are an integral part of this statement.

**NA'AMAT USA**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2022**

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	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation costs	\$ 145,269	\$ 154,073	\$ 140,867	\$ 440,209
Grants made	882,170	-	-	882,170
Office expense	43,584	46,226	42,264	132,074
Occupancy	19,409	20,585	18,820	58,814
Insurance	5,046	5,352	4,893	15,291
Professional fees	1,213	67,621	11,403	80,237
Advertising	4,679	-	-	4,679
Dues and subscriptions	8,307	8,811	8,056	25,174
Conference and meetings	-	11,561	-	11,561
Information technology	<u>3,935</u>	<u>4,173</u>	<u>3,815</u>	<u>11,923</u>
 Total expenses	 <u>\$ 1,113,612</u>	 <u>\$ 318,402</u>	 <u>\$ 230,118</u>	 <u>\$ 1,662,132</u>

The Notes to Financial Statements are an integral part of this statement.

**NA'AMAT USA**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**1. ORGANIZATION**

Na'amat USA (the "Organization") is a not-for-profit California corporation whose mission is to support women and children in Israel through providing a broad range of social services, from day care centers to domestic violence shelters, legal aid, and alternate high schools. The Organization is governed by a national office and has chapters and councils in the Western, Mid-Western, Eastern and Southeastern regions of the USA. Revenue is obtained primarily from contributions and investment income.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying financial statements are prepared on the accrual basis and in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). The Organization's net assets are classified in the following categories:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Organization records gifts of cash and other assets and contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions with donor-imposed restrictions that are received and spent in the same year have been recorded as net assets with donor restrictions, with the corresponding amount released to net assets without restrictions in the accompanying statements of financial position.

**Tax-Exempt Status**

The Internal Revenue Service has classified the Organization as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities that is not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization had unrelated business income from investment income for the years ended June 30, 2023 and 2022; however, had no income tax due and had no interest or penalties.

There were no tax years open to examination by major tax jurisdictions as of June 30, 2023. The Organization does not believe its financial statements include (or reflect) any uncertain tax positions.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in these financial statements are the functional allocation of expenses (see Note 2), the investments valued at level 3 and valuation of charitable gift annuities (see Note 4).

**NA'AMAT USA**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**Revenue Recognition - Contributions**

The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right to return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. Contributions, net assets, and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. Revenue from government and private grant and contract agreements, which are generally considered non-exchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Grant funds received in advance of the expenditures incurred are recorded as refundable advances. Promises to give are reported at their fair value on date of gift discounted using a risk free rate. There were no contributions receivable at June 30, 2023 and 2022.

**Contributed Nonfinancial Assets**

The Organization records the value of donated services and materials at the fair value of the donation if they meet the criteria for recognition. The Organization had no in-kind donations for the years ended June 30, 2023 and 2022.

**Grants Made**

The Organization makes grants primarily to organizations in Israel. The Organization recognizes grants made, including unconditional promises to give, as expenses in the period made. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right to return or release, are not recognized in expense until the conditions on which they depend have been substantially met.

**Cash and Cash Equivalents**

Cash and cash equivalents include short-term, highly liquid investments with a maturity date of three months or less on the date of acquisition.

**Investments**

Investments in equity securities with readily determinable values and all investments in debt securities are measured at fair value in the statements of financial position. Certificates of deposit are measured at cost basis in the statements of financial position. Purchases and sales of securities are recorded on a trade date basis. Investments that are sold but not paid out by year end are stated in the receivables due from investment fund on the statements of financial position. Investment income or loss is included in net assets with no restrictions unless the income or loss is restricted by a donor or by law. The Organization accounts for its investments in alternative assets, such as limited partnership, at fair value.

Investments in pooled funds are invested with the Jewish Community Foundation of Orange County ("JCFOC"). As a participant in the pooled funds, the Organization's ownership interest is based on the units held by the Organization to the total of all units in the pooled funds. The pool is revalued monthly and income and gains or losses are allocated to the participants based on their units. These investments are reflected at net asset value using the practical expedient (see Note 4) in the statements of financial position and may differ from the values that would have been reported had a ready market for these investments existed. Net investment return (including realized and unrealized gains and losses on investments, interest and dividends, net of direct internal and external investment expenses) is included in net assets without donor restrictions unless the income or loss is restricted by donor or law.

**NA'AMAT USA**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**Beneficial Interest in Irrevocable Deferred Gifts and Trusts**

The Organization is the beneficiary in certain trusts and other gift annuity obligations. The Organization recognizes as revenue the present value of the estimated future benefits to be received upon distribution of irrevocable trusts and charitable gift annuities for which the Organization is beneficiary. The present value discount on those future benefits is computed using the ten-year U.S. Treasury note rate as of the statements of financial position date (3.58% and 2.50% as of June 30, 2023 and 2022, respectively). Changes in the present value discount amount and overall value of the Organization's beneficial interest in these trusts are recognized in the statements of activities and changes in net assets. When these gifts are revocable in nature, they are not reflected in the financial statements.

**Fair Value Measurements**

The Organization applies fair value accounting for all financial assets and liabilities that are recognized at fair value in the financial statements. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair values should be based on the assumptions market participants use when pricing an asset.

US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to the Organization's assumptions (unobservable inputs). The Organization groups assets at fair value in their levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

*Level 1* - Quoted market prices in active markets for identical assets and liabilities to the extent possible.

*Level 2* - Other observable inputs, including quoted market prices of similar assets and liabilities in active and inactive markets, quoted prices for identical or similar assets in non-active markets, and other inputs.

*Level 3* - Unobservable inputs that cannot be corroborated by observable market data.

Alternative investments consist of a limited partnership investment which holds real estate and is valued based on a comparable class of shares that are publicly traded which the Organization's ownership can be converted into.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expense totaled \$5,553 and \$4,679 for the years ended June 30, 2023 and 2022, respectively.

**NA'AMAT USA**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited or directly charged to the appropriate functional area. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Methodology</u>
Compensation costs	Time and effort
Professional fees	Time and effort
Office expense	Compensation costs
Occupancy	Compensation costs
Insurance	Compensation costs
Dues and subscriptions	Compensation costs
Information technology	Compensation costs

**Leases**

The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow us to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. The Organization had no finance leases during the years ended June 30, 2023 and 2022.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. For leases of property, the Organization accounts for these other services as a component of the lease.

Lease liabilities are recognized at the present value of the fixed lease payments, using a weighted average discount rate based on similarly secured borrowings available to the Organization. Right of use ("ROU") assets are recognized based on the initial present value of the fixed lease payments, plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

**Accounting Pronouncement Adopted in the Current Period**

*Leases*

In February 2016, the FASB issued an ASU amending the accounting for leases. The Organization adopted the new standard effective July 1, 2022, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption, as the Organization utilized the practical expedient available under the guidance. Further, the Organization elected to implement the package of practical expedients, whereby the Organization did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs. The implementation of this standard did not have a material impact to statements of activities or cash flows.

**NA'AMAT USA**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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Upon adoption, the Organization did not recognize a Right-of-use assets related to its leased property and equipment as it did not have a material effect on the financial statements. Corresponding lease liabilities were also not recognized. There was no cumulative effect of applying the new standard and accordingly there was no adjustment to net assets upon adoption.

**3. LIQUIDITY AND AVAILABILITY OF RESOURCES**

As of June 30, 2023 and 2022, the Organization's liquidity resources and financial assets available within one year for general expenditures, such as operating expenses, fulfillment of pledge payables and grant making activities, were as follows:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 665,691	\$ 641,332
Investments	11,285,139	10,647,560
Employee retention credit receivable	<u>145,506</u>	<u>-</u>
	11,430,645	10,647,560
Less:		
Net assets with donor restrictions	(7,699,253)	(7,200,050)
Assets held to satisfy charitable gift annuities and other obligations	(703,416)	(671,075)
Alternative investments that are not liquid	<u>(694,534)</u>	<u>(659,941)</u>
	<u>(9,097,203)</u>	<u>(8,531,066)</u>
Total financial assets and liquidity resources	<u>\$ 2,333,442</u>	<u>\$ 2,116,494</u>

The Organization's liquid assets consist mainly of cash and investments. The Organization manages its cash flows so there are sufficient resources on hand to meet obligations. Excess funds are invested in various investment vehicles and funds are liquidated as needed to fulfill its obligations.

**NA'AMAT USA**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**4. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The Organization's valuation of investments were as follows at June 30, 2023 and 2022:

	<b>June 30, 2023</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>	<b>Total</b>
<b><u>Investments Valued at Fair Value</u></b>					
Common stocks	\$ 1,797,116	\$ -	\$ -	\$ -	\$ 1,797,116
Mutual funds	6,004,146	-	-	-	6,004,146
Exchange traded funds	2,089,938	-	-	-	2,089,938
Corporate bonds	-	210,980	-	-	210,980
Pooled investments*	-	-	-	375,614	375,614
Alternative investments					
Real estate funds	-	-	694,534	-	694,534
	<u>\$ 9,891,200</u>	<u>\$ 210,980</u>	<u>\$ 694,534</u>	<u>\$ 375,614</u>	<u>11,172,328</u>
<b><u>Other investments</u></b>					
Certificates of deposit					112,811
Total investments					<u>\$ 11,660,753</u>
<b><u>Liabilities</u></b>					
Gift annuities payable	\$ -	\$ 10,840	\$ -	\$ -	\$ 10,840
Due to beneficiaries of charitable remainder trusts	-	692,576	-	-	692,576
	<u>\$ -</u>	<u>\$ 703,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 703,416</u>
<b>June 30, 2022</b>					
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>	<b>Total</b>
<b><u>Investments Valued at Fair Value</u></b>					
Common stock	\$ 1,656,755	\$ -	\$ -	\$ -	\$ 1,656,755
Mutual funds	6,106,043	-	-	-	6,106,043
Exchange traded funds	1,905,158	-	-	-	1,905,158
Corporate bonds	-	221,110	-	-	221,110
Alternative investments					
Real estate funds	-	-	659,941	-	659,941
	<u>\$ 9,667,956</u>	<u>\$ 221,110</u>	<u>\$ 659,941</u>	<u>\$ -</u>	<u>10,549,007</u>
<b><u>Other investments</u></b>					
Certificates of deposit					98,553
Total investments					<u>\$ 10,647,560</u>
<b><u>Liabilities</u></b>					
Gift annuities payable	\$ -	\$ 12,943	\$ -	\$ -	\$ 12,943
Due to beneficiaries of charitable remainder trusts	-	658,132	-	-	658,132
	<u>\$ -</u>	<u>\$ 671,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 671,075</u>

During the years ended June 30, 2023 and 2022, there were no transfers into or out of Level 3 and there were no purchases of Level 3 assets.

\* Pooled separate accounts: Units held in pooled separate accounts are valued based at the net asset value ("NAV") of the shares held by the Organization at year end, which is based on the unit prices quoted by the fund, representing the fair value of the underlying investment.

**NA'AMAT USA**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

The Organization uses NAV as a practical expedient for the fair value of certain investments by major category as of June 30, 2023 and 2022:

<u>Category of Investment</u>	<u>Number of Funds</u>	<u>Investment Strategy</u>	<u>NAV - 2023</u>	<u>NAV - 2022</u>	<u>Unfunded Commitments</u>	<u>Redemption Terms</u>	<u>Redemption Restrictions</u>
Pooled fund	2	Mixed	\$ 375,614	\$ -	None	None	None

Net investment return consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 296,188	\$ 567,795
Realized and unrealized gains (losses)	917,690	(3,127,312)
Investment fees	(81,222)	(101,446)
	<u>\$ 1,132,656</u>	<u>\$ (2,660,963)</u>

**5. SETTLEMENT PAYABLE**

The Organization signed a settlement agreement in December 2013 relating to an employee settlement. The obligation was reported at the present value of the future obligation, discounted at 1.5%. The Organization is required to make 80 quarterly payments of \$2,825 effective May 2014. The present value of the Organization's obligation was \$109,566 and \$119,018 at June 30, 2023 and 2022, respectively.

**6. NET ASSETS**

Net assets with donor restrictions consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
<b>Purpose and time restrictions</b>		
Charitable remainder trusts	\$ 691,155	\$ 616,891
Zaidins memorial fund - children's initiatives	2,049,223	2,095,824
Children's education	389,043	-
Medical studies	261,840	211,473
Domestic violence treatment and prevention	<u>3,392,906</u>	<u>3,386,913</u>
	6,784,167	6,311,101
Endowment	<u>915,086</u>	<u>888,949</u>
Total net assets with donor restrictions	<u>\$ 7,699,253</u>	<u>\$ 7,200,050</u>

Net assets with donor restrictions were released as of June 30 for the following:

	<u>2023</u>	<u>2022</u>
Purpose	\$ 440,000	\$ 661,134
Time	<u>70,345</u>	<u>62,752</u>
Total net assets	<u>\$ 510,345</u>	<u>\$ 723,886</u>

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**7. ENDOWMENT**

The Organization's long-term assets are held in a manner consistent with the standard of prudence prescribed by state law. The Organization's adopted investment policy for long-term assets attempts to provide a predictable stream of funding to programs supported by its long-term assets while seeking to maintain the purchasing power of these assets. As a result of this interpretation, the Organization considers the following factors in making a determination to distribute or accumulate long-term asset funds:

- (1) The duration and preservation of the fund
- (2) The purpose of the fund and the donor's intention in establishing the fund and the limitations of the governing fund agreement
- (3) General economic conditions
- (4) The expected total return including the effects of inflation and deflation
- (5) Other resources of the Organization
- (6) The investment policies of the Organization

**Return Objectives and Risk Parameters**

The Board of Trustees of the Organization has delegated responsibility to the executive committee of the Board of Trustees for the following: Development of sound and consistent investment policies and guidelines; establishing reasonable and prudent investment objectives; identifying, selecting and allocating asset categories and determining the asset mix of all assets of the Organization; identifying specific assets within each asset category to be purchased and/or sold; periodically reviewing the suitability of the investments for the Organization; and making changes to any of the above.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital (depreciation) appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Donor Restricted Endowment Funds Composition**

The following table provides information regarding the change in endowment net assets for the years ended June 30:

	<u>2023</u>	<u>2022</u>
<b>Beginning endowment balance</b>	\$ 888,949	\$ 1,091,952
Appreciation (depreciation)	54,725	(173,881)
Expenditures	<u>(28,588)</u>	<u>(29,122)</u>
<b>Ending endowment balance</b>	<u>\$ 915,086</u>	<u>\$ 888,949</u>
<b>Endowment Type</b>		
"True" Endowment	\$ 613,000	\$ 613,000
Accumulated earnings	<u>302,086</u>	<u>275,949</u>
Total	<u>\$ 915,086</u>	<u>\$ 888,949</u>

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**8. COMMITMENTS AND CONTINGENCIES**

*Interest in Related Not for Profit*

The Organization is a member of a not for profit organization that owns property irrevocably dedicated to religion, educational and/or charitable purposes. Upon the dissolution of this not for profit organization, the remaining proceeds from dissolution, after payment or provision for payment of all debts and liabilities, shall be distributed equally to 3 member organizations of which each receives an equal share. In February 2023, the not for profit organization dissolved and transferred its assets to the Organization in the amount of \$373,063, and it has been recorded as contributions in the statement of activities for the year ended June 30, 2023. Additionally, the Organization entered into an agreement in July 2022 to loan \$33,334 to the property owner for preparing the property for sale. This loan was repaid in full upon receipt of sale proceeds noted above.

**9. RISKS AND UNCERTAINTIES**

**Concentrations**

Financial instruments which potentially subject the Organization to concentrations of credit risk are cash and cash equivalents and investments.

*Cash and Cash Equivalents*

The Organization has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization's financial condition, results of operations, and cash flows.

*Investments*

The Organization invests in various financial instruments including common stocks, equity mutual funds, exchange traded funds, corporate bonds and certain alternative investments. The fair values reported in the financial statements are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities, including alternative investments, and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that amounts reported in the financial statements could change materially in the near term. The Organization mitigates risk by diversifying its portfolio among many instruments across investment accounts.

**General Litigation**

The Organization is currently involved in certain legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not have a material adverse effect on the Organization's financial position or operations.

**Revenue and support**

During the years ended June 30, 2023 and 2022, the Organization had one donor that contributed approximately 29% and 28% of total revenue and support, respectively.

**10. RELATED PARTY TRANSACTIONS**

The Organization received contributions from board members amounting to approximately \$81,000 and \$63,000, respectively, for the years ended June 30, 2023 and 2022.

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**11. EMPLOYEE RETENTION CREDIT**

The Organization has applied for the employee retention credit in the amount of \$145,506. The credit will be claimed against the Organization's payroll tax obligations for each calendar quarter based on qualified wages, subject to certain limitations. For the year ended June 30, 2023, the Organization recorded revenue totaling \$145,506, which is included in employee retention credit income in the accompanying statements of activities.

**12. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events occurring after the statement of financial position date through December 11, 2023, the date the financial statements were issued. Based upon this evaluation, there were no material subsequent events that require adjustment to or disclosure in these financial statements.