



**AMERICAN FRIENDS OF MIGDAL OHR**  
**Financial Statements**  
**December 31, 2023 and 2022**  
**With Independent Auditor's Report**

**American Friends of Migdal Ohr**  
**Table of Contents**  
**December 31, 2023 and 2022**

---

<b>Independent Auditor's Report</b>	<b>1-2</b>
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-13

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
American Friends of Migdal Ohr:

### Opinion

We have audited the financial statements of American Friends of Migdal Ohr (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of American Friends of Migdal Ohr as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("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 American Friends of Migdal Ohr 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 American Friends of Migdal Ohr's ability to continue as a going concern for one year after the date that the financial statements are 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 audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Friends of Migdal Ohr's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Friends of Migdal Ohr'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*

November 12, 2024

**American Friends of Migdal Ohr**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current assets		
Cash	\$ 2,107,403	\$ 2,123,758
Current portion of contributions receivable, net	43,133	213,447
Prepaid expenses and other assets	<u>15,059</u>	<u>26,358</u>
Total current assets	2,165,595	2,363,563
Long-term assets		
Contributions receivable, less current portion	<u>43,333</u>	<u>29,800</u>
Property and equipment, net	<u>8,659</u>	<u>11,855</u>
Total assets	<u>\$ 2,217,587</u>	<u>\$ 2,405,218</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 13,282</u>	<u>\$ 6,690</u>
Net assets		
Without donor restrictions	1,496,133	1,322,277
With donor restrictions	<u>708,172</u>	<u>1,076,251</u>
Total net assets	<u>2,204,305</u>	<u>2,398,528</u>
Total liabilities and net assets	<u>\$ 2,217,587</u>	<u>\$ 2,405,218</u>

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

**American Friends of Migdal Ohr**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2023 and 2022**

	<b>2023</b>			<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and revenue</b>						
Contributions of financial assets	\$ 4,360,123	\$ 1,504,557	\$ 5,864,680	\$ 3,924,023	\$ 5,977,653	\$ 9,901,676
Special event revenue, net	2,173,660	-	2,173,660	484,426	-	484,426
Direct costs of special events	(538,591)	-	(538,591)	(189,647)	-	(189,647)
Contribution of non-financial assets	189,489	-	189,489	7,750	-	7,750
Interest	29,511	-	29,511	17,526	-	17,526
Net assets released from restrictions	1,872,636	(1,872,636)	-	5,941,012	(5,941,012)	-
Total support and revenue	8,086,828	(368,079)	7,718,749	10,185,090	36,641	10,221,731
<b>Expenses</b>						
Program services	6,465,218	-	6,465,218	10,161,875	-	10,161,875
Management and general	506,618	-	506,618	484,747	-	484,747
Fundraising	941,136	-	941,136	891,512	-	891,512
Total expenses	7,912,972	-	7,912,972	11,538,134	-	11,538,134
<b>Changes in net assets</b>	173,856	(368,079)	(194,223)	(1,353,044)	36,641	(1,316,403)
<b>Net assets</b>						
Beginning of year	1,322,277	1,076,251	2,398,528	2,675,321	1,039,610	3,714,931
End of year	\$ 1,496,133	\$ 708,172	\$ 2,204,305	\$ 1,322,277	\$ 1,076,251	\$ 2,398,528

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

**American Friends of Migdal Ohr**  
**Statement of Functional Expenses**  
**Years Ended December 31, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Special Events Expenses</u>	<u>Total Expenses</u>
Transmissions to Migdal Ohr-Israel	\$ 6,188,792	\$ -	\$ -	\$ -	\$ 6,188,792
Salaries	-	269,667	250,083	-	519,750
Payroll taxes, employee benefits	-	97,721	92,437	-	190,158
Professional fees	-	48,829	45,073	-	93,902
Lease	-	27,891	25,745	-	53,636
Development and donor related	-	-	22,522	-	22,522
Office expenses	-	35,232	33,452	-	68,684
Insurance, tax, and compliance	-	5,364	4,952	-	10,316
Equipment repairs and maintenance	-	7,343	6,778	-	14,121
Marketing and communications	-	-	281,278	-	281,278
Donated supplies	189,489	-	-	-	189,489
Bad debt expense and pledge cancellations	-	-	40,000	-	40,000
Bank fees and donations processing fees	-	12,249	48,997	-	61,246
Depreciation and amortization	-	2,322	2,144	-	4,466
Venue events cost	-	-	-	538,591	538,591
Event supplies and other expenses	-	-	14,467	-	14,467
Travel and other program costs	<u>86,937</u>	<u>-</u>	<u>73,208</u>	<u>-</u>	<u>160,145</u>
	6,465,218	506,618	941,136	538,591	8,451,563
Less: Direct costs of special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>(538,591)</u>	<u>(538,591)</u>
Total expenses	<u>\$ 6,465,218</u>	<u>\$ 506,618</u>	<u>\$ 941,136</u>	<u>\$ -</u>	<u>\$ 7,912,972</u>

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

**American Friends of Migdal Ohr**  
**Statement of Functional Expenses**  
**Years Ended December 31, 2022**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Special Events Expenses</b>	<b>Total Expenses</b>
Transmissions to Migdal Ohr-Israel	\$ 10,053,239	\$ -	\$ -	\$ -	\$ 10,053,239
Salaries	-	233,333	255,834	-	489,167
Payroll taxes, employee benefits	-	97,692	93,426	-	191,118
Professional fees	-	72,829	67,226	-	140,055
Lease	-	24,668	22,770	-	47,438
Development and donor related	-	-	35,084	-	35,084
Office expenses	-	33,871	31,265	-	65,136
Insurance, tax, and compliance	-	6,212	5,735	-	11,947
Equipment repairs and maintenance	-	7,907	7,298	-	15,205
Marketing and communications	-	-	239,456	-	239,456
Bank fees and donations processing fees	-	5,458	96,222	-	101,680
Depreciation and amortization	-	2,777	2,563	-	5,340
Venue events cost	-	-	-	189,647	189,647
Event supplies and other expenses	-	-	26,397	-	26,397
Travel and other program costs	108,636	-	8,236	-	116,872
	10,161,875	484,747	891,512	189,647	11,727,781
Less: Direct costs of special events	-	-	-	(189,647)	(189,647)
Total expenses	<u>\$ 10,161,875</u>	<u>\$ 484,747</u>	<u>\$ 891,512</u>	<u>\$ -</u>	<u>\$ 11,538,134</u>

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



**American Friends of Migdal Ohr**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating activities</b>		
Changes in net assets	\$ (194,223)	\$ (1,316,403)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation and amortization	4,466	5,340
Bad debt expense and contributions cancellations	40,000	-
Changes in operating assets and liabilities		
Contributions receivable	116,781	374,261
Prepaid expenses and other assets	11,299	(16,862)
Accounts payable and accrued expenses	<u>6,592</u>	<u>(8,411)</u>
Net cash used in operating activities	<u>(15,085)</u>	<u>(962,075)</u>
<b>Investing activities</b>		
Purchases of property and equipment	<u>(1,270)</u>	<u>(8,226)</u>
Net cash used in investing activities	<u>(1,270)</u>	<u>(8,226)</u>
Net change in cash	(16,355)	(970,301)
<b>Cash</b>		
Beginning of year	<u>2,123,758</u>	<u>3,094,059</u>
End of year	<u>\$ 2,107,403</u>	<u>\$ 2,123,758</u>

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

**American Friends of Migdal Ohr**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

---

**1. NATURE OF THE ORGANIZATION**

American Friends of Migdal Ohr ("AFMO") was incorporated as a not-for-profit corporation in New York State on July 31, 1986. Its primary purpose is to raise funds for Migdal Ohr institutions in Israel that provide education and social guidance to children from underprivileged and problem homes. In addition, AFMO has a responsibility to raise awareness about Migdal Ohr and its programs to its constituents in the United States. AFMO's primary source of revenue is from contributions.

AFMO is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting and Presentation**

The financial statements of AFMO are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of AFMO and changes therein are classified and reported as follows:

**Net assets without donor restrictions:** Include expendable resources that are used to carry out AFMO's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by AFMO's board of directors. Board designated amounts, when present, are disclosed on the financial statements and are presented as net assets without donor restrictions on the statement of financial position.

**Net assets with donor restrictions:** Net assets subject to donor-imposed stipulations that may or will be met by actions of AFMO and/or the passage of time. Items that affect this net asset category are contributions for which donor-imposed restrictions have not been met in the year of receipt.

**Revenue Recognition**

Contributions, including unconditional promises to give, are recognized as revenue in the period received or pledged. Contributions are classified and reported based on the existence or absence of donor-imposed restrictions. When a donor restriction expires, 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 received in securities or other non-cash contributions are recorded at fair value at the date of the gift.

Conditional promises to give, which include those with a barrier or other measurable performance requirement and a right of return or release, are not recognized as revenue until the conditions on which they depend have been substantially met. Payments received in advance of conditions being met are recorded as refundable advances on the statements of financial position. At December 31, 2023 and 2022, there were no conditional contributions not recognized because the condition on which they depend has not yet been met.

AFMO conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenue in the accompanying statements of activities and changes in net assets. For special events, revenue is recognized when the events occur. There were no contract assets or liabilities at January 1, 2022 related to these events.

**Cash and Cash Equivalents**

AFMO considers all highly liquid instruments with an initial maturity of three months or less to be cash equivalents. As of December 31, 2023 and 2022, AFMO did not have cash equivalents.

**American Friends of Migdal Ohr**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

---

**Contributions Receivable**

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using level-yield method and is reported as contribution revenue. AFMO provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. Allowance for doubtful accounts amounted to \$40,000 and \$0 at December 31, 2023, and 2022, respectively. Bad debt expense is charged if a receivable is determined to be uncollectable based on periodic review by management.

**Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives. The estimated useful lives for each major depreciable classification of property and equipment are as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Office equipment	5
Computer software	5

**Functional Allocation of 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 in detail on the statements of functional expenses. Expenses, other than indirect expenses, are directly charged to the program that derives the direct benefit. Indirect expenses are allocated to the various program and supporting services based on the ratio of direct expense for any one function to total direct expenses of all functional areas or programs. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense Line</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes, employee benefits	Salaries
Professional fees	Salaries
Rent	Salaries
Telephone	Salaries
Printing and postage	Salaries
Office supplies	Salaries
Insurance	Salaries
Equipment rental/maintenance	Salaries
Bank charges and other fees	Salaries
Depreciation and amortization	Salaries
Miscellaneous expenses	Salaries

**American Friends of Migdal Ohr**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

---

**Transmissions to Migdal Ohr-Israel**

All transmissions to Migdal Ohr-Israel are grants to support programs operated by Migdal Ohr-Israel. Grants paid include those with specific donor restrictions for individual projects, as well as unrestricted general contributions.

**Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates are used in the valuation of contributions receivable and functional allocation of expenses.

**Valuation of Long-Lived Assets**

AFMO reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. No adjustment for impairment was required for the years ended December 31, 2023 and 2022.

**Advertising**

Advertising costs are expensed as incurred. Advertising expense was \$281,278 and \$239,456 for the years ended December 31, 2023 and 2022, respectively.

**Leases**

AFMO categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow AFMO to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the statement of financial position.

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. AFMO had no finance or operating leases longer than 12 months during 2023 and 2022.

**Income Taxes**

AFMO is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. AFMO has evaluated the recognition requirements for uncertain income tax positions and has concluded that there are no such positions at December 31, 2023, and 2022. AFMO has not incurred any tax related interest and penalties for uncertain income tax positions at December 31, 2023.

**New Accounting Pronouncements Adopted in the Current Year**

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, which is effective for fiscal years beginning after December 15, 2022, and requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. AFMO will now use forward-looking information to better inform their credit loss estimates. The adoption of this standard on the modified retrospective basis as of January 1, 2023, did not have a significant impact on its financial statements.

**Reclassifications**

Certain reclassifications have been made to the prior-year financial statements to conform to the current-year presentation which had no effect on the changes in net assets.

**American Friends of Migdal Ohr**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

---

**3. LIQUIDITY AND AVAILABILITY**

As of December 31, 2023, and 2022, AFMO's financial assets available for general expenditures within one year of the statements of financial position date consist of the following:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash	\$ 2,107,403	\$ 2,123,758
Current portion of contributions receivable, net	<u>43,133</u>	<u>213,447</u>
Total financial assets	2,150,536	2,337,205
Less: Net assets with restrictions	<u>708,172</u>	<u>1,076,251</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,442,364</u>	<u>\$ 1,260,954</u>

AFMO received significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

AFMO manages its liquidity and reserves following the guiding principles: operating within a prudent range of financial solutions and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. AFMO maintains current financial assets less current liabilities at a minimum of 30 days operating expenses. To achieve these targets, AFMO monitors its liquidity and reserves monthly.

**4. CONTRIBUTIONS RECEIVABLE**

	<u>2023</u>	<u>2022</u>
Due within one year	\$ 63,133	\$ 213,447
Due in one to five years	<u>63,333</u>	<u>29,800</u>
Contributions receivable	126,466	243,247
Allowance for doubtful contributions receivable	<u>(40,000)</u>	<u>-</u>
Contributions receivable	<u>\$ 86,466</u>	<u>\$ 243,247</u>

**5. CONCENTRATIONS OF CASH BALANCES AND CREDIT RISK**

AFMO 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.

Historically, AFMO does not receive a significant number of multi-year contributions. At December 31, 2023, two contributors accounted for 100% of contributions receivable. At December 31, 2022, of the four outstanding contributions, two of these contributors accounted for 99% of contributions receivable. There was no revenue concentration for the year ended December 31, 2023. For the year ended December 31, 2022, one contributor accounted for 23% of contributions revenue.

**American Friends of Migdal Ohr**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**6. PROPERTY AND EQUIPMENT, NET**

Property and equipment consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 58,176	\$ 56,906
Computer software	<u>25,571</u>	<u>25,571</u>
	83,747	82,477
Less: Accumulated depreciation and amortization	<u>(75,088)</u>	<u>(70,622)</u>
Property and equipment, net	<u>\$ 8,659</u>	<u>\$ 11,855</u>

**7. NON-FINANCIAL ASSETS CONTRIBUTIONS**

AFMO received contributed nonfinancial assets comprised of special events goods during the years ended December 31, 2023 and 2022. Donations received are as follows:

<u>Non-Financial Contributions Category</u>	<u>Type of Contributions</u>	<u>Valuation</u>	<u>2023</u>	<u>2022</u>
Donated merchandise	Wine, liquor and jewelry auctioned at fundraising events	Fair market value	\$ -	\$ 7,750
Donated supplies	Clothing, accessories, and toys	Fair market value	189,489	-
			<u>\$ 189,489</u>	<u>\$ 7,750</u>

The revenues and an equal amount of expenses associated with the non-financial contributions received are included in the applicable revenue and expense captions in the accompanying statements of activities. Merchandise for special events has been included in the direct costs of donated product, in the accompanying statement of functional expenses for the years ended December 31, 2023 and 2022.

**8. NET ASSETS WITH DONOR RESTRICTIONS**

Components of net assets with donor restrictions at December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Bayit B'Yisrael	\$ 24,916	\$ 146,980
Gan Yavne Academic College	1,198	153
Capital project	200,000	200,000
Displaced Children's Program	13,439	-
Rafael medical fund	23,543	-
Sulamot	75,000	-
Mishpactonim dormitory renovation	5,541	8,540
Zoharim	317,869	467,282
Time restriction	<u>46,666</u>	<u>253,296</u>
	<u>\$ 708,172</u>	<u>\$ 1,076,251</u>

**American Friends of Migdal Ohr**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors for the years ended December 31, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Bayit B'Yisraeli	\$ 646,316	\$ 467,457
Ohr Israeli youth	-	75,000
Zoharim	750,451	2,697,690
Mishpactonim dormitory renovation	149,825	413,283
Sulamot	-	60,000
Afikei Ohr	98,000	1,521,490
Bait Tavshil Soup Kitchen	5,000	5,000
Bar Bat Mitzvah sponsorship	25,683	35,057
Gan Yavne Academic College	41,361	45,035
Shelhevet	-	50,000
Pninat Ohr	-	220,000
Yeshiva Katana	76,000	351,000
Time restriction	<u>80,000</u>	<u>-</u>
	<u>\$ 1,872,636</u>	<u>\$ 5,941,012</u>

**9. COMMITMENTS AND CONTINGENCIES**

AFMO leases office space in New Jersey under an agreement which expired on December 31, 2023. Upon expiration, AFMO continued to occupy the space on a month-to-month basis with an increase in the base monthly rent of \$50. AFMO leases another office space in New York City under an agreement that started in November 1, 2022 and expired on October 31, 2023. The lease was renewed for another year, ending October 31, 2024. Lease expense for the years ended December 31, 2023 and 2022 was \$53,636 and \$47,438, respectively. Minimum future payments under the terms of the new lease are \$42,820 for the period ending December 31, 2024. Under both leases, AFMO and the landlord have options to extend or terminate the agreement provided that either party notify the other party in writing no later than 90 days prior to the intended termination date. The renewal option has not been included in the lease determination, since it is not reasonably certain that the option will be exercised, based on general uncertainties that come with the passage of time.

**10. SUBSEQUENT EVENTS**

AFMO has evaluated subsequent events occurring after the statement of financial position date through the date of November 12, 2024, which is the date the financial statements were available to be issued, and no events require recognition or disclosure other than listed below.

In August 2024, AFMO entered into an agreement with Jewish National Fund (JNF – USA) and Kiryat Hinuch Migdal Ohr (Migdal Ohr) whereby AFMO will donate up to a total of approximately \$3,200,000 to JNF – USA to augment donations made by Migdal Ohr Canada. The funds will then be transferred to Keren Kayemeth Le'Israel; – Jewish National Fund (KKL) where it will be matched by 20%. The total will then be sent to Migdal Ohr. The agreement is in effect until the full amount of funds are transferred and matched.