

The Abraham Initiatives, Inc.
Financial Statements
December 31, 2024 and 2023

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Independent Auditor's Report

To the Board of Directors
The Abraham Initiatives, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Abraham Initiatives, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Abraham Initiatives, Inc. as of December 31, 2024 and 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Abraham Initiatives, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Abraham Initiatives, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

sgc & associates llp

Great Neck, New York

August 25, 2025

The Abraham Initiatives, Inc
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets:		
Cash	\$ 249,682	\$ 174,353
Contributions receivable	55,816	113,815
Receivable from broker	-	9,274
Investments - revolving reserve fund, at fair value	651,519	657,539
Other investments, at fair value	<u>91,632</u>	<u>79,793</u>
Total current assets	1,048,649	1,034,774
Other assets	<u>6,475</u>	<u>6,475</u>
Total assets	<u><u>\$ 1,055,124</u></u>	<u><u>\$ 1,041,249</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accrued expenses and other current liabilities	\$ <u>28,003</u>	\$ <u>22,715</u>
Total current liabilities	28,003	22,715
Total liabilities	28,003	22,715
Commitments		
Net assets:		
Without donor restrictions	211,475	261,723
With donor restrictions	<u>815,646</u>	<u>756,811</u>
Total net assets	<u>1,027,121</u>	<u>1,018,534</u>
Total liabilities and net assets	<u><u>\$ 1,055,124</u></u>	<u><u>\$ 1,041,249</u></u>

See Notes to Financial Statements

The Abraham Initiatives, Inc
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities						
Contributions	\$ 899,501	\$ 505,000	\$ 1,404,501	\$ 1,105,676	\$ 245,500	\$ 1,351,176
Net assets released from restrictions	505,000	(505,000)	-	245,500	(245,500)	-
	<u>1,404,501</u>	<u>-</u>	<u>1,404,501</u>	<u>1,351,176</u>	<u>-</u>	<u>1,351,176</u>
Expenses						
Programs	1,182,425	-	1,182,425	1,254,695	-	1,254,695
Fundraising	125,751	-	125,751	90,506	-	90,506
Management and general	146,573	-	146,573	136,194	-	136,194
	<u>1,454,749</u>	<u>-</u>	<u>1,454,749</u>	<u>1,481,395</u>	<u>-</u>	<u>1,481,395</u>
Change in net assets from operating activities	(50,248)	-	(50,248)	(130,219)	-	(130,219)
Nonoperating activities						
Interest and dividends	-	59,674	59,674	12	10,793	10,805
Realized and unrealized gains (losses), net	<u>-</u>	<u>(839)</u>	<u>(839)</u>	<u>-</u>	<u>8,368</u>	<u>8,368</u>
Change in net assets from nonoperating activities	-	58,835	58,835	12	19,161	19,173
Change in net assets	(50,248)	58,835	8,587	(130,207)	19,161	(111,046)
Net assets, beginning of year	<u>261,723</u>	<u>756,811</u>	<u>1,018,534</u>	<u>391,930</u>	<u>737,650</u>	<u>1,129,581</u>
Net assets, end of year	<u>\$ 211,475</u>	<u>\$ 815,646</u>	<u>\$ 1,027,121</u>	<u>\$ 261,723</u>	<u>\$ 756,811</u>	<u>\$ 1,018,534</u>

See Notes to Financial Statements

The Abraham Initiatives, Inc
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	2024					
	Program Activities		Supporting Activities			
	Program	Total Program	Management & General	Fund-raising	Supporting Subtotal	Total Expenses
Grants to the Abraham Fund Israel	\$ 900,000	\$ 900,000	\$ -	\$ -	\$ -	\$ 900,000
Other grants	3,500	3,500	-	-	-	3,500
Salaries and benefits	249,162	249,162	107,970	58,138	166,108	415,270
Professional fees	-	-	29,974	-	29,974	29,974
Fundraising Development	-	-	-	29,768	29,768	29,768
Outreach and promotion	-	-	-	29,218	29,218	29,218
Trainings and conferences	6,206	6,206	776	776	1,552	7,758
Office expenses	2,579	2,579	860	860	1,720	4,299
Telephone and communications	497	497	166	166	331	828
Occupancy costs	13,432	13,432	4,477	4,477	8,954	22,386
Insurance	7,049	7,049	2,350	2,350	4,699	11,748
	<u>\$ 1,182,425</u>	<u>\$ 1,182,425</u>	<u>\$ 146,573</u>	<u>\$ 125,751</u>	<u>\$ 272,324</u>	<u>\$ 1,454,749</u>

See Notes to Financial Statements

The Abraham Initiatives, Inc
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	2023					
	Program Activities		Supporting Activities			
	Program	Total Program	Management & General	Fund-raising	Supporting Subtotal	Total Expenses
Grants to the Abraham Fund Israel	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000
Other grants	4,500	4,500	-	-	-	4,500
Salaries and benefits	225,847	225,847	97,867	52,698	150,564	376,411
Professional fees	-	-	31,073	-	31,073	31,073
Fundraising Development	-	-	-	18,058	18,058	18,058
Outreach and promotion	-	-	-	12,496	12,496	12,496
Trainings and conferences	4,137	4,137	517	517	1,034	5,171
Office expenses	1,262	1,262	421	421	841	2,103
Telephone and communications	531	531	177	177	354	885
Occupancy costs	13,927	13,927	4,643	4,643	9,285	23,212
Insurance	4,491	4,491	1,497	1,497	2,994	7,485
	<u>\$ 1,254,695</u>	<u>\$ 1,254,695</u>	<u>\$ 136,194</u>	<u>\$ 90,506</u>	<u>\$ 226,700</u>	<u>\$ 1,481,395</u>

See Notes to Financial Statements

The Abraham Initiatives, Inc
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 8,587	\$ (111,045)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from donated securities	(6,658)	(9,230)
Unrealized losses	839	631
Interest, dividends and realized gains reinvested	(59,674)	(10,518)
Change in contributions receivable	57,999	(32,128)
Change in receivable from broker	9,274	(9,274)
Change in accrued expenses, and other current liabilities	<u>5,288</u>	<u>(2,515)</u>
Net cash provided (used) by operating activities	<u>15,655</u>	<u>(174,079)</u>
Cash flows from investing activities:		
Interest and dividends	59,674	10,793
Purchase of investments	<u>-</u>	<u>(651,000)</u>
Net cash provided (used) by investing activities	<u>59,674</u>	<u>(640,207)</u>
Increase (decrease) in cash	75,329	(814,286)
Cash, Beginning of year	<u>174,353</u>	<u>988,639</u>
Cash, End of year	<u><u>\$ 249,682</u></u>	<u><u>\$ 174,353</u></u>

See Notes to Financial Statements

The Abraham Initiatives, Inc
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 1. Organization and Purpose

The Abraham Initiatives, Inc. (the Organization) is a not-for-profit corporation organized under the laws of the State of Delaware on November 15, 1989.

The Organization's focus is on building an equal and shared society in Israel. Named for the common ancestor of both Jews and Arabs, the Organization advances a cohesive, secure, and just Israeli society by promoting policies based on innovative social models, and by conducting large-scale social change initiatives, advocacy, and public education. The Organization provides funding for Yozmot Avraham, FKA Keren Avraham. Yozmot Avraham is an Israeli not-for-profit organization.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The Organization's financial statements have been prepared on the accrual basis of accounting and in accordance with accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) to ensure financial condition, results of operations, and cash flows are consistently reported. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification (FASB ASC).

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. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Financial statement presentation: The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Note 2. Summary of Significant Accounting Policies (Continued)

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

Investments and Fair Value Measurements: Investments are presented in the financial statements at fair value. Donated investments are initially recorded at fair value at the date of the donation. Gains and losses arising from the sale, maturity or other disposition of investments are accounted for on a specific identification basis calculated as of the trade-date. Dividends, unrealized gains and losses and net realized gains and losses are recognized and included in net investment income (loss) on the accompanying statements of activities. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

The estimates of fair value are based on the framework established in the fair value measurements and disclosures accounting guidance. The framework is based on the inputs used in valuation and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the fair value accounting guidance includes a hierarchy based on whether significant valuation inputs are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Organization's significant market assumptions.

The three levels of the hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets that the Organization 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 markets that are not active, inputs other than quoted prices that are observable for substantially the full period for the asset or liability and market-corroborated inputs.

Level 3 – Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

Measure of Operations: The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, and other activities considered to be of a more unusual or nonrecurring nature.

The Abraham Initiatives, Inc
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2. Summary of Significant Accounting Policies (Continued)

Market Risk: The Organization's investments are exposed to various risks, such as fluctuations in fair value and credit risk. Thus, it is at least reasonably possible that changes in these risks in the near term could materially affect the amounts reported in the statements of financial position.

Property and equipment: Property and equipment are recorded at cost on the date of acquisition or at fair value on the date of donation. Expenditures for major renewals and improvements are capitalized while expenditures for maintenance are expensed as incurred. Depreciation on property and equipment is computed using the straight-line method over the following estimated useful lives of the related assets:

<u>Description</u>	<u>Years</u>
Computers and equipment	5
Furniture	5-10

Costs associated with on-going projects are accumulated as construction in progress until completion. The completed asset is then reclassified to property and equipment and depreciated over its estimated useful life once placed in service.

Depreciation expense on fixed assets for the years ended December 31, 2024 and 2023 was \$0 and \$0, respectively.

Contributions receivable: Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in one year or more are recorded at the net present value of the estimated future cash flows of the outstanding principal balance, using credit-adjusted interest rates. Amortization of the discount is included in contributions revenue. An allowance for doubtful contributions, if any, is provided by management based on the Organization's experience with the donors and their ability to pay. Contributions receivable amounted to \$55,816 and \$113,815 at December 31, 2024 and 2023, respectively.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue recognition: Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of securities, property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Liquidity: In order to provide information about liquidity, assets are sequenced according to their nearness of conversion to cash and liabilities to their estimated maturity.

Grants expenses: Grants are recorded as expenses when they are approved by the Organization's board of directors and the grantees are identified. Grants payable are amounts committed but not yet disbursed at year-end.

Grants to Israel Affiliate: As of November 13, 2014, when the amended by-laws were adopted, the purpose of the Organization is to provide general operating support for the work of Amuta, the Israeli registered name of Yozmot Avraham. "Yozmot Avraham is an Israeli not-for-profit organization with a mission to fulfill the promise of full and equal citizenship and complete equality of social and political rights for Israel's Jewish and Arab citizens, as embodied in Israel's Declaration of Independence."

The Abraham Initiatives, Inc
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2. Summary of Significant Accounting Policies (Continued)

Functional Expenses: The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Programs	Time and Effort
Salaries and benefits	Time and Effort
Professional fees	Time and Effort
Outreach and promotion	Time and Effort
Trainings and conferences	Time and Effort
Office expenses	Time and Effort
Phone and communications	Usage
Occupancy costs	Square Footage
Insurance	Usage
Travel and meetings	Time and Effort

Contributed Services: Contributed services are recognized if the services received either create or enhance long-lived assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

All members of the Board of Directors are unpaid and have made significant contribution of their time to develop the Organization's programs and assist in their administration. Since the services do not meet the criteria for recognition, the value of contributed time has not been reflected in the accompanying financial statements.

Tax status: The Organization is a not-for-profit organization generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows FASB ASC 740, "Income Taxes", which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Management believes that the Organization has no material uncertainties in income taxes. The Organization is no longer subject to income tax examinations by the U.S. Federal, State, or Local tax authorities for years before 2021.

The Organization will account for interest and penalties related to uncertain tax positions, if any, as part of tax expense.

The Abraham Initiatives, Inc
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 2. Summary of Significant Accounting Policies (Continued)

Subsequent Events Evaluation: The Organization has evaluated subsequent events through August 25, 2025, the date which the financial statements were available to be issued.

Note 3. Investments

The following table is a summary of the Organization's investments, at fair value as of December 31, 2024 and 2023:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Money market funds	\$ 690,931	\$ 690,931	\$ 194,499	\$ 194,499
Certificates of deposit	-	-	500,589	501,000
Mutual funds	42,740	40,803	39,934	38,514
Common stock	9,481	226	2,310	75
	<u>\$ 743,152</u>	<u>\$ 731,960</u>	<u>\$ 737,332</u>	<u>\$ 734,088</u>

Net investment income for the years ended December 31, 2024 and 2023 was as follows:

	2024	2023
Interest and dividends	\$ 59,674	\$ 10,793
Realized and unrealized gains (losses), net	<u>(839)</u>	<u>8,368</u>
Net investment income	<u>\$ 58,835</u>	<u>\$ 19,161</u>

The Abraham Initiatives, Inc
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 4. Fair Value Measurements

The Organization used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Money Market Funds: Money market Organizations are classified within Level 1 of the fair value hierarchy and are valued based on quoted prices in active markets for identical securities.

Mutual Funds: Valued at the daily closing price as reported by the Organization. Mutual Organizations held by the Organization are open-end mutual Organizations that are registered with the U.S. Securities and Exchange Commission. These Organizations are required to publish their daily net asset value and to transact at that price. The mutual Organizations held by the Organization are deemed to be actively traded. Because the mutual Organizations are actively traded, they are classified within Level 1 of the fair value hierarchy.

Common Stock: Common stock is classified within Level 1 of the fair value hierarchy and is valued using quoted market prices. Securities listed on national exchanges are principally valued at the regular trading session closing price on the exchange or market in which these securities are principally traded on the last business day of each period presented.

The following table is a summary of the investments measured at fair value within the GAAP fair value hierarchy on a recurring basis as of December 31, 2024. These are presented on a desegregated basis by class, determined by nature and risk associated with each investment:

December 31, 2024				
	Level 1	Level 2	Level 3	
	Active			
	Markets for	Other	Significant	
	Identical	Observable	Unobservable	
	Assets	Inputs	Assets	Total
Investments Measured at Fair Value Subject to Fair Value Leveling :				
Money market funds	\$ 690,931	\$ -	\$ -	\$ 690,931
Mutual funds:				
Bond funds	42,740	-	-	42,740
Common stock	9,481	-	-	9,481
Total investments in the fair value hierarchy measured at fair value	<u>\$ 743,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 743,152</u>

The Abraham Initiatives, Inc
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 4. Fair Value Measurements (Continued)

The following table is a summary of the investments measured at fair value within the GAAP fair value hierarchy on a recurring basis as of December 31, 2023. These are presented on a segregated basis by class, determined by nature and risk associated with each investment:

December 31, 2023				
	Level 1	Level 2	Level 3	
	Active			
	Markets for	Other	Significant	
	Identical	Observable	Unobservable	
	Assets	Inputs	Assets	Total
Investments Measured at Fair Value Subject to Fair Value Leveling :				
Money market funds	\$ 194,499	\$ -	\$ -	\$ 194,499
Certificates of deposit	500,589	-	-	500,589
Mutual funds:				
Bond funds	39,934	-	-	39,934
Common stock	2,310	-	-	2,310
Total investments in the fair value hierarchy measured at fair value	<u>\$ 737,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 737,332</u>

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels during the years ended December 31, 2024 and 2023.

Management routinely assesses the financial strengths of its investment portfolio and believes there is no significant concentration of risk or credit exposure.

Note 5. Program and Supporting Activities

The following program and supporting activities are included in the accompanying financial statements:

Programs:

The central activity of The Organization's focus is on building an equal and shared society in Israel. Named for the common ancestor of both Jews and Arabs, the Organization advances a cohesive, secure, and just Israeli society by promoting policies based on innovative social models, and by conducting large-scale social change initiatives, advocacy, and public education.

The Abraham Initiatives, Inc
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 5. Program and Supporting Activities (Continued)

Management and General:

Includes the functions necessary to ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration; and manage the financial and budgetary responsibilities of the Organization.

Fund-Raising:

Provides the structure necessary to encourage and secure financial support from individuals, foundations, and corporations for the Organization's programs.

Note 6. Grants Payable

As part of its program activities, the Organization may make periodic grants to qualifying not-for-profit organizations in Israel that support the mission and meet the grants criteria of the Organization. There were no grants unpaid at December 31, 2024 and 2023.

Note 7. Revolving Reserve Funds

The Organization has a revolving reserve fund to serve as an internal line of credit. The revolving reserve fund is comprised of donor restricted funds totaling \$500,000 received by a donor and board designated funds totaling \$151,519. The donor restricted funds and board designated funds designated for the revolving reserve fund totaled \$651,519 and \$657,359 for the years ended December 31, 2024 and 2023, respectively.

The Abraham Initiatives, Inc
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

Note 8. Net assets with donor restrictions

Net assets with donor restrictions consisted of the following at December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Conflict resolution scholarship	\$ 8,038	\$ 8,038
Other restricted	156,089	91,234
Revolving reserve fund	<u>651,519</u>	<u>657,539</u>
	<u>\$ 815,646</u>	<u>\$ 756,811</u>

Other restricted net assets of \$156,089 and \$91,234 at December 31, 2024 and 2023 consist of the principal portion of the investments designated for university scholarships in Israel (Conflict Resolution Scholarships). Investment returns from these investments are required to be accumulated, and are available for scholarships.

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donor were as follows for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Office Move	\$ 10,000	\$ -
Shared Learning Initiative	-	1,000
Research	375,000	-
Living in One Land	10,000	130,000
Education Initiatives	48,000	48,000
Advocacy Initiatives	-	48,000
Elections Initiative	35,000	18,000
Emergency Response	2,000	500
Shared Cities	<u>25,000</u>	<u>-</u>
	<u>\$ 505,000</u>	<u>\$ 245,500</u>

Note 9. Net Assets – Endowment Funds

The Organization's endowment consists of donor-restricted endowment funds which are designated by the Board of Directors to function as endowment. The Organization is subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted NYPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to the endowment fund unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted NYPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purpose of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation or deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specific period(s). Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a real return net of inflation, spending distributions and administrative fees each year.

The objectives of the Organization's investment portfolio are the enhancement of capital and real purchasing power while limiting exposure to risk of loss. Real purchasing power or real rate of return will be defined as returns in excess of inflation as defined by the Consumer Price Index – Urban (CPI-U). At a minimum, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the assets while providing the necessary capital to fund the annual spending policy plus administrative fees.

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Note 9. Net Assets – Endowment Funds (Continued)

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The funds spending distributions are made to participating funds based on their pro-rata share of the total of all participating funds. In establishing this policy, the Organization considered the long-term expected return on its endowment and the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment returns.

Changes in endowment net assets for the years ended December 31, 2024 and 2023 were as follows:

	<u>With Donor Restrictions</u>	
	<u>2024</u>	<u>2023</u>
Endowment net assets at January 1	\$ 100,272	\$ 87,650
Investment income	<u>58,835</u>	<u>12,622</u>
Endowment net assets at December 31	<u>\$ 159,107</u>	<u>\$ 100,272</u>

As of December 31, 2024, and 2023, the endowment is comprised of:

	<u>2024</u>	<u>2023</u>
Investments	\$ 91,632	\$ 79,793
Cash	<u>67,475</u>	<u>20,479</u>
	<u>\$ 159,107</u>	<u>\$ 100,272</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYSPMIFA requires the Organization to retain as a fund of perpetual duration. There was no deficiency of this nature as of December 31, 2024 and 2023. The Organization has a policy that permits spending underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

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Note 10. Liquidity

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2024</u>	<u>2023</u>
Cash	\$ 182,207	\$ 141,252
Contributions Receivable	<u>55,816</u>	<u>113,815</u>
	<u>\$ 238,023</u>	<u>\$ 255,067</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash available in excess of daily requirements in short-term investments.

Financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date and amounts set aside for long-term investing in endowments.

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure.

Note 11. Leases

The Organization entered into a month-to-month lease for shared office space in New York for a monthly rent of \$1,800 per month plus incidental expenses to be incurred for access to amenities and meeting rooms. The lease has been classified as an operating lease. This is a lease of a low value asset with a duration of twelve months. Therefore, it has been classified as a short-term lease. The Company's finance leases are immaterial.

Short-term lease expense amounted to approximately \$22,500 and \$23,000 for the years ended December 31, 2024 and 2023, respectively. For the years ended December 31, 2024 and 2023, the Organization received a lease discount.

Note 12. 403(b) Pension Plan - United States

The Organization has a defined contribution employee benefit plan for all eligible employees in the United States. Employees must have completed one year of service unless the employee was coming to the Organization from another not-for-profit organization. Participants may elect to defer up to 25% of their annual compensation, subject to limitations as provided in the Internal Revenue Code. The Organization contributed 5% of the participants' annual compensation during years ended December 31, 2024 and 2023, which can be adjusted on a yearly basis pending approval by the board. Participants vest fully in the employer's contribution immediately. The Organization made retirement contributions totaling \$17,226 and \$13,634 for the years ended December 31, 2024 and 2023, respectively.

Note 13. Commitments and Contingencies

On June 30, 2025, the House Committee on the Judiciary and the House Committee on Foreign Affairs sent a joint letter to the Organization requesting certain documents and information. The letter served as a formal request to preserve certain documents addressed in the letter, and sought records from January 20, 2021, to the present. In July 2025, the Organization retained outside counsel to assist with its review and response to the Congressional inquiry. The Organization intends to fully cooperate with the Committees' request under all applicable laws. At this time, no further requests have been made of the Organization.

The Committees' inquiry focuses on federal funds lawfully allocated from United States Agency for International Development ("USAID") and the United States Department of State to The Abraham Initiatives' non-profit entity based in Israel, which did not pass through the United States based 501(c)(3) Organization, and as such, Management believes that the United States based 501(c)(3) Organization lacks any exposure. Given the inquiry's early stages, no evaluation of the success or likelihood of any particular outcome has been made but is unlikely to involve a probable loss of any kind.

Note 14. Risks and Uncertainties

In October 2023, Hamas terrorists infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on the Israeli population and industrial centers located along Israel's border with the Gaza Strip and in other areas within the State of Israel. These attacks resulted in thousands of deaths and injuries, and Hamas additionally kidnapped many Israeli civilians and soldiers.

Note 14. Risks and Uncertainties (Continued)

Following the attacks in October 2023 by Hamas terrorists in Israel's southern border, Israel declared war against Hamas and since then, Israel has been involved in military conflicts with Hamas, Hezbollah, a terrorist organization based in Lebanon, and Iran, both directly and through proxies like the Houthi movement in Yemen and armed groups in Iraq and other terrorist organizations. Additionally, following the fall of the Assad regime in Syria, Israel has conducted limited military operations targeting the Syrian army, Iranian military assets and infrastructure linked to Hezbollah and other Iran-supported groups.

In June 2025, in light of continued nuclear threats and intelligence assessments indicating imminent attacks, Israel launched a preemptive strike directly targeting military and nuclear infrastructure inside Iran, aimed at disrupting Iran's capacity to coordinate or launch further hostilities against Israel, as well as to degrade its nuclear program. In response, Iran launched multiple waves of drones and ballistic missiles at Israeli cities. While most of these attacks were intercepted, several caused civilian casualties and damage to infrastructure. While a ceasefire was reached between Israel and Iran in June 2025 after twelve days of hostilities, the situation remains volatile, with the potential for escalation into a broader regional conflict involving additional terrorist organizations.

The Organization cannot currently predict the intensity or duration of Israel's war against Hamas, Hezbollah, Houthi movement in Yemen, armed groups in Iraq, Syrian army, Iranian military assets and infrastructure linked to Hezbollah and other Iran-supported groups, nor can it predict how these wars will ultimately affect its operations or Israel's economy in general.

Note 15. Concentrations

Financial instruments that potentially subject the Organization to a concentration of credit risk are cash accounts with major financial institutions which from time to time are in excess of Federal Deposit Insurance Corporation insurance limits.

At December 31, 2024 and 2023, all cash accounts were held at one bank. This bank has a strong credit rating and management believes that credit risk related to these accounts is minimal.

Contributions for the year ended December 31, 2024 included \$200,000, \$175,000 and \$150,000 received from three foundations. Contributions for the year ended December 31, 2023 included \$200,000, \$120,000 and \$100,000 received from three foundations.