

**AMERICAN FRIENDS OF SHEBA MEDICAL
CENTER, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2023 AND 2022

AMERICAN FRIENDS OF SHEBA MEDICAL CENTER, INC.

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DECEMBER 31, 2023 AND 2022

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Certified Public Accountants

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Independent Auditor's Report

To the Board of Directors
American Friends of Sheba Medical Center, Inc.

We have audited the accompanying financial statements of American Friends of Sheba Medical Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 American Friends of Sheba Medical Center, Inc., 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 Financial Statements* section of our report. We are required to be independent of American Friends of Sheba Medical Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the 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 Sheba Medical Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors
American Friends of Sheba Medical Center, Inc.

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:

- 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 Sheba Medical Center, 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 American Friends of Sheba Medical Center, 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.

Belfint, Lyons & Shuman, P.A.

December 2, 2024
Wilmington, Delaware

AMERICAN FRIENDS OF SHEBA MEDICAL CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,300,657	\$ 1,687,545
Investments	50,396	51,680
Pledge Receivables	8,454,893	4,659,890
Prepaid and Deposits	27,156	42,670
TOTAL CURRENT ASSETS	10,833,102	6,441,785
NONCURRENT ASSETS		
Pledge Receivables, Long-Term Portion	9,116,488	10,322,934
Right of Use Asset - Operating Leases	78,351	106,716
TOTAL NONCURRENT ASSETS	9,194,839	10,429,650
FIXED ASSETS, NET	13,650	9,810
TOTAL ASSETS	\$ 20,041,591	\$ 16,881,245
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 725,751	\$ 788,332
Current Maturities of Operating Lease Liabilities	29,162	29,577
Deferred Revenue	119,901	25,000
TOTAL CURRENT LIABILITIES	874,814	842,909
NONCURRENT LIABILITIES		
Operating Lease Liabilities, Net of Current Maturities	51,889	79,223
TOTAL LIABILITIES	926,703	922,132
NET ASSETS		
Without Donor Restrictions		
Undesignated	772,830	823,906
Investment in Property and Equipment	13,650	9,810
Total Without Donor Restrictions	786,480	833,716
With Donor Restrictions		
Purpose Restrictions	18,328,408	15,125,397
TOTAL NET ASSETS	19,114,888	15,959,113
TOTAL LIABILITIES AND NET ASSETS	\$ 20,041,591	\$ 16,881,245

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

AMERICAN FRIENDS OF SHEBA MEDICAL CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND PUBLIC SUPPORT			
Contributions	\$ 2,889,364	\$ 25,244,090	\$ 28,133,454
Special Events	474,977	23,058	498,035
Interest and Other Income	5,252	-	5,252
Net Assets Released from Restrictions			
Satisfaction of Purpose	22,064,137	(22,064,137)	-
TOTAL REVENUE AND PUBLIC SUPPORT	25,433,730	3,203,011	28,636,741
EXPENSES			
Program Services	21,886,201	-	21,886,201
General and Administrative	1,157,026	-	1,157,026
Fundraising	1,606,214	-	1,606,214
Cost of Direct Benefits to Donors	831,525	-	831,525
TOTAL EXPENSES	25,480,966	-	25,480,966
CHANGE IN NET ASSETS	(47,236)	3,203,011	3,155,775
NET ASSETS - Beginning of Year	833,716	15,125,397	15,959,113
NET ASSETS - End of Year	\$ 786,480	\$ 18,328,408	\$ 19,114,888

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

AMERICAN FRIENDS OF SHEBA MEDICAL CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND PUBLIC SUPPORT			
Contributions	\$ 3,078,583	\$ 23,558,304	\$ 26,636,887
Special Events	682,355	351,935	1,034,290
Interest and Other Income	201,204	-	201,204
Net Assets Released from Restrictions			
Satisfaction of Purpose	17,702,862	(17,702,862)	-
TOTAL REVENUE AND PUBLIC SUPPORT	21,665,004	6,207,377	27,872,381
EXPENSES			
Program Services	20,010,845	-	20,010,845
General and Administrative	1,138,434	-	1,138,434
Fundraising	1,072,570	-	1,072,570
Cost of Direct Benefits to Donors	561,285	-	561,285
TOTAL EXPENSES	22,783,134	-	22,783,134
CHANGE IN NET ASSETS	(1,118,130)	6,207,377	5,089,247
CUMULATIVE EFFECT ADJUSTMENT			
Implementation of FASB ASC 842, <i>Leases</i>	(1,191)	-	(1,191)
NET ASSETS - Beginning of Year	1,953,037	8,918,020	10,871,057
NET ASSETS - End of Year	\$ 833,716	\$ 15,125,397	\$ 15,959,113

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

AMERICAN FRIENDS OF SHEBA MEDICAL CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services	Supporting Services		Direct Donor Benefits	Total
		General and Administrative	Fundraising		
EXPENSES					
Salaries	\$ 748,470	\$ 356,414	\$ 677,187	\$ -	\$ 1,782,071
Payroll Taxes	43,872	20,891	39,693	-	104,456
Benefits	91,489	43,566	82,776	-	217,831
	<u>883,831</u>	<u>420,871</u>	<u>799,656</u>	<u>-</u>	<u>2,104,358</u>
Total Personnel Costs					
Grants	20,494,368	-	-	-	20,494,368
Direct Donor Benefits	-	-	-	831,525	831,525
Occupancy	12,695	6,044	11,486	-	30,225
Professional Services	23,182	558,644	364,386	-	946,212
Office Expenses	35,569	36,567	36,339	-	108,475
Information Technology	43,289	36,958	52,745	-	132,992
Bank Charges	-	680	61,735	-	62,415
Travel	3,638	6,059	138,803	-	148,500
Contract Services	4,339	2,066	3,925	-	10,330
Insurance	32,805	15,621	29,681	-	78,107
Marketing	352,485	70,189	107,458	-	530,132
Depreciation	-	3,327	-	-	3,327
	<u>-</u>	<u>3,327</u>	<u>-</u>	<u>-</u>	<u>3,327</u>
TOTAL EXPENSES	<u>\$ 21,886,201</u>	<u>\$ 1,157,026</u>	<u>\$ 1,606,214</u>	<u>\$ 831,525</u>	<u>\$ 25,480,966</u>

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

AMERICAN FRIENDS OF SHEBA MEDICAL CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Services			Total
		General and Administrative	Fundraising	Direct Donor Benefits	
EXPENSES					
Salaries	\$ 481,780	\$ 423,382	\$ 554,776	\$ -	\$ 1,459,938
Payroll Taxes	31,858	27,996	36,684	-	96,538
Benefits	39,674	34,865	45,686	-	120,225
Total Personnel Costs	553,312	486,243	637,146	-	1,676,701
Grants	19,236,583	-	-	-	19,236,583
Direct Donor Benefits	-	-	-	561,285	561,285
Occupancy	10,372	9,115	11,943	-	31,430
Professional Services	2,677	543,932	218,305	-	764,914
Office Expenses	20,084	31,458	20,295	-	71,837
Information Technology	19,372	18,170	38,552	-	76,094
Bank Charges	-	391	19,252	-	19,643
Travel	4,367	5,392	71,874	-	81,633
Insurance	11,307	9,936	13,020	-	34,263
Marketing	152,771	31,749	42,183	-	226,703
Depreciation	-	2,048	-	-	2,048
TOTAL EXPENSES	\$ 20,010,845	\$ 1,138,434	\$ 1,072,570	\$ 561,285	\$ 22,783,134

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

AMERICAN FRIENDS OF SHEBA MEDICAL CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 3,155,775	\$ 5,089,247
Adjustments to Reconcile Changes in Net Assets to Net Cash from Operating Activities		
Depreciation	3,327	2,048
Gain on Investments	-	(150)
Increase in Discount on Pledges Receivable	120,946	426,023
Changes in Assets and Liabilities		
Pledges Receivable	(2,709,503)	(6,032,121)
Prepaid Expenses and Deposits	15,514	(7,505)
Right of Use Asset - Operating Leases	28,365	27,847
Accounts Payable and Accrued Expenses	(62,581)	(1,431,196)
Operating Lease Liabilities	(27,749)	(26,954)
Deferred Revenue	94,901	25,000
	618,995	(1,927,761)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Proceeds from (Purchases of) Investments	1,284	6,287
Purchases of Fixed Assets	(7,167)	(7,386)
	(5,883)	(1,099)
NET CHANGE IN CASH AND CASH EQUIVALENTS	613,112	(1,928,860)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,687,545	3,616,405
CASH AND CASH EQUIVALENTS - End of Year	\$ 2,300,657	\$ 1,687,545
SUPPLEMENTAL CASH FLOW INFORMATION		
Noncash Investment and Financing Activities		
Right of Use Asset - Operating Leases Recognized During the Year	\$ -	\$ 134,563
Operating Lease Liability Recognized During the Year	\$ -	\$ 135,754

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

AMERICAN FRIENDS OF SHEBA MEDICAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: NATURE OF ACTIVITIES

American Friends of Sheba Medical Center, Inc. (AFSMC) is a national nonprofit organization with offices in New York, Los Angeles, Florida, Texas, and Illinois. In 2021, the two United States based organizations: Friends of Sheba Medical Center, Inc. merged with American Friends of Sheba Medical Center Tel Hashomer, Inc. to form AFSMC. The two separate and independent 501(c)(3) groups had successfully raised funds, mostly locally, for the Sheba Medical Center at Tel HaShomer (Sheba Medical Center). Sheba Medical Center is the largest hospital in Israel and the entire Middle East. AFSMC is dedicated to raising awareness and philanthropic support for Sheba Medical Center's compassionate clinical care, cutting edge research and comprehensive educational training.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of AFSMC have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These standards require that AFSMC report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents - For the purposes of the financial statements, AFSMC considers all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

Revenue Recognition for Contributions and Grants - In accordance with accounting principles generally accepted in the United States of America, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor limitations on the use of the support. When a

AMERICAN FRIENDS OF SHEBA MEDICAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition for Contributions and Grants - Continued - restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

AFSMC recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. As of December 31, 2023 and 2022, pledged support of \$500,000 and \$1,000,000, respectively, have not been recognized in the accompanying statements of activities because the condition on which they depend has not yet been met.

Pledges Receivable - Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give, expected to be collected in future years, are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions revenue in the statements of activities. The discount rates used on long-term receivable range from 1.31% to 4.82% as of December 31, 2023 and 2022. AFSMC determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. There was no allowance for uncollectible promises to give as of December 31, 2023 and 2022.

Donated Services and Nonfinancial Assets - AFSMC recognizes, as support only, those donated services which create or enhance nonfinancial assets, or which require specialized skills which AFSMC would otherwise have paid for. Donated materials are recognized as contributions at their fair values at the date of donation. No amounts have been reflected in the financial statements for donated services or materials as of December 31, 2023 and 2022. AFSMC does not sell donations of nonfinancial assets when received.

Functional Allocation of Expenses - The costs of providing programs and supporting services have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, salaries, occupancy, office expenses, travel, and information technology have been allocated between programs and supporting services based upon time and effort.

AMERICAN FRIENDS OF SHEBA MEDICAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment - Property and equipment are recorded at historical cost and are being depreciated using the straight-line method over the estimated useful life of the assets. The following lives have been issued:

Computer and Equipment	5 Years
Furniture	5 Years

Expenditures for maintenance, repairs, and renewals of minor items are charged to expense as incurred. Major renewals and improvements are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations for the period.

Fair Value - AFSMC follows the provisions of FASB ASC 820, *Fair Value Measurements and Disclosure*. Under FASB ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. FASB ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that AFSMC has the ability to access. Since valuations are based on quoted market prices that are readily and regularly available in an active market, it does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Advertising - Advertising costs are charged to operations when incurred and are included in the statements of functional expenses. Advertising expense was \$30,068 and \$620 for the years ended December 31, 2023 and 2022, respectively.

Tax Status - AFSMC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from California franchise taxes under Section 23701(d) of the State Revenue and Taxation Code.

AMERICAN FRIENDS OF SHEBA MEDICAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Tax Status - Continued

AFSMC files Internal Revenue Service Form 990 and required state forms. Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. AFSMC recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management of AFSMC does not believe the financial statements include any uncertain tax positions.

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, disclosures 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.

Subsequent Events - Management has evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

NOTE 3: LIQUIDITY AND AVAILABILITY

The following reflects the AFSMC's financial assets as of the date of the statements of financial position, reduced by amounts not available for general use because of contractual, board-designated, or donor-imposed restrictions within one year of the statements of financial position date:

	2023	2022
Financial Assets as of December 31		
Cash and Cash Equivalents	\$ 2,300,657	\$ 1,687,545
Investments	50,396	51,680
Pledge Receivable, Net	17,571,381	14,982,824
Total Financial Assets as of December 31	19,922,434	16,722,049
Less: Amounts Not Available for General Expenditures Within One Year		
Net Assets with Donor Restrictions	(18,328,408)	(15,125,397)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,594,026	\$ 1,596,652

As part of a liquidity management plan, AFSMC invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

AMERICAN FRIENDS OF SHEBA MEDICAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 4: PLEDGES RECEIVABLE

Promises to give are included in the financial statements as pledges receivable. Pledges receivable are deemed to be fully collectible. Accordingly, no allowance was established as of December 31:

	<u>2023</u>	<u>2022</u>
Receivable in:		
Less than One Year	\$ 8,454,893	\$ 4,659,890
One Year to Five Years	6,912,500	7,694,000
Greater than Five Years	<u>3,300,000</u>	<u>3,604,000</u>
	18,667,393	15,957,890
Less: Discount on Pledges	<u>(1,096,012)</u>	<u>(975,066)</u>
Net Pledges Receivable	<u>\$ 17,571,381</u>	<u>\$ 14,982,824</u>

NOTE 5: FIXED ASSETS

Fixed assets consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Furniture and Fixtures	\$ 17,833	\$ 17,833
Other Depreciable Property	<u>29,680</u>	<u>22,513</u>
Total Fixed Assets	47,513	40,346
Less: Accumulated Depreciation	<u>(33,863)</u>	<u>(30,536)</u>
Net Fixed Assets	<u>\$ 13,650</u>	<u>\$ 9,810</u>

NOTE 6: INVESTMENTS

Investments are as follows as of December 31:

	<u>2023</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed Income	<u>\$ 50,396</u>	<u>\$ -</u>	<u>\$ 50,396</u>	<u>\$ -</u>
	<u>2022</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed Income	<u>\$ 51,680</u>	<u>\$ -</u>	<u>\$ 51,680</u>	<u>\$ -</u>

AMERICAN FRIENDS OF SHEBA MEDICAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31:

	2023	2022
Sheba Medical Center Projects	\$ 15,328,408	\$ 15,125,397
Liberty Science Center	3,000,000	-
Total Donor-Restricted Net Assets	\$ 18,328,408	\$ 15,125,397

NOTE 8: LEASE AGREEMENTS AS LESSEE

AFSMC rents office space under a lease agreement that is classified as an operating lease. The lease expires in August 2026.

AFSMC has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for the leases. Lease payments for short-term leases are recognized on straight-line basis.

AFSMC elected the practical expedient to not separate lease and non-lease components.

As of December 31, 2023, future minimum lease payment under noncancelable leases with terms greater than one year are as follows:

	Operating Leases
2024	\$ 30,451
2025	31,403
2026	21,359
Total Future Minimum Lease Payments	83,213
Less: Amount Representing Imputed Interest	(2,162)
Present Value of Future Minimum Lease Payments	81,051
Less: Current Maturities	(29,162)
Lease Obligations - Net of Current Maturities	\$ 51,889

AMERICAN FRIENDS OF SHEBA MEDICAL CENTER, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023

NOTE 8: LEASE AGREEMENTS AS LESSEE - CONTINUED

The following are required lease disclosures as of and for the year ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash Paid for Amounts in the Measurement of Lease Liabilities		
Operating Cash Flows for Operating Leases	<u>\$ 29,577</u>	<u>\$ 29,299</u>
Operating Lease Cost	<u>\$ 30,192</u>	<u>\$ 30,192</u>
Right-of-Use Asset Obtained in Exchange for Operating Lease Liability	<u>\$ -</u>	<u>\$ 134,563</u>
Weighted-Average Remaining Lease Term - Operating Leases	2.67 Years	3.67 Years
Weighted-Average Discount Rate - Operating Leases	1.90%	1.90%

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, AFSMC estimates an applicable incremental borrowing rate based on information available at the commencement date of the lease agreement.

NOTE 9: CONTINGENCY

AFSMC, indirectly through its merger with American Friends of Sheba Medical Center Tel Hashomer, Inc., is the recipient of two bequests from estates in the state of New York. As of December 31, 2023, the estates are in various stages of settlement and liquidation. AFSMC has retained legal counsel to protect and pursue its interest in the financials settlement of these legal matters. No amounts have been reflected in these financial statements from these bequests.

NOTE 10: CASH IN BANK - CONCENTRATION OF CREDIT RISK

AFSMC maintains its cash and cash equivalents at a bank which may, at times, exceed federally insured limits. AFSMC has not experienced any losses in such accounts and believes that the solvency of the relevant financial institution is not of particular concern.

NOTE 11: RETIREMENT PLAN

AFSMC maintains a 401(k) plan for the benefit of all eligible employees. The plan contributes 4% of the eligible employees' salary, with no employee contribution required. For the years ended December 31, 2023 and 2022, total retirement plan expense was \$63,327 and \$44,210, respectively.