

FRIENDS OF GIVAT HAVIVA, INC.
AUDITED BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(WITH AUDITOR'S REPORT THEREON)

FRIENDS OF GIVAT HAVIVA, INC.
NEW YORK, NEW YORK
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DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Friends of Givat Haviva, Inc.
New York, New York

Opinion

We have audited the accompanying financial statements of the Friends of Givat Haviva, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Givat Haviva, Inc. as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Report Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of Givat Haviva, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 within one year after the date that the financial statements are available to be issued.

Auditor's Report Responsibilities for the Audit of the Financial Statements

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

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

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



Gregg S. Bossen, CPA, PC
Atlanta, Georgia
September 7, 2023

FRIENDS OF GIVAT HAVIVA, INC.
NEW YORK, NEW YORK
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

<u>ASSETS:</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<u>CURRENT ASSETS:</u>			
Cash and Cash Equivalents	\$920,125	\$172,518	\$1,092,643
Pledges Receivable	6,464		6,464
Total Current Assets	<u>926,589</u>	<u>172,518</u>	<u>1,099,107</u>
<u>OTHER ASSETS:</u>			
Security Deposit	4,425		4,425
Total Other Assets	<u>4,425</u>	<u>-0-</u>	<u>4,425</u>
TOTAL ASSETS	<u>931,014</u>	<u>172,518</u>	<u>1,103,532</u>
<u>LIABILITIES AND NET ASSETS:</u>			
<u>CURRENT LIABILITIES:</u>			
Credit Card Payable	8,089		8,089
Total Current Liabilities	<u>8,089</u>	<u>-0-</u>	<u>8,089</u>
<u>NET ASSETS:</u>			
Without Donor Restrictions	922,925		922,925
With Donor Restrictions		172,518	172,518
Total Net Assets	<u>922,925</u>	<u>172,518</u>	<u>1,095,443</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$931,014</u>	<u>\$172,518</u>	<u>\$1,103,532</u>

See Auditor's Report and Notes to Financial Statements

FRIENDS OF GIVAT HAVIVA, INC.
 NEW YORK, NEW YORK
 STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2022

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
PUBLIC SUPPORT & OTHER REVENUE:			
<u>Public Support:</u>			
Contributions – Individuals	\$922,976	\$160,318	\$1,083,294
Contributions – Foundations & Organizations	570,600	12,200	582,800
Net Assets, Restrictions Met	211,420	(211,420)	
Total Public Support	<u>1,704,996</u>	<u>(38,902)</u>	<u>1,666,094</u>
<u>Other Revenue:</u>			
Miscellaneous Income	12,858		12,858
Interest Income	106		106
Total Other Revenue	<u>12,964</u>	<u>-0-</u>	<u>12,964</u>
 Total Public Support and Other Revenue	 <u>1,717,960</u>	 <u>(38,902)</u>	 <u>1,679,058</u>
EXPENSES:			
Program Services	1,941,439		1,941,439
Management & General	69,929		69,929
Fundraising	73,048		73,048
Total Expenses	<u>2,084,416</u>	<u>-0-</u>	<u>2,084,416</u>
 CHANGES IN NET ASSETS	 <u>(\$366,456)</u>	 <u>(\$38,902)</u>	 <u>(\$405,358)</u>

See Auditor's Report and Notes to Financial Statements

FRIENDS OF GIVAT HAVIVA, INC.
 NEW YORK, NEW YORK
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT & GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Grant funds to Israel	\$1,871,044			\$1,871,044
Salaries & Wages	51,652	31,526	41,053	\$124,231
Fringe Benefits	8,363	4,978	6,571	19,912
Rent	6,389	3,803	5,020	15,212
Travel			11,900	11,900
Payroll Taxes	3,991	2,376	3,136	9,503
Professional Fees		8,756		8,756
Office Supplies & Storage		8,120		8,120
Printing & Postage		555	5,039	5,594
Telephone		2,838		2,838
Insurance		2,172		2,172
Dues & Subscriptions		1,791		1,791
Bank & Credit Card Fees		1,122		1,122
Computer Services		858		858
Marketing & Promotion		410	329	739
Licenses & Permits		325		325
Meetings & Conferences		299		299
 TOTAL EXPENSES	 <u>\$1,941,439</u>	 <u>\$69,929</u>	 <u>\$73,048</u>	 <u>\$2,084,416</u>

See Auditor's Report and Notes to Financial Statements

FRIENDS OF GIVAT HAVIVA, INC.
 NEW YORK, NEW YORK
 STATEMENT OF CHANGES IN NET ASSETS
 YEAR ENDED DECEMBER 31, 2022

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
BALANCE, DECEMBER 31, 2021, BEFORE PRIOR PERIOD ADJUSTMENTS	\$1,310,134	\$-0-	\$1,310,134
PRIOR PERIOD ADJUSTMENTS	(20,753)	211,420	190,667
BALANCE, DECEMBER 31, 2021, AFTER PRIOR PERIOD ADJUSTMENTS	1,289,381	211,420	1,500,801
CHANGES IN NET ASSETS	(\$366,456)	(\$38,902)	(\$405,358)
BALANCE, DECEMBER 31, 2022	\$922,925	\$172,518	\$1,095,443

See Auditor's Report and Notes to Financial Statements

FRIENDS OF GIVAT HAVIVA, INC.
NEW YORK, NEW YORK
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	<u>December 31, 2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in Net Assets	(\$405,358)
Adjustments to reconcile Deficiency to net cash (used) by operating activities:	
Decrease in Receivables	8,906
Increase in Credit Card Payable	8,089
Net cash (used) by operating activities	<u>(388,363)</u>
NET CHANGE IN CASH	(388,363)
CASH AT BEGINNING OF YEAR	1,481,006
CASH AT END OF YEAR	<u>\$1,092,643</u>

See Auditor's Report and Notes to Financial Statements

FRIENDS OF GIVAT HAVIVA, INC.
NEW YORK, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(A) Nature of Organization:

Founded in 1965, Friends of Givat Haviva, Inc. (the “Organization”) is a New York not-for-profit fundraising organization devoted to the advancement of Jewish-Arab reconciliation, cultural and religious pluralism, democratic values, and peace in the Middle East. These goals are accomplished through transfers of funds to Givat Haviva in Israel in support of their programs. For the year ended December 31, 2022, the Friends of Givat Haviva, Inc. operated the following programs:

- (i) **Children Teaching Children** - A unique educational program, offering in-depth two-year activity in grades 8 and 9, in both Jewish and Arab schools. The program focuses on accepting the other, equality, acquaintance, and friendship.
- (ii) **Center for Shared Society** - Givat Haviva has developed a comprehensive educational program for Jewish and Arab students that fosters learning and understanding and imparts tools to promote a shared society in Israel. Implemented within and alongside the formal education system, Givat Haviva's programs utilize informal peace education approaches, focusing on experiential education, Jewish-Arab encounters, dialogue, culture, arts, and joint activity. Givat Haviva aims to reach students throughout their educational lifecycle, starting in elementary school and continuing through high school. The programs create opportunities for repeated encounters and personal development among Arab and Jewish young people – laying the foundations for a shared, democratic future for Israeli society.
- (iii) **Givat Haviva International School (GHIS)** - GHIS is a two-year boarding-school program that aims to promote peace in the Middle East and globally by developing a multicultural and international network of leaders that will work together to create dialogue, understanding, and collaboration between individuals and societies
- (iv) **Through others' eyes** - Through Others' Eyes (TOE) is a dialogue and community-building project that brings 9 Arab and 9 Jewish teenagers together. The teenagers learn photography skills and learn about each other as they explore questions of identity, nationality, religion, and community.
- (v) **Bara'em Hi-Tech Seeds** - The Bara'em Hi-Tech program at Givat Haviva allows promising Arab high school students in Israel to study computer science and technology and earn credits toward a bachelor's degree in computer science while still in high school. This head start, available to the most talented Jewish students through the army, is the foundation for the “Start-Up Nation.”
- (vi) **Cross-Sector Teachers Exchange** - The proposed program is a series of semester-long exchanges of teachers in pairs from Jewish and Arab schools. Schools will be paired based on proximity and parity to facilitate stronger connections between the schools, beyond the individual exchange teachers. The program will run for three years as a pilot with the Ministry before being scaled up and integrated into the educational system. In the first year, the mechanisms for implementation were created and honed on 14 pairs of teachers. In the second year, we plan to expand to 25 pairs.

See Auditor's Report

FRIENDS OF GIVAT HAVIVA, INC.
NEW YORK, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
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NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(B) Basis of Presentation:

These financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. These statements reflect the application of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under these standards, all contributions are immediately recognized as revenue as soon as pledged (or if not pledged when received) regardless of any restrictions on use placed by the contributor. The basic financial statements are then shown divided into two net asset groups. These are:

Without Donor Restrictions:

All assets that either have no imposed restrictions on use or whose restrictions have been met by December 31, 2022.

With Donor Restrictions:

All contributions by foundations, organizations, and individuals with restrictions on use that have not been met by December 31, 2022. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration of the time and/or purpose of the restrictions, donor restricted net assets are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

FRIENDS OF GIVAT HAVIVA, INC.
NEW YORK, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
-continued-

NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(C) Support and Revenues:

Friends of Givat Haviva, Inc. recognizes the contributions and exchange transactions based on the FASB ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. Also, ASU 2018-08 clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional.

Additionally, effective January 1, 2020, the Organization adopted Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* and recognized exchange transactions following the five-step framework listed below which was used to determine the amount and timing of revenue recognition:

- Identify the contract(s) with the customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Support and Revenue for the Organization are as follows:

Contributions – Individuals:

Support from this source is recognized in the accounting period in which the contributions are pledged (or if not pledged, when received). Additionally, contributions with conditions are not recognized until the conditions have been met.

Contributions – Foundations & Organizations:

Support from these sources is recognized in the accounting period in which the grants are pledged (or if not pledged, when received). Additionally, contributions with conditions are not recognized until the conditions have been met.

Miscellaneous Income (Exchange Transaction):

Fee earned by providing bookkeeping and office management services for 2 other organizations that share the office space with Friends of Givat Haviva, Inc. These fees are recognized in the accounting period when the bookkeeping and office management services were performed. (See Note 4)

Interest Income:

Revenue from this source is recognized in the accounting period during which revenues are earned.

FRIENDS OF GIVAT HAVIVA, INC.
NEW YORK, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
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NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(D) Income Taxes:

Friends of Givat Haviva, Inc. is exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code. During the year, Friends of Givat Haviva, Inc. had no unrelated business income as defined by Section 512 of the Code and, therefore no provision for income tax is necessary.

The Organization adopted the income standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial statement effect on Friends of Givat Haviva, Inc.. The Organization is no longer subject to federal tax examinations if the statute of limitations has expired.

(E) Receivables:

Pledges receivable consist of pledged promises to give made by individuals. The Organization carries its receivables at an amount equal to uncollected but earned revenue less an allowance for doubtful accounts. The Organization uses the allowance method to determine uncollectible receivables. Periodically, the Organization evaluates its receivables and establishes an allowance for doubtful accounts based on its past experience and current credit conditions. Based on management's evaluation of the collectability of the receivables, no allowance for doubtful accounts was recorded for the year ended December 31, 2022.

The receivables for Friends of Givat Haviva, Inc. are expected to be collected as follows as of December 31, 2022:

	Pledges <u>Receivable</u>
Due within one year	<u>\$6,464</u>
Total Receivables	<u><u>\$6,464</u></u>

(F) Functional Allocation of Expenses:

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

(G) Use of Estimates:

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

FRIENDS OF GIVAT HAVIVA, INC.
NEW YORK, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
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NOTE 1: ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(H) Concentration of Credit Risk:

Friends of Givat Haviva, Inc. maintains bank accounts with financial institutions whose balances are insured by the Federal Deposit Insurance Corporation (FDIC) within limits. Periodically, bank account balances may exceed FDIC coverage. No credit risk is expected from uninsured deposits.

(I) Evaluation of Subsequent Events:

The Organization's ongoing profitability may experience instability and estimates included in the financial statements may change due to current political and economic conditions as a result of the public health concerns related to the novel coronavirus, or COVID-19. The duration and intensity of these impacts and the resulting disruption to which these events affect the organization's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.

Management considered all events through September 7, 2023, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. Management is not aware of any significant events that occurred subsequent to December 31, 2022, but prior to the issuance of this report, that would have a material impact on the financial statements.

FRIENDS OF GIVAT HAVIVA, INC.
NEW YORK, NEW YORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
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NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following represents Friends of Givat Haviva, Inc's financial assets at December 31, 2022:

Financial assets at year-end, net of current liabilities:	
Cash and Cash Equivalents	\$1,092,643
Pledges Receivable	6,464
Less: Current Liabilities	<u>(8,089)</u>
Total financial assets, net of current liabilities	1,091,018
Financial assets available to meet cash needs for general expenditures over the next twelve months	 <u><u>\$1,091,018</u></u>

The Organization's goal is to maintain financial assets to meet 90 days of operating expenses (approximately \$48,000). As a part of its liquidity plan, excess cash is invested in a savings account.

FRIENDS OF GIVAT HAVIVA, INC.
 NEW YORK, NEW YORK
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022
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NOTE 3: NET ASSETS WITH DONOR RESTRICTIONS:

For the year ended December 31, 2022, net assets with donor restrictions are available for the following purposes:

Givat Haviva International School	\$145,611
Through Others' Eyes program	19,300
Hi-Tech program	<u>7,607</u>
 Total Net Assets With Donor Restrictions	 <u>\$172,518</u>

NOTE 4: SHARED COSTS & AND FEES RECEIVED FROM OTHER ORGANIZATIONS:

For the year ended December 31, 2022, Friends of Givat Haviva, Inc. shared costs with two other organizations, Hashomer Hatzair and American Friends of Moreshet. The expenses on the Statement of Functional Expenses are shown net of reimbursements from Hashomer Hatzair and American Friends of Moreshet and are detailed below:

<u>Reimbursements received in 2022:</u>	
Rent	13,062
Professional Fees	6,500
Office Supplies & Storage	2,942
Telephone	990
Computer Services	<u>35</u>
 Total Reimbursements	 <u>\$23,529</u>

Also, for the year ended December 31, 2022, Friends of Givat Haviva, Inc. received \$12,858 for fees earned by providing bookkeeping and office management services for Hashomer Hatzair and American Friends of Moreshet. These fees are shown as Miscellaneous Income on the Statement of Financial Position.

FRIENDS OF GIVAT HAVIVA, INC.
 NEW YORK, NEW YORK
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022
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NOTE 5: PRIOR PERIOD ADJUSTMENTS:

For the year ended December 31, 2021, the organization overstated accrued expenses. The net assets without donor restrictions were overstated and the net assets with donor restrictions were understated. Also, the organization omitted individual contributions for 2021 that were not booked until 2022.

In accordance with Generally Accepted Accounting Principles, the net amount of \$190,667 is shown on the Statement of Changes in Net Assets as Prior Period Adjustments as detailed below:

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
Overstatement of Accrued Expenses for FY 2021	\$5,997	\$169,300	\$175,297
Understatement of Net Assets with Donor Restrictions	(42,120)	42,120	-0-
Understated Individual Contributions for FY 2021	15,370		15,370
Total Prior Period Adjustments	<u>(\$20,753)</u>	<u>\$211,420</u>	<u>\$190,667</u>