

Israel Emergency Alliance dba StandWithUs

Consolidated Financial Statements

December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Israel Emergency Alliance dba StandWithUs
Los Angeles, California

Qualified Opinion

We have audited the accompanying consolidated financial statements of Israel Emergency Alliance dba StandWithUs (a California nonprofit corporation) ("StandWithUs"), 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 year then ended, and the related notes to the consolidated financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Israel Emergency Alliance dba StandWithUs as of December 31, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

U.S. GAAP requires StandWithUs to consolidate into its financial statements entities (1) which it controls and (2) in which it has a financial or economic interest. Management has informed us that StandWithUs' financial statements do not include the accounts of the Saidoff Foresight Foundation ("Foresight") which StandWithUs controls and has a financial interest. The effects of this departure from U.S. GAAP are disclosed in Note 1 to the financial statements.

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 Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Israel Emergency Alliance dba StandWithUs 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 qualified audit opinion.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Organization has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 842, *Leases* as of January 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Israel Emergency Alliance dba StandWithUs's ability to continue as a going concern within one year after the date that the consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

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



Armanino^{LLP}
Woodland Hills, California

December 4, 2023

Israel Emergency Alliance dba StandWithUs
Consolidated Statement of Financial Position
December 31, 2022

ASSETS

Cash and cash equivalents	\$ 10,194,705
Investments	14,034,866
Contributions receivable, net	3,481,926
Inventory	42,578
Prepaid expenses and other assets	99,003
Deposits	67,646
Right-of-use assets, net	1,636,481
Property and equipment, net	<u>1,217,060</u>
 Total assets	 <u><u>\$ 30,774,265</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 1,272,864
Operating lease liabilities	<u>1,659,920</u>
Total liabilities	<u>2,932,784</u>
Net assets	
Without donor restrictions	
General	23,859,555
Board-designated	<u>500,000</u>
Total without donor restrictions	24,359,555
With donor restrictions	<u>3,481,926</u>
Total net assets	<u>27,841,481</u>
 Total liabilities and net assets	 <u><u>\$ 30,774,265</u></u>

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

Israel Emergency Alliance dba StandWithUs
Consolidated Statement of Activities
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and other support			
Grants and contributions	\$ 12,762,112	\$ 7,102,354	\$ 19,864,466
Fundraising events, net of direct benefit costs of \$361,902	2,110,984	-	2,110,984
Educational events	176,586	-	176,586
Material sales	37,820	-	37,820
Miscellaneous income	173,290	-	173,290
Net assets released from restriction	<u>16,017,790</u>	<u>(16,017,790)</u>	<u>-</u>
Total revenues, gains and other support	<u>31,278,582</u>	<u>(8,915,436)</u>	<u>22,363,146</u>
Investment returns			
Interest and dividend income	226,385	-	226,385
Net realized and unrealized losses on investments	<u>(2,528,957)</u>	<u>-</u>	<u>(2,528,957)</u>
Total investment returns	<u>(2,302,572)</u>	<u>-</u>	<u>(2,302,572)</u>
Total revenues, gains, other support, and investment returns	<u>28,976,010</u>	<u>(8,915,436)</u>	<u>20,060,574</u>
Functional expenses			
Program services	<u>18,217,974</u>	<u>-</u>	<u>18,217,974</u>
Support services			
Management and general	867,687	-	867,687
Fundraising	<u>836,550</u>	<u>-</u>	<u>836,550</u>
Total support services	<u>1,704,237</u>	<u>-</u>	<u>1,704,237</u>
Total functional expenses	<u>19,922,211</u>	<u>-</u>	<u>19,922,211</u>
Change in net assets from operations	<u>9,053,799</u>	<u>(8,915,436)</u>	<u>138,363</u>
Non-operating			
Forgiveness of note payable - Paycheck Protection Program	1,009,022	-	1,009,022
Loss on uncollectible contributions receivable	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Total non-operating	<u>1,009,022</u>	<u>(25,000)</u>	<u>984,022</u>
Change in net assets	10,062,821	(8,940,436)	1,122,385
Net assets, beginning of year	<u>14,296,734</u>	<u>12,422,362</u>	<u>26,719,096</u>
Net assets, end of year	<u>\$ 24,359,555</u>	<u>\$ 3,481,926</u>	<u>\$ 27,841,481</u>

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

Israel Emergency Alliance dba StandWithUs
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses				
Salaries and wages	\$ 8,945,696	\$ 437,927	\$ 662,851	\$ 10,046,474
Employee benefits	895,920	850	10,866	907,636
Payroll taxes	<u>753,518</u>	<u>88,805</u>	<u>24,653</u>	<u>866,976</u>
Total personnel expenses	<u>10,595,134</u>	<u>527,582</u>	<u>698,370</u>	<u>11,821,086</u>
Other expenses				
Advertising	510,643	7,428	-	518,071
Bank and credit card fees	83,491	124,411	-	207,902
Brochures, flyers, video and materials	730,671	-	-	730,671
Depreciation and amortization	194,294	-	-	194,294
Direct mail campaign	-	-	121,391	121,391
Educational events and conferences	2,195,780	213	15,159	2,211,152
Information Technology	743,185	-	-	743,185
Insurance	165,144	-	-	165,144
Miscellaneous	30,300	3,299	-	33,599
Occupancy	727,267	121,387	-	848,654
Office expenses	253,282	33,547	561	287,390
Partnered events	751,687	-	-	751,687
Professional fees	155,775	49,820	-	205,595
Speakers, educators and consultants	853,249	-	-	853,249
Telephone	137,886	-	1,069	138,955
Travel	90,186	-	-	90,186
Direct benefit costs	<u>-</u>	<u>-</u>	<u>361,902</u>	<u>361,902</u>
Total other expenses	<u>7,622,840</u>	<u>340,105</u>	<u>500,082</u>	<u>8,463,027</u>
Less: expenses included with revenues on the consolidated statement of activities:				
Direct benefit costs	<u>-</u>	<u>-</u>	<u>(361,902)</u>	<u>(361,902)</u>
Total functional expenses	<u>\$ 18,217,974</u>	<u>\$ 867,687</u>	<u>\$ 836,550</u>	<u>\$ 19,922,211</u>
Percentage of total	<u>91.4 %</u>	<u>4.4 %</u>	<u>4.2 %</u>	<u>100.0 %</u>

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

Israel Emergency Alliance dba StandWithUs
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022

Cash flows from operating activities	
Change in net assets	\$ 1,122,385
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and and amortization	194,294
Realized losses on sales of investments	781,874
Unrealized losses on investments	1,747,083
Forgiveness of note payable - Paycheck Protection Program	(1,009,022)
Loss on uncollectible contributions receivable	25,000
Reduction in carrying amount of right-of-use assets - operating	684,374
Changes in operating assets and liabilities	
Contributions receivable, net	1,630,359
Accounts receivable	14,731
Inventory	(19,377)
Prepaid expenses and other assets	97,999
Deposits	(3,074)
Accounts payable and accrued expenses	403,395
Operating lease liabilities	<u>(660,935)</u>
Net cash provided by operating activities	<u>5,009,086</u>
Cash flows from investing activities	
Proceeds from sales of investments	4,597,750
Purchases of investments	(12,547,506)
Purchases of property and equipment	<u>(1,233,864)</u>
Net cash used in investing activities	<u>(9,183,620)</u>
Net decrease in cash and cash equivalents	(4,174,534)
Cash and cash equivalents, beginning of year	<u>14,369,239</u>
Cash and cash equivalents, end of year	<u>\$ 10,194,705</u>

Supplemental schedule of noncash investing and financing activities

Right-of-use lease assets obtained in exchange of lease obligations	\$ 2,320,855
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The accompanying notes are an integral part of these consolidated financial statements.

Israel Emergency Alliance dba StandWithUs
Notes to Consolidated Financial Statements
December 31, 2022

1. NATURE OF OPERATIONS

Israel Emergency Alliance, dba StandWithUs ("StandWithUs") was founded in 2001 in response to the misinformation that often surrounds the Middle East conflict, and the inappropriate, often antisemitic, language used about Israel and/or Jewish people worldwide. StandWithUs has offices and programs in Los Angeles, New York, Florida, Chicago, Seattle, Rancho Mirage, San Diego, Washington D.C., Philadelphia, and Israel. The accounts of these offices and chapters are included in these consolidated financial statements.

StandWithUs also supports the educational efforts of StandWithUs offices in Canada, the United Kingdom, Brazil, and the Netherlands, and offers programs in South Africa and Australia. These offices are not included in these consolidated financial statements.

StandWithUs is a 21-year-old international Israel education organization that ensures that Israel's history, challenges and achievements are told in communities, on campuses, in high schools, middle schools, through social media, through film, in churches through brochures, speakers, conferences, and missions to Israel, and in thousands of pages of internet resources. When misinformation is promoted about Israel by people wishing to create ill will against the Jewish State and/or its supporters, StandWithUs works actively to challenge the inaccuracies and/or antisemitism. In the last few years StandWithUs has also created a legal department to assist students, faculty and community members who experience antisemitic bullying. As part of the legal department, StandWithUs has cultivated over 250 pro bono attorneys across the United States. It should be noted that StandWithUs are leaders in social media, reaching millions of people each week to fulfill their mission of Israel education and fighting antisemitism.

Aside from producing video and audio presentations, curriculum, booklets, and teaching tools and resources, StandWithUs has also established other programs. For example, Link, the new middle school curriculum now in over 200 middle schools, (www.IsraelLink.org) and Alums for Campus Fairness ("ACF"), the alumni program, already has over 50 chapters at universities and is growing rapidly.

StandWithUs' operations are sustained through its periodic fundraising campaigns and voluntary contributions from the public as well as from foundations. For the last eleven years, StandWithUs has consistently received the highest possible ratings from charity watchdog groups, Guide Star and Charity Navigator for transparency, adherence to their mission, and use of funds.

StandWithUs International LTD

StandWithUs International LTD was formed in March 2007 as a Israeli public benefit company. StandWithUs has control and a financial interest in StandWithUs International LTD, whose specific purpose is to deliver StandWithUs programs and education in the country of Israel. As a result, StandWithUs has included the activity of StandWithUs International LTD in the consolidated financial statements for the year ended December 31, 2022.

Israel Emergency Alliance dba StandWithUs
Notes to Consolidated Financial Statements
December 31, 2022

1. NATURE OF OPERATIONS (continued)

The Tomorrow Foundation

The Tomorrow Foundation was formed in August 2020 as a supporting organization of StandWithUs. StandWithUs controls the appointment of the Board of Directors and has a financial interest in the Tomorrow Foundation, a California nonprofit organization, whose specific purpose is to provide funding and other programs to support the educational and public benefit efforts of StandWithUs. As a result, StandWithUs has included the activity of the Tomorrow Foundation in the consolidated financial statements for the year ended December 31, 2022.

Saidoff Foresight Foundation

StandWithUs controls the appointment of the Board of Directors and has a financial interest in Saidoff Foresight Foundation ("Foresight"), a California nonprofit organization, whose specific purpose is to provide funding and other programs to support the educational and public benefit efforts of StandWithUs. Management of StandWithUs have chosen not to include the accounts of Foresight in the consolidated financial statements as of December 31, 2022, which is a departure from accounting principles generally accepted in the United States of America ("U.S. GAAP").

The unaudited financial statement balances of Foresight as of and for the year ended December 31, 2022, which are not included in these consolidated financial statements, are as follows:

	(Not Covered by Independent Auditor's Report)
Total assets*	\$ 6,391,645
Total liabilities	\$ 5,391,909
Total net assets	\$ 999,736
Total revenues	\$ 15,126
Total expenses**	\$ 1,826,103

* Includes \$6,370,317 in real estate assets.

** Includes \$1,700,850 paid to and/or accrued for StandWithUs.

Israel Emergency Alliance dba StandWithUs
Notes to Consolidated Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The consolidated financial statements have been prepared in conformity with U.S. GAAP. StandWithUs' consolidated financial statements include the accounts of StandWithUs, StandWithUs International LTD, and the Tomorrow Foundation. There were no material intercompany transactions to be eliminated in the consolidation.

StandWithUs reports information regarding its financial position and activities based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions, general* - Includes contributions, events, sales and other forms of revenues and expenditures related to the general operations and fundraising efforts of StandWithUs.
- *Net assets without donor restrictions, Board-designated* - Include net assets the Board of Directors has designated to be utilized for contingent purposes.
- *Net assets with donor restrictions* - (see Note 7) - Include net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires that is, when the stipulated time has elapsed, when the stipulated purpose has been fulfilled, or both.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Cash and cash equivalents

StandWithUs considers all financial instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents as of December 31, 2022 is \$3,661,859.

Concentrations

Frequently, StandWithUs' bank balances exceed Federal Deposit Insurance Corporation ("FDIC")-insured limits. StandWithUs has not experienced and does not anticipate any losses related to cash held in these accounts.

Israel Emergency Alliance dba StandWithUs
Notes to Consolidated Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are carried at fair value (see Note 3). Interest and dividend income, and gains and losses on investments are reported in the consolidated statement of activities as either increases or decreases in net assets without donor restrictions, unless the use is restricted by donor stipulations or law.

Contributions receivable

Unconditional donor promises to give cash and other assets to StandWithUs are reported at the fair value of the promise and at the date the promise is received. Conditional promises to give and indications of intentions to give are not reported until they become unconditional; that is when the donor-imposed barriers have been met by StandWithUs and there is no longer a right of return or release. Management has established an allowance for potentially uncollectible contributions receivable totaling \$127,075 at December 31, 2022, based on management's estimate of future collections.

Property and equipment

Purchases of property and equipment are recorded at cost. Donated items are recorded at estimated fair value when received. Depreciation and amortization on both purchased and donated items are recorded using the straight-line method over the shorter of the estimated useful life of the related assets or, for leasehold improvements, the terms of the leases, as follows:

Computer hardware and software	5 years
Office furniture and equipment	7 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

Impairment of long-lived assets

Management reviews each asset or asset group for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable, but at least annually. No impairment provision was recorded by StandWithUs during the year.

Grants and contributions

Grants and contributions consist primarily of donations from foundations, businesses and the general public. Grants and contributions are recorded when committed to StandWithUs by the donor. During 2022, StandWithUs had gross revenues, gains and other support of \$22,725,048, and of this amount, \$2,472,886 was raised at fundraising events.

Israel Emergency Alliance dba StandWithUs
Notes to Consolidated Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed investments and securities

StandWithUs occasionally receives contributed investments and securities. The general policy is to sell securities actively traded in public exchanges, such as corporate stocks, within days after they have been contributed and to hold other types of contributed securities until maturity or to be sold when management deems market conditions to be optimized.

Allocation of functional expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Certain expenses that are associated with program or supporting services have been allocated between the program and supporting services benefited based on management's estimate of time spent on the program and services.

Advertising

StandWithUs uses advertising to promote its programs among the audiences it serves and direct mail for fundraising. All direct mail campaigns include an educational booklet about a topical issue. Advertising and direct mail costs are expensed as incurred. Advertising costs totaled \$518,071 during the year; direct mail costs totaled \$121,391.

Income tax status

StandWithUs is a nonprofit public benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under Internal Revenue Code ("IRC") Section 501(c)(3) and corresponding state provisions.

Change in accounting principle

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, Accounting Standards Codification ("ASC") Topic 842, *Leases* ("ASC 842"). ASC 842 is the comprehensive lease standard that supersedes the previous authoritative lease accounting guidance contained in ASC 840. ASC 842 requires a lessee to recognize assets and liabilities related to long-term leases that were classified in its statement of financial position as operating leases under previous guidance. A leased asset, referred to as a right-of-use asset, is to be recognized related to the right to use the underlying asset and a lease related liability is to be recognized related to the lease payment obligations over the term of the lease, and includes options to extend that management reasonably expects to exercise. ASC 842 also requires expanded disclosures surrounding leases.

Israel Emergency Alliance dba StandWithUs
Notes to Consolidated Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle (continued)

StandWithUs adopted ASC 842, with an initial application date of January 1, 2022, by applying the modified retrospective transition approach and using the additional and optional transition method provided by ASU No. 2018-11, *Leases, (Topic 842): Targeted Improvements*. StandWithUs did not restate prior periods as presented under ASC 842 and instead, evaluated whether a cumulative adjustment to net assets as of January 1, 2022, was necessary for the cumulative impact of adoption of ASC 842. Management determined no cumulative effect adjustment to net assets as of January 1, 2022, was necessary.

As part of the allowable transition method, StandWithUs elected to apply the following practical expedients:

- Election not to reassess whether any expired or existing contracts are, or contain, leases.
- Election not to reassess the lease classification for any expired or existing leases.
- Election to use the risk-free interest rate as the discount rate.
- Election not to reassess initial direct costs on any existing leases.
- Election whereby the lease and nonlease components will not be separated for leases of facilities and equipment.

StandWithUs evaluates whether new contracts are a lease at the contract inception or for a modified contract at the modification date. In calculating the present value of the right-of-use assets and liabilities StandWithUs includes lease renewals and or termination options. If it is reasonably certain that a renewal or termination option will be exercised, the exercise of the options is considered in calculating the term of the lease.

Recent accounting ponouncements

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Non-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"). The standard requires nonprofits to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets and increases the disclosure requirements around contributed nonfinancial assets. The standard includes disclosures of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. StandWithUs adopted ASU 2020-07 with a date of initial application of January 1, 2022. The adoption of ASU 2020-07 did not have a significant impact on the consolidated financial statements.

Israel Emergency Alliance dba StandWithUs
Notes to Consolidated Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

StandWithUs has evaluated events subsequent to December 31, 2022, to assess the need for potential recognition or disclosure in the consolidated financial statements. Such events were evaluated through December 4, 2023, the date the consolidated financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the consolidated financial statements.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

StandWithUs reports its investments at fair value among three categories of price inputs available. These categories of inputs are quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

The following table sets forth by level, within the fair value hierarchy, the StandWithUs's assets at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Equities	\$ 5,023,607	\$ -	\$ -	\$ 5,023,607
Ford Interest Advantage				
Unsecured Debt Obligations	-	3,160,661	-	3,160,661
Israel Bonds	-	18,008	-	18,008
U.S. Treasury Bonds	-	<u>5,832,590</u>	-	<u>5,832,590</u>
	<u>\$ 5,023,607</u>	<u>\$ 9,011,259</u>	<u>\$ -</u>	<u>\$ 14,034,866</u>

Activity in the investments during the year was as follows:

Balance, beginning of year	\$ 8,614,067
Purchases of investments	12,547,506
Proceeds from sales of investments	(4,597,750)
Realized losses on sales of investments	(781,874)
Unrealized losses on investments	<u>(1,747,083)</u>
Balance, end of year	<u>\$ 14,034,866</u>

Israel Emergency Alliance dba StandWithUs
Notes to Consolidated Financial Statements
December 31, 2022

4. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net consisted of the following:

Due in one year or less	\$ 2,520,667
Due in one to five years	838,334
Due in greater than five years	<u>250,000</u>
	3,609,001
Allowance for potentially uncollectible contributions	<u>(127,075)</u>
	<u><u>\$ 3,481,926</u></u>

StandWithUs does not discount long-term contributions receivable, as management has determined the impact to be immaterial to the consolidated financial statements.

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

Computer hardware and software	\$ 325,722
Office furniture and equipment	211,230
Leasehold improvements	<u>1,721,684</u>
	2,258,636
Accumulated depreciation and amortization	<u>(1,041,576)</u>
	<u><u>\$ 1,217,060</u></u>

6. LEASES

In January 2022, the Organization adopted the new lease standard accounting guidance under ASC 842. The most significant change requires lessees to record the present value of the operating lease payments as right-of-use assets and liabilities on the statement of financial position. The new guidance continues to require lessees to classify leases between operating and financing leases (formerly “capital leases”).

The Organization leases office space and various program sites which are classified as right-of-use assets and liabilities. The adoption of ASC 842 resulted in the recognition of right-of-use assets and liabilities totaling \$2,320,855.

The right-of-use assets are detailed as follows

Right-of-use assets - operating	<u><u>\$ 1,636,481</u></u>
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Israel Emergency Alliance dba StandWithUs
Notes to Consolidated Financial Statements
December 31, 2022

6. LEASES (continued)

The operating lease liabilities are detailed as follow

Lease liability, current portion	
Operating lease liability	\$ 698,386
Lease liability, noncurrent portion	
Operating lease liability	<u>961,534</u>
	<u>\$ 1,659,920</u>

The components of lease costs are as follow:

Operating lease costs	<u>\$ 701,247</u>
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Future maturities of operating lease liabilities are as follows:

<u>Year ending December 31,</u>	
2023	\$ 712,328
2024	547,515
2025	300,876
2026	117,019
2027	<u>13,369</u>
	1,691,107
Less: discount to present value	<u>(31,187)</u>
	<u>\$ 1,659,920</u>

The weighted-average lease terms and discount rates are as follows:

Weighted-average remaining lease term	2.57 years
Weighted-average discount rate	1.10 %

Israel Emergency Alliance dba StandWithUs
Notes to Consolidated Financial Statements
December 31, 2022

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Alums for Campus Fairness	\$ 126,000
Campus	278,334
Creative Community for Peace	180,100
Israel Capital Campaign	250,100
Messaging	150,000
Social media	<u>25,000</u>
	1,009,534
Time-restricted only	<u>2,472,392</u>
	<u><u>\$ 3,481,926</u></u>

Net assets with donor restrictions released from restriction during the year were as follows:

Alums for Campus Fairness	\$ 4,157,055
Campus	951,748
Creative Community for Peace	2,471,712
Emerson Fellows	393,303
High school	2,960,848
International	61,753
Israel Capital Campaign	264,720
Messaging	453,500
Saidoff	608,250
Social media	<u>145,068</u>
	12,467,957
Time-restricted only	<u>3,574,833</u>
	<u><u>\$ 16,042,790</u></u>

In 2019, StandWithUs launched a capital campaign for the expansion of the Israel office and education center. As of December 31, 2022, StandWithUs raised \$1,155,000 towards its goal and expended \$1,436,320 which includes property rent expense during construction.

In addition to the \$2,472,392 shown above, there is an additional \$1,009,534 of time-restricted net assets that are also purpose restricted. The total of these amounts, \$3,481,926, is shown as contributions receivable in the accompanying consolidated statement of financial position.

8. LIQUIDITY AND AVAILABILITY

StandWithUs is significantly supported by contributions with donor restrictions. StandWithUs maintains sufficient resources to meet its responsibilities to its donors. StandWithUs' liquidity management policy is designed to provide that its remaining financial assets are available for operations as its general expenditures, liabilities, and other obligations come due.

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8. LIQUIDITY AND AVAILABILITY (continued)

The following reflects StandWithUs' financial assets reported on the consolidated statement of financial position, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions. Consequently, amounts available exclude net assets with donor restrictions as of December 31, 2022.

Liquidity of financial assets as of December 31, 2022 is as follows:

Cash and cash equivalents	\$ 10,194,705
Investments	14,034,866
Contributions receivable, net	<u>3,481,926</u>
	27,711,497
Board-designated net assets	(500,000)
Contributions receivable, net due past one year (see Note 4)	(961,259)
Net assets subject to expenditure for specified purpose (see Note 7)	<u>(1,009,534)</u>
	<u><u>\$ 25,240,704</u></u>

9. NOTE PAYABLE - PAYCHECK PROTECTION PROGRAM

In April 2020, StandWithUs received loan proceeds totaling \$1,009,173 from a promissory note issued by a bank under the Paycheck Protection Program ("PPP") which was established under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and is administered by the U.S. Small Business Administration ("SBA"). The term on the PPP loan is two years and the annual interest rate was 1.00%. Payments of principal and interest are deferred for the first 10 months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations. As a result, StandWithUs has accounted for the PPP loan in accordance with the Financial Accounting Standards Board's ASC 470-*Debt*. In June 2021, StandWithUs' loan forgiveness application for the \$1,009,173 of loan proceeds received in April 2020 was fully approved by the SBA. As a result, StandWithUs recorded this as non-operating income in the accompanying statement of activities.

In February 2021, StandWithUs received a second loan under the PPP ("2nd PPP") for \$1,009,022. The term on the 2nd PPP loan is five years and the annual interest rate is 1.00%. In April 2022, StandWithUs' loan forgiveness application for the \$1,009,022 of loan proceeds received in February 2021 was fully approved by the SBA. As a result, StandWithUs recorded this as non-operating income in the accompanying statement of activities.