

**FRIENDS OF ISRAEL DISABLED
VETERANS, INC.**

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

DECEMBER 31, 2015

**FRIENDS OF ISRAEL DISABLED
VETERANS, INC.**

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Independent Auditor's Report

**Board of Directors
Friends of Israel Disabled Veterans, Inc.**

Report on the Financial Statements

We have audited the accompanying financial statements of Friends of Israel Disabled Veterans, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

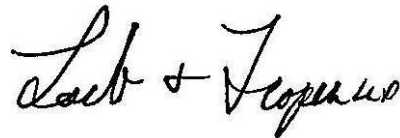
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Israel Disabled Veterans, Inc. as of December 31, 2015, 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.

Report on Summarized Comparative Information

We have previously audited Friends of Israel Disabled Veterans, Inc.'s December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 25, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.



June 15, 2016

**FRIENDS OF ISRAEL
DISABLED VETERANS, INC.**

STATEMENT OF FINANCIAL POSITION

**DECEMBER 31, 2015
(With Summarized Financial Information
for December 31, 2014)**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents - unrestricted	\$ 796,720	\$ 1,663,119
Cash and cash equivalents - temporarily restricted	57,696	334,393
Investments (Note 3)	293,116	258,770
Investments - trust funds (Notes 3 and 4)	14,366	14,242
Contributions receivable (Note 5)	426,721	85,126
Beneficial interest in remainder trust (Note 4)	2,884,606	3,316,058
Security deposits	20,621	20,621
Prepaid expenses	15,197	27,939
Fixed assets - net (Note 6)	<u>4,935</u>	<u>11,371</u>
Total assets	<u>\$ 4,513,978</u>	<u>\$ 5,731,639</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 56,119	\$ 19,316
Grants payable (Note 8)		526,724
Deferred income	<u>72,078</u>	
Total liabilities	<u>128,197</u>	<u>546,040</u>
Net assets (Exhibit B)		
Unrestricted	580,332	1,492,905
Temporarily restricted (Note 7)	<u>3,805,449</u>	<u>3,692,694</u>
Total net assets	<u>4,385,781</u>	<u>5,185,599</u>
Total liabilities and net assets	<u>\$ 4,513,978</u>	<u>\$ 5,731,639</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**FRIENDS OF ISRAEL
DISABLED VETERANS, INC.**

STATEMENT OF ACTIVITIES

**YEAR ENDED DECEMBER 31, 2015
(With Summarized Financial Information
for the Year Ended December 31, 2014)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2015</u>	<u>2014</u>
Revenues and other support				
Contributions	\$ 385,619	\$ 2,584,366	\$ 2,969,985	\$ 3,093,881
Direct mail	450,954		450,954	559,350
Gross revenue from special event	\$ 211,313			
Less: direct costs of special events	<u>(76,974)</u>			
Net revenue from special event	134,339		134,339	
Change in value of split-interest agreements	124	(175,202)	(175,078)	492,012
Miscellaneous income	960		960	2,255
Net assets released from restrictions (Note 7)	<u>2,296,409</u>	<u>(2,296,409)</u>		
Total revenues and other support	<u>3,268,405</u>	<u>112,755</u>	<u>3,381,160</u>	<u>4,147,498</u>
Expenses (Exhibit C)				
Program services				
Facilities and special programs (Note 8)	<u>3,203,075</u>		<u>3,203,075</u>	<u>2,528,020</u>
Supporting services				
Management and general	330,399		330,399	346,867
Fund raising	<u>651,623</u>		<u>651,623</u>	<u>646,296</u>
Total supporting services	<u>982,022</u>		<u>982,022</u>	<u>993,163</u>
Total expenses	<u>4,185,097</u>		<u>4,185,097</u>	<u>3,521,183</u>
Change in net assets before investment income (loss)	(916,692)	112,755	(803,937)	626,315
Investment income (loss) (Note 3)	<u>4,119</u>		<u>4,119</u>	<u>(359)</u>
Change in net assets (Exhibit D)	(912,573)	112,755	(799,818)	625,956
Net assets - beginning of year	<u>1,492,905</u>	<u>3,692,694</u>	<u>5,185,599</u>	<u>4,559,643</u>
Net assets - end of year (Exhibit A)	<u>\$ 580,332</u>	<u>\$ 3,805,449</u>	<u>\$ 4,385,781</u>	<u>\$ 5,185,599</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**FRIENDS OF ISRAEL
DISABLED VETERANS, INC.**

EXHIBIT C

STATEMENT OF FUNCTIONAL EXPENSES

**YEAR ENDED DECEMBER 31, 2015
(With Summarized Financial Information
for the Year Ended December 31, 2014)**

	Program Services Facilities and Special Programs	Supporting Services			Direct Cost of Special Event	Total	
		Management and General	Fund Raising	Total Supporting Services		2015	2014
Transmissions to Israel-Zahal Disabled Veterans' Fund (Note 8)	\$ 3,203,075					\$ 3,203,075	\$ 2,528,020
Salaries		\$ 120,894	\$ 245,450	\$ 366,344		366,344	347,601
Payroll taxes and employee benefits		26,056	52,902	78,958		78,958	102,376
Professional fees		106,998	32,043	139,041		139,041	130,755
Insurance		308	624	932		932	
Data processing		12,031	24,427	36,458		36,458	35,986
Direct mail			125,674	125,674		125,674	150,158
Occupancy (Note 10)		22,701	46,089	68,790		68,790	66,455
Telephone and online services		5,503	11,172	16,675		16,675	10,202
Office supplies		22,523	45,729	68,252		68,252	67,930
Postage, printing and publications		9,123	18,521	27,644		27,644	11,644
Advertising			2,584	2,584		2,584	2,065
Travel			33,054	33,054		33,054	35,844
Catering, entertainment and awards			4,702	4,702	\$ 76,974	81,676	15,210
Depreciation		2,124	4,312	6,436		6,436	6,837
Miscellaneous		2,138	4,340	6,478		6,478	10,100
Total expenses	3,203,075	330,399	651,623	982,022	76,974	4,262,071	3,521,183
Less direct costs of special events deducted from revenue on the statement of activities					(76,974)	(76,974)	
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 3,203,075	\$ 330,399	\$ 651,623	\$ 982,022	\$ -	\$ 4,185,097	\$ 3,521,183

See independent auditor's report.

The accompanying notes are an integral part of these statements.

EXHIBIT D**FRIENDS OF ISRAEL DISABLED
VETERANS, INC.****STATEMENT OF CASH FLOWS****YEAR ENDED DECEMBER 31, 2015**

Cash flows from operating activities	
Change in net assets (Exhibit B)	\$ (799,818)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Donated stock	(54,221)
Depreciation and amortization	6,436
Realized and unrealized loss on investments	310
Change in value of split-interest agreements	175,078
Decrease (increase) in assets	
Contributions receivable	(341,595)
Prepaid expenses	12,742
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	36,803
Grants payable	(526,724)
Deferred income	72,078
	<hr/>
Net cash used by operating activities	(1,418,911)
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Cash flows from investing activities	
Purchase of investments	(3,348)
Proceeds from sales of investments	22,913
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Net cash provided by investing activities	19,565
	<hr/>
Cash flows from financing activities	
Proceeds from remainder trust	256,250
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Net change in cash and cash equivalents	(1,143,096)
Cash and cash equivalents - beginning of year	1,997,512
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Cash and cash equivalents - end of year	\$ 854,416
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See independent auditor's report.

The accompanying notes are an integral part of these statements.

**FRIENDS OF ISRAEL DISABLED
VETERANS, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1 - NATURE OF ORGANIZATION

Zahal Disabled Veterans Organization (“Z.D.V.O.”) was founded to represent, lobby for and rehabilitate the quadriplegic, paraplegic, blind, burned, amputee and other disabled Israeli veterans. To facilitate their rehabilitation, four Beit Halochem Centers (“Centers”) were built in Tel Aviv, Haifa, Jerusalem and Beer Sheva and a rest and recreational facility in Nahariya. Construction of a fifth center is scheduled to start in September 2016. 6,500 veterans and their families will benefit from a center of their own. A campaign for the new center in Ashdod started in 2016. Friends of Israel Disabled Veterans, Inc. is the official U.S. tax-exempt representative of Z.D.V.O. Its major mission is to bring awareness of and raise funds for these Centers and the veterans they serve.

The Centers are dedicated to providing comprehensive treatment and services. Limited by serious handicaps, many disabled find it difficult to re-establish a daily regimen so necessary to physical and mental well-being. Providing the means to succeed is Beit Halochem’s top priority. The veterans receive individualized physical and hydrotherapy, psychological counseling, sports, vocational and academic training. The Centers also provide programs and activities for the entire family, bringing together parents and children in an environment of “normalcy” and warmth.

Academic scholarships give the disabled veterans the opportunity to go to college, either to continue what they were learning before being disabled, or new fields, as their disabilities often prevent them from pursuing their original goals.

The Centers also provide state-of-the-art sports training. Some of the members progress so well that they are given specialized training in order to compete in the Paralympics and other games specifically geared to disabled athletes around the world. The Centers’ veterans have won gold medals at many of these events. Becoming a successful athlete gives the disabled veteran strength of mind and spirit, enabling him or her to overcome the painful obstacles of the disability.

The Centers enable these men and women to regain control of their lives, with self-confidence and dignity, in an atmosphere of love, encouragement and deep appreciation for their tremendous sacrifice.

In the last ten years, due to terror attacks, civilians found themselves standing on the front line and being injured side by side with soldiers. Due to this new situation, Z.D.V.O. took upon itself to care for this population. Today civilian victims of terror can become equal members of one of the three Beit Halochem Centers and enjoy Beit Halochem Centers and benefit from their services.

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**FRIENDS OF ISRAEL DISABLED
VETERANS, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1 - NATURE OF ORGANIZATION (continued)

Friends of Israel Disabled Veterans, Inc. ("Friends") was incorporated in 1987 as a nonprofit organization and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

The Friends website is available for more information about individual disabled veterans, current events at Beit Halochem in Israel and in the U.S., and donation opportunities.

Friends' primary purpose is to obtain contributions to fund facilities and special programs for disabled Israeli veterans in Israel.

The organization is funded primarily by contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - Cash equivalents include investments in highly liquid instruments with original maturities, when acquired, of three months or less.

Investments - Investments are carried at fair market value. Friends invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based upon the markets' fluctuations, and that such changes could materially affect Friends' financial statements.

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**FRIENDS OF ISRAEL DISABLED
VETERANS, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

Fair Value Measurements establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Friends has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 as compared to those used at December 31, 2014.

Equities - Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed-income securities and State of Israel bonds - Valued based on quoted market prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Mutual funds - Valued at the net asset value ("NAV") of shares held by Friends at year end.

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**FRIENDS OF ISRAEL DISABLED
VETERANS, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Friends believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Level 1 investments		
Equities		
Basic materials	\$ 680	\$ 1,155
Financial	11,996	12,438
Healthcare	38,252	41,866
Industrial goods	63,028	7,614
Technology	<u>3,624</u>	<u>2,902</u>
Total equities	117,580	65,975
Mutual funds		
Money market	<u>96,431</u>	<u>95,839</u>
Total Level 1 investments	<u>214,011</u>	<u>161,814</u>
Level 2 investments		
State of Israel bonds	62,180	72,430
Fixed-income securities		
Government National		
Mortgage Association	<u>31,291</u>	<u>38,768</u>
Total Level 2 investments	<u>93,471</u>	<u>111,198</u>
Total assets at fair value	<u>\$ 307,482</u>	<u>\$ 273,012</u>

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**FRIENDS OF ISRAEL DISABLED
VETERANS, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Friends does not charge interest on outstanding receivables.

Allowance for doubtful accounts - Friends determines whether an allowance for uncollectibles should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of its contributions, current economic conditions, subsequent receipts and historical information. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted.

Beneficial interest in remainder trust - The fair value of the beneficial interest is estimated by discounting the estimated future cash flows using a risk-adjusted rate.

Fixed assets - Fixed assets, including leasehold improvement in excess of \$1,500 with an estimated useful life of greater than one year are capitalized, and are stated at cost. Depreciation is provided over the estimated useful lives of the assets on the straight-line method. Amortization of leasehold improvement is provided on the straight-line basis over the shorter of the estimated useful lives of the assets or the term of the lease.

Deferred income - Special event revenues received in advance of the event occurring have been deferred.

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is pledged. The gifts are reported as temporarily restricted support 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, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Advertising - Advertising costs are expensed as incurred.

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**FRIENDS OF ISRAEL DISABLED
VETERANS, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating lease - Operating lease expense has been recorded on the straight-line basis over the life of the lease. Deferred rent, when material, is recorded for the difference between the fixed payment and the rent expense.

Functional allocation - The costs of providing Friends' programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Unrestricted net assets - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors.

Temporarily restricted net assets - Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.

Uncertainty in income taxes - Friends has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2012 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through June 15, 2016, which is the date the financial statements were available to be issued. Management has determined that there are no material subsequent events that would require disclosure in Friends' financial statements through this date.

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**FRIENDS OF ISRAEL DISABLED
VETERANS, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 3 - INVESTMENTS

	<u>2015</u>	<u>2014</u>
General		
Equities		
Basic materials	\$ 680	\$ 1,155
Healthcare	38,252	41,866
Industrial goods	63,028	7,614
Technology	<u>3,624</u>	<u>2,902</u>
Total equities	<u>105,584</u>	<u>53,537</u>
State of Israel bonds	<u>62,180</u>	<u>72,430</u>
Fixed-income securities		
Government National Mortgage Association	<u>31,291</u>	<u>38,768</u>
Mutual funds		
Money market	<u>94,061</u>	<u>94,035</u>
	<u>293,116</u>	<u>258,770</u>
Trust funds		
Money market funds	2,370	1,804
Equity - financial	<u>11,996</u>	<u>12,438</u>
	<u>14,366</u>	<u>14,242</u>
	<u>\$ 307,482</u>	<u>\$ 273,012</u>

Investment income (loss) consists of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 4,429	\$ 4,842
Net realized and unrealized losses on investments	<u>(310)</u>	<u>(5,201)</u>
	<u>\$ 4,119</u>	<u>\$ (359)</u>

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**FRIENDS OF ISRAEL DISABLED
VETERANS, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 4 - SPLIT-INTEREST AGREEMENTS AND BENEFICIAL INTEREST IN TRUSTS

Friends was the trustee and residual beneficiary of two charitable remainder annuity trust agreements established by Mr. and Mrs. Carl Gans of New York, New York. Mrs. Gans, the last annuitant, passed away in 2014. As of December 31, 2015 the assets of the trust were not distributed. As of December 31, 2015, the trust fund assets are \$14,366.

Friends has a beneficial interest in a trust agreement established by Mr. and Mrs. Leonard Smith of Beverly Hills, California on November 24, 1995. The trust agreement provides that 8% of the net fair market value of the trust assets shall be paid semiannually to Mr. and Mrs. Leonard Smith during their lifetimes, in each taxable year. Upon the death of Mr. and Mrs. Smith, the principal of the trust would be remitted to Friends. The value of the trust at the present value of estimated future cash flows at December 31, 2015 is \$2,375. The trust uses a 6% discount rate. As of December 31, 2015, the trust fund assets are \$14,499.

In June 2011, Friends was bequeathed a 25% interest in the residual assets of the Chai Trust (the "Trust"). The Trust provides for annual fixed distributions for a period of 10 years to other named beneficiaries, as well as annual distributions to Friends. At the conclusion of the ten year period, the trust will be liquidated and any residual assets distributed to the beneficiaries. Friends received distributions of \$256,250 in 2015. As of December 31, 2015, the value of Friends' interest in the trust at the present value of estimated future cash flows, net of distributions and appreciation of the trust assets, was valued by the trustee to be worth approximately \$2,882,231.

Anticipated future distributions, recorded at present value using a discount rate of 5% as of December 31, 2015 are as follows:

Past due	\$ 43,750
2016	454,000
2017	313,000
2018	317,000
2019	370,000
2020	220,000
Thereafter	<u>2,130,250</u>
	3,848,000
Less present value discount	<u>(965,769)</u>
Total	<u>\$ 2,882,231</u>

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**FRIENDS OF ISRAEL DISABLED
VETERANS, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 5 - CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable, have been recorded at present value. Those receivables that are due in more than one year have been discounted to their present value using a discount rate of 1.76%. Contributions receivable consist of the following:

2016	\$ 224,898
2017	60,000
2018	60,000
2019	60,000
2020	<u>30,000</u>
	434,898
Less present value discount	<u>(8,177)</u>
	<u>\$ 426,721</u>

NOTE 6 - FIXED ASSETS

		<u>Estimated Useful Lives</u>
Computers and equipment	\$ 2,055	3 years
Furniture and fixtures	3,864	3 years
Leasehold improvements	<u>16,990</u>	5 years
	22,909	
Less accumulated depreciation and amortization	<u>(17,974)</u>	
Net fixed assets	<u>\$ 4,935</u>	

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**FRIENDS OF ISRAEL DISABLED
VETERANS, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Programs for paralyzed veterans	\$ 920,843	\$ 376,636
Time restrictions	2,882,231	3,305,934
Charitable remainder annuity trusts	<u>2,375</u>	<u>10,124</u>
	<u>\$ 3,805,449</u>	<u>\$ 3,692,694</u>

Temporarily restricted net assets were released from restrictions for the following:

	<u>2015</u>	<u>2014</u>
Programs for paralyzed veterans	<u>\$ 2,296,409</u>	<u>\$ 1,302,423</u>

NOTE 8 - ZAHAL DISABLED VETERANS' FUND

During 2015, Friends granted the sum of \$3,203,075 to Zahal Disabled Veterans' Fund of Z.D.V.O., which included funding for building the new center in Beer-Sheva, sports, cultural and educational activities, equipment and academic scholarships.

NOTE 9 - CONCENTRATIONS

Financial instruments which potentially subject Friends to a concentration of credit risk are cash accounts with financial institutions in excess of the FDIC insurance limit (\$250,000). The total exposure as of December 31, 2015 is \$529,643.

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**FRIENDS OF ISRAEL DISABLED
VETERANS, INC.**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 10 - OCCUPANCY COSTS

Friends leases space for its operations. The lease expired on April 30, 2016 and was renewed for an additional three year term, expiring on April 30, 2019. The lease expense, including charges for Friends' proportional share of the real estate taxes and utilities, was \$68,790 in 2015.

Minimum lease payments are as follows:

2016	\$ 66,184
2017	69,768
2018	71,860
2019	<u>24,188</u>
	<u>\$ 232,000</u>

NOTE 11 - PENSION

Friends has a defined contribution 401(k) plan which covers substantially all employees. All participating eligible employees receive a matching of employees' contributions up to a maximum 3% not to exceed IRS guidelines. The expense for the year ended December 31, 2015 was \$9,522.