

**ISRAEL TENNIS CENTERS FOUNDATION, INC.**

**AS OF DECEMBER 31, 2023**

**U.S. DOLLARS**

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## **REPORT OF INDEPENDENT AUDITORS**

### **THE BOARD OF DIRECTORS**

#### **ISRAEL TENNIS CENTERS FOUNDATION, INC.**

We have audited the accompanying statement of financial position of Israel Tennis Centers Foundation, Inc. (the "Foundation"), as of December 31, 2023, and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for each of the year then ended, and the related notes to the financial statements. These financial statements are the responsibility of the Foundation board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditor's Regulations (Auditor's Mode of Performance), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Israel Tennis Centers Foundation, Inc. as of December 31, 2023 and 2022, and the related statements of activities and changes in its net assets, and its cash flows for each of the year then ended in accordance with accounting principles generally accepted in the United States of America.

Tel-Aviv, Israel  
May 22 , 2024

*Kost Forer Gabbay and Kasierer*  
**KOST FORER GABBAY & KASIERER**  
A Member of Ernst & Young Global

**ISRAEL TENNIS CENTERS FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

U.S. dollars

	Note	December 31,	
		2023	2022
		U.S. dollars	
<b>ASSETS:</b>			
Cash and cash equivalents		3,637,277	1,665,897
Investments	4	17,371,627	16,046,252
Contribution's receivable - net	5	3,489,656	2,971,276
Prepaid expenses and other assets		5,978	113,061
Equipment - net	7	24,359	35,308
Charitable gift annuity receivable	8	59,403	61,030
loans to ITEC	9	461,598	-
Cash surrender value of life insurance		290,722	289,013
<b>TOTAL ASSETS</b>		<b>25,340,620</b>	<b>21,181,837</b>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses		136,631	(* 347,293
Loan from others	9	468,484	(* 282,000
Revolving line of credit	10	-	1,696,042
Charitable gift annuity payable	8	388,720	409,012
<b>TOTAL LIABILITIES</b>		<b>993,835</b>	<b>2,734,347</b>
<b>NET ASSETS:</b>			
<u>Without donor restriction:</u>			
Operating fund		(1,536,856)	(3,849,199)
Board designated planned giving fund	12	739,689	787,815
Board designated endowment fund	12	9,635,990	7,908,357
Total net assets without donor restrictions		<b>8,838,823</b>	<b>4,846,973</b>
<u>With donor restrictions:</u>			
With donor restrictions: Restricted for purpose and time	11	8,698,693	5,580,313
Perpetual in nature	11	6,809,269	8,020,204
Total net assets with donor restrictions		<b>15,507,962</b>	<b>13,600,517</b>
<b>TOTAL NET ASSETS</b>		<b>24,346,785</b>	<b>18,447,490</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b>25,340,620</b>	<b>21,181,837</b>


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

(\* Reclassified)

May 22, 2024

Date of approval of the  
financial statements

  
Ilan Allali  
CEO

  
Wendy Slavin  
President

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions U.S. dollars	Total	Without Donor Restrictions	With Donor Restrictions U.S. dollars	Total
<b>PUBLIC SUPPORT:</b>						
Contributions	5,529,233	5,579,066	11,108,299	3,732,573	2,478,504	6,211,077
Net assets released from restrictions	3,671,621	(3,671,621)	-	3,603,535	(3,603,535)	-
<b>TOTAL PUBLIC SUPPORT</b>	<b>9,200,854</b>	<b>1,907,445</b>	<b>11,108,299</b>	<b>7,336,108</b>	<b>(1,125,031)</b>	<b>6,211,077</b>
<b>EXPENSES:</b>						
Program services in Israel	4,750,534	-	4,750,534	(* 5,072,736)	-	5,072,736
Management and Administration	505,482	-	505,482	(* 431,767)	-	431,767
Fundraising	1,936,670	-	1,936,670	(* 1,136,778)	-	1,136,778
<b>TOTAL EXPENSES</b>	<b>7,192,686</b>	<b>-</b>	<b>7,192,686</b>	<b>6,641,281</b>	<b>-</b>	<b>6,641,281</b>
<b>OTHER REVENUE AND EXPENSES</b>						
Net investment income	2,014,247	-	2,014,247	(2,048,464)	-	(2,048,464)
Change in value of split-interest arrangements	(27,537)	-	(27,537)	(35,979)	-	(35,979)
Change in cash surrender value of life insurance	(3,028)	-	(3,028)	(19,112)	-	(19,112)
<b>TOTAL OTHER REVENUE AND EXPENSES</b>	<b>1,983,682</b>	<b>-</b>	<b>1,983,682</b>	<b>(2,103,555)</b>	<b>-</b>	<b>(2,103,555)</b>
<b>CHANGES IN NET ASSETS</b>	<b>3,991,850</b>	<b>1,907,445</b>	<b>5,899,295</b>	<b>(1,408,728)</b>	<b>(1,125,031)</b>	<b>(2,533,759)</b>
Net assets at beginning of year	4,846,973	13,600,517	18,447,490	6,255,701	14,725,548	20,981,249
<b>NET ASSETS - END OF YEAR</b>	<b>8,838,823</b>	<b>15,507,962</b>	<b>24,346,785</b>	<b>4,846,973</b>	<b>13,600,517</b>	<b>18,447,490</b>

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

(\* Reclassified)

ISRAEL TENNIS CENTERS FOUNDATION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES**

U.S. dollars

For the Year Ended December 31, 2023					
Supporting Services					
(With Comparative Totals for 2022)					
U.S. dollars					
	Program Services	Management and Administration	Fundraising	Total 2023	Total 2022
Salary and related benefits	803,528	144,143	592,793	1,540,464	(* 1,389,355)
Grant expense	3,554,248	-	-	3,554,248	(* 3,931,636)
Exhibitions and events	104,641	-	941,772	1,046,413	(* 232,960)
Professional fees	21,183	42,365	42,365	105,913	176,255
Printing	692	1,383	4,842	6,917	23,974
Travel	31,715	285,433	-	317,148	(* 279,152)
Insurance	4,899	2,078	7,868	14,845	15,259
Conferences and meetings	5,445	1,210	5,445	12,100	24,190
Interest and bank charges	49,134	-	21,057	70,191	83,327
Occupancy	24,782	10,514	39,801	75,097	81,992
Computer equipment support	4,015	1,703	6,449	12,167	15,292
Telephone	5,173	2,195	8,308	15,676	23,658
Postage	-	1,840	11,301	13,141	13,686
Donor recognition	-	-	25,774	25,774	15,627
Marketing	136,158	-	136,158	272,316	244,685
Office supplies	4,374	4,374	78,738	87,486	60,030
Depreciation	547	547	9,855	10,949	11,758
Other	-	7,697	4,144	11,841	18,445
TOTAL EXPENSES	4,750,534	505,482	1,936,670	7,192,686	6,641,281

(\* Reclassified)

**STATEMENT OF FUNCTIONAL EXPENSES**

U.S. dollars

	<b>For the Year Ended December 31, 2022</b>			
	<b>Supporting Services</b>			
	<b>U.S. dollars</b>			
	<b>Program Services</b>	<b>Management and Administration</b>	<b>Fundraising</b>	<b>Total 2022</b>
Salary and related benefits	(*714,583	(*168,925	505,847	1,389,355
Grant expense	(*3,931,636	-	-	3,931,636
Exhibitions and events	18,187	-	(*214,773	232,960
Professional fees	35,251	70,502	70,502	176,255
Printing	2,397	4,795	16,782	23,974
Travel	(*130,589	(*148,563	-	279,152
Insurance	5,035	2,137	8,087	15,259
Conferences and meetings	10,886	2,418	10,886	24,190
Interest and bank charges	58,329	-	24,998	83,327
Occupancy	27,057	11,479	43,456	81,992
Computer equipment support	5,046	2,141	8,105	15,292
Telephone	7,807	3,312	12,539	23,658
Postage	-	1,916	11,770	13,686
Donor recognition	-	-	15,627	15,627
Marketing	122,343	-	122,342	244,685
Office supplies	3,002	3,002	54,026	60,030
Depreciation	588	588	10,582	11,758
Other	-	11,989	6,456	18,445
<b>TOTAL EXPENSES</b>	<b>5,072,736</b>	<b>431,767</b>	<b>1,136,778</b>	<b>6,641,281</b>

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

(\* Reclassified

**STATEMENTS OF CASH FLOWS**

U.S. dollars

	<b>Year ended</b>	
	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>U.S. dollars</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	5,899,295	(2,533,759)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	10,949	11,758
Provision for uncollectible accounts	671,695	738,777
Change in amortization of discount on contributions receivable	(87,640)	300,591
Increase in contributions receivable	(1,102,435)	(1,568,737)
Change in value of split-interest agreements	27,537	35,979
Change in cash surrender value of life insurance policies Change in operating assets and liabilities	3,028	19,112
Decrease in prepaid expenses and other assets	107,083	182,841
Charitable gift annuity receivable	1,627	13,835
Increase in accounts payable and accrued expenses	(210,662)	(* 31,987)
Net realized and unrealized losses (gains) on investment	(1,676,643)	2,320,334
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>3,643,834</b>	<b>(511,256)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment in Perpetual in nature	(12,669)	169
Sales (purchases) from investments, net loan to ITEC	363,937	261,734
Purchase of equipment	(448,486)	-
	-	(10,299)
<b>Net Cash Provided by Investing Activities</b>	<b>(97,218)</b>	<b>251,604</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of Cash surrender value of life insurance	(4,737)	-
Charitable gift annuity payable	(47,829)	(50,126)
Loan from other	173,372	(* 282,000)
Receipts from (repayments of) revolving line of credit	(1,696,042)	(18,750)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(1,575,236)</b>	<b>213,124</b>
<b>NET DECREASE CASH AND CASH EQUIVALENTS</b>	<b>1,971,380</b>	<b>(46,528)</b>
Cash and cash equivalents - beginning of year	1,665,897	1,712,425
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>3,637,277</b>	<b>1,665,897</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	70,191	53,327

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

(\* Reclassified)

**NOTES TO FINANCIAL STATEMENTS**

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U.S. dollars

**NOTE 1:- ORGANIZATION AND NATURE OF ACTIVITIES**

Israel Tennis Centers Foundation, Inc. (the "Foundation") (dba Israel Tennis and Education Centers), is incorporated in the State of New York and is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and similar provisions at the state level. The Foundation conducts fundraising activities to provide social and health and wellness programs for children of diverse economic, cultural and religious backgrounds in Israel. The Foundation fulfills this purpose primarily by making grants to cover certain program expenses of the Israel Tennis and Education Center ("ITEC"), an Israeli not-for-profit corporation, which operates fourteen tennis centers in Israel to serve approximately 20,000 children annually. ITEC provides a place for youth to develop values and life skills through tennis and education including self-esteem, socialization, sportsmanship skills and the "art" of cooperation among children from multicultural backgrounds.

**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES**

- a. ***Basis of Accounting*** – The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting. The Foundation follows accounting principles generally accepted in the United States of America ("U.S. GAAP").
- b. ***Basis of Presentation*** - The Foundation's net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:
  - Without donor restrictions - Net assets that are not subject to donor-imposed stipulations. This includes board designated net assets as discussed in Note 11.
  - With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Foundation or the passage of time, stipulations that they be maintained in perpetuity by the Foundation.
- c. ***Cash and Cash Equivalents*** - Cash and cash equivalents include all liquid debt instruments purchased with maturities of 90 days or less.
- d. ***Investments*** – Investment transactions are recorded on a trade-date basis. Realized gains and losses on sales of investments are determined on a specific identification basis and are included in investment activity in the statements of activities. Interest income is recognized when earned and dividends are recorded on the ex-dividend date. Net investment income is recorded as either with or without donor restriction, in accordance with donor intent. Interest, dividends, realized and unrealized gains and losses [collectively "net investment income (loss)"] are included in the accompanying statements of activities as either with or without donor restriction, in accordance with donor intent.



## NOTES TO FINANCIAL STATEMENTS

U.S. dollars

## NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- e. ***Fair Value Measurements*** – Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") "Fair Value Measurement and Disclosures", defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. Fair value measurements are the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described below:
- **Level 1** - Quoted prices in active markets for identical assets or liabilities.
  - **Level 2** - Observable inputs based on quoted prices in inactive markets or in active markets for similar assets or liabilities. Inputs other than quoted prices that are observable, or inputs that are not directly observable, but are corroborated by observable market data.
  - **Level 3** - Unobservable inputs that are supported by little or no market activity and that are significant to the measurement of the assets or liabilities.
- f. ***Cash Surrender Value of Life Insurance*** - The Foundation is the owner of certain life insurance policies on various donors who have named the Foundation as the beneficiary. The amounts of these policies are adjusted annually based on their present cash surrender value at the end of each year.
- g. ***Inventory*** - Inventory consists of exhibition merchandise and is stated at the lower of cost (first-in, first-out method) or market.
- h. ***Property and Equipment*** – Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. The Foundation capitalizes property and equipment with a cost of \$1,000 or more and a useful life in excess of one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, ranging from 3 to 5 years.
- i. ***Grants Payable*** - Grants are recognized when they are approved by the Executive Officers of the Board of Directors. Any unpaid grants at year end are considered grants payable. Grants payable in more than one year are discounted to their net present value at the time grants are approved. There were no grants payable as of December 31, 2023 and 2022.
- j. ***Contributions*** - Contributions, including unconditional promises to give, are recognized as revenue when the donor's commitment is received. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor or there is an implied time restriction on the use of the assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**NOTES TO FINANCIAL STATEMENTS**

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U.S. dollars

**NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

Unconditional promises to give are recorded at their net realizable value if they are expected to be collected within one year. 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 rates of return applicable to when the promises are received. Amortization of the discounts is included in contribution income. Conditional promises to give are not recorded as support until the conditions are substantially met.

Contributed goods and services meeting certain criteria are recorded as contributions at their estimated fair value at the date of donation. Contributed services are recognized as contributions at their estimated fair value if the services (a) create or enhance non-financial assets or (b) require specialized skills that are performed by people with those skills and would otherwise be purchased by the Foundation. Volunteers also provide services throughout the year (primarily for fundraising) that are not recognized as contributions in the financial statements since these are not susceptible to objective measurement or valuation.

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value as of the date of donation. For the years ended December 31, 2023 and 2022, the Foundation received noncash donations with an estimated fair market value of \$341,417 and \$562,580, respectively.

- k. ***Functional Allocation of Expenses*** – The cost of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenditures are allocated, except those expenditures that are 100% identifiable as a direct cost to program services, management and administrative or fundraising. Expenses are allocated based on full-time equivalencies by office location and department. In addition, certain expenditures are allocated based on fixed rates determined by estimate of time and effort.

- l. ***Use of Estimates*** – The preparation of financial statements in conformity with U.S. GAAP 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.

**NOTES TO FINANCIAL STATEMENTS****U.S. dollars****NOTE 3:- LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>U.S. dollars</b>	<b>U.S. dollars</b>
Cash and cash equivalents	3,637,277	1,665,897
Investments	17,371,627	16,046,252
Current portion of contributions receivable	3,489,656	2,971,276
<b>Total financial assets</b>	<b>24,498,560</b>	<b>20,683,425</b>
Donor imposed restrictions:		
Subject to specified purpose or passage of time	(8,698,693)	(5,580,313)
Endowment's perpetual in nature	(6,809,269)	(8,020,204)
Internal designations:		
Board designated planned giving fund	(739,689)	(787,815)
Board designated endowment fund	(9,635,990)	(7,908,357)
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>(1,385,081)</b>	<b>(1,613,264)</b>

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions; such support has historically represented approximately 60% of annual program funding needs.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor- restricted and board-designated (quasi) funds, contributions without donors restrictions and contributions with donor restrictions for use in current programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and administration, fundraising expenses and grant commitments expected to be paid in the subsequent year.

The Foundation regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, equity securities and fixed income, and a revolving line of credit. See Notes 4 and 9 for more information about the Foundations investments and revolving line of credit, respectively. In the event the need arises to utilize board-designated funds for liquidity purposes, the reserves could be drawn upon through Board resolution.

The Foundation's Board of Directors approves the grant budget annually. Due to this timing, the Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenditures for management and administrative, and fundraising expense plus grant commitments approved by the Board.

**NOTES TO FINANCIAL STATEMENTS****U.S. dollars****NOTE 4:- INVESTMENTS**

Investments and net investment income consist of the following as of December 31, 2023 and 2022:

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>U.S. dollars</b>	
<u>Investments at Fair Value</u>		
Equity	9,492,493	8,143,951
Fixed income	665,407	647,238
Hedge funds	624,779	675,252
Tangible assets	25,514	28,930
State of Israel bonds	6,559,100	6,545,600
Alternative investments	4,334	5,281
Total Investments	<u>17,371,627</u>	<u>16,046,252</u>
	-	
<u>Investment Income</u>		
Interest and dividend income	416,650	318,274
Net realized and unrealized gain (loss) gain	1,676,643	(2,320,334)
Less management fees	(79,046)	(46,404)
Net Investment Income	<u>2,014,247</u>	<u>(2,048,464)</u>

At December 31, 2023 and 2022, alternative investments represent approximately 0.23% and 0.03% of the Foundation's total investment portfolio. These investments are not publicly traded and do not have readily determinable fair values. Accordingly, the fair values of these investments have been estimated by management based on the net asset value per share (or its equivalent, such as member units or an ownership interest in partner's capital to which a proportionate share of net assets is attributed) of the investment as provided by the respective fund managers. Such amounts could differ significantly from the amounts that could be realized in a current transaction.

**NOTES TO FINANCIAL STATEMENTS**

U.S. dollars

**NOTE 5:- CONTRIBUTIONS RECEIVABLE**

Contribution's receivable generally consist of pledges from donors that will be received over a period of less than one to more than five years.

Contribution's receivable consisted of the following as of December 31:

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>U.S. dollars</b>	
Contribution's receivable, due in		
Less than one year	1,403,183	1,039,133
One to five years	1,915,684	2,317,084
More than five years	2,474,244	1,334,459
Total contributions receivable	5,793,111	4,690,676
Allowance for contributions receivable	(2,021,364)	(1,349,669)
Unamortized discount to present value	(282,091)	(369,731)
Contribution's receivable, net	<u>3,489,656</u>	<u>2,971,276</u>

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate ranging from 3.46% and 3.84%.

**NOTE 6:- FAIR VALUE MEASUREMENTS**

For financial instruments, including cash equivalents, certain investments, receivables, payables and debt, the carrying amount approximates fair value because of the short maturity of these instruments.

Financial assets carried at fair value as of December 31, 2023 are classified in the table in one of the three levels as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Investments:			
Equity	9,492,493	-	9,492,493
Fixed income	665,407	-	665,407
Hedge funds	-	624,779	624,779
Tangible assets - Commodities	25,514	-	25,514
State of Israel bonds	-	6,559,100	6,559,100
Subtotal	<u>10,183,414</u>	<u>7,183,879</u>	17,367,293
Alternative investments valued at net asset value per share practical expedient			<u>4,334</u>
Total Assets Carried at Fair Value			<u>17,371,627</u>

## NOTES TO FINANCIAL STATEMENTS

U.S. dollars

## NOTE 6:- FAIR VALUE MEASUREMENTS (Cont.)

Financial assets carried at fair value as of December 31, 2022 are classified in the table in one of the three levels as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments:			
Equity	8,143,951	-	8,143,951
Fixed income	647,238	-	647,238
Hedge funds	-	675,252	675,252
Tangible assets - Commodities	28,930	-	28,930
State of Israel bonds	-	6,545,600	6,545,600
Subtotal	<u>8,820,119</u>	<u>7,220,852</u>	16,040,971
Alternative investments valued at net asset value per share practical expedient			<u>5,281</u>
Total Assets Carried at Fair Value			<u>16,046,252</u>

In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy.

Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. For the years ended December 31, 2023 and 2022, there were no transfers.

Realized gains and losses and the changes in unrealized gains and losses for alternative investments held at year-end are included in net investment income in the accompanying statements of activities for the years ended December 31, 2023 and 2022.

**NOTES TO FINANCIAL STATEMENTS****U.S. dollars****NOTE 7:- EQUIPMENT**

Equipment consists of the following:

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>U.S. dollars</b>	
Computer equipment	86,594	86,594
Office equipment	1,086	1,086
Furniture and equipment	13,830	13,830
Total cost	101,510	101,510
Accumulated depreciation	77,151	66,202
Net book value	24,359	35,308

Depreciation expense amounted to \$ 10,949 and \$ 11,758 for the years ended December 31, 2023 and 2022, respectively.

**NOTE 8:- CHARITABLE GIFT ANNUITIES**

From time to time, the Foundation receives gifts under charitable gift annuities, whereby the donor contributes assets to the Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor or parties designated by the donor. The present values of the Foundation's annuity payment obligation to donors at December 31, 2023 and 2022 totaled \$ 388,720 and \$ 409,012, respectively. To minimize the risks associated with some of its charitable gift annuities, the Foundation purchased annuity contracts as a way of fixing its stream of annuity payments to fund its corresponding liabilities.

The income stream generated by these annuity contracts are used to fund the Foundation's obligations to its donors under the charitable gift annuities. The annuity contracts are recorded in the Statements of Financial Position as charitable gift annuity receivables in the amount of \$ 59,403 and \$ 61,030 at December 31, 2023 and 2022, respectively. The annuity payments receivable is valued initially at the present value of the estimated future stream of cash to be received. These annuity contracts do not relieve the Foundation from its obligations to its donors.

Failure of the underlying insurance companies to honor their obligations could result in losses to the Foundation. The Foundation evaluates the financial condition of its insurance companies and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the insurance company to minimize its exposure of significant losses from insolvencies. As of December 31, 2023, and 2022, the Foundation believe an allowance for uncollectible amounts is 50%.

**NOTES TO FINANCIAL STATEMENTS****U.S. dollars****NOTE 8:- CHARITABLE GIFT ANNUITIES (Cont.)**

All other Charitable Gift Annuity assets are held by Northern Trust Bank under an agreement whereby they maintain custody of the assets, invest them, and disburse annual annuity payments to the donors. The annual annuity payment amounts are derived based on uniform gift annuity rates as adopted by the American Council on Gift Annuities. The present value of the annuity payment obligation was calculated using Ordinary Life Annuities - Expected Return Multiple Tables published by the Internal Revenue Service with discount rates ranging of 5%.

Adjustments to the annuity liability reflect amortization of the discounts and changes in the life expectancies of the donors and are recognized as changes in the value of split-interest agreements in unrestricted net assets. Upon the death of the donors, the corresponding annuity liability will be closed and a change in the value of split-interest agreements will be recognized.

**NOTE 9:- LOANS**

During the years 2022 and 2023 the Foundation received loans from the Greenwin Corporation. The loans are given to the Foundation in Israel and is used for investment in the Beer Sheva center. The investment in the Beer Sheva center is expected to be fully covered by the Jewish National Fund (JNF) and the loans will be returned 14 business days after receiving the funds from JNF.

**NOTE 10:- REVOLVING LINE OF CREDIT**

During the year 2023, the Foundation repaid its credit line.

**NOTE 11:- NET ASSETS WITH DONOR RESTRICTIONS**

Subject to expenditure for specified purpose and the passage of time at:

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>U.S. dollars</b>	
Unconditional promises to give, net (see note 5)	3,489,656	2,971,276
Investments in centers (1)	4,350,000	-
Support of international junior tennis tournaments	498,538	898,538
Advanced training programs	44,922	94,922
Designated grants	281,079	1,581,079
Donor special intentions	34,498	34,498
	<u>8,698,693</u>	<u>5,580,313</u>



NOTES TO FINANCIAL STATEMENTS

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U.S. dollars

NOTE 11:- NET ASSETS WITH DONOR RESTRICTIONS (Cont.)

(1) **Investments in centers** - the investments in centers comprise several donations as follows:

Contributing to investment in a building in Jerusalem:

In March 2023, \$2.3 million was received from a donor named Stuart Weizman for naming the building in Jerusalem. Naming rights are for 40 years and the money is intended for the activities of the Jerusalem Tennis and Education Center .

Contributing to investment in Ramat Hasharon:

In April 2023, \$700 thousand was received from Stuart Weizman for naming a sport complex in Ramat Hasharon that will consist of building a paddle tennis center, roofing the tiny tennis area and renovating the fitness center at the Ramat Hasharon Tennis and Education Center.

Contributing to investment in Tiberias:

In March 2023, \$700 thousand was donated by the Palm Beach community for renovating the Tiberias Tennis and Education Center and adding a building to the center.

Contributing to investment in Dimona:

About \$500 thousand was donated by Joyce E. Eisenberg for naming the Dimona Tennis and Education Center. As agreed with the city of Dimona, ITEC will invest \$ 700 thousand in renovating the center and the city will invest another \$ 300 thousand, bringing the total investment to \$ 1 million. The investment will include building of two new indoor tennis courts with a small platform and an office building and renovating the four existing courts. The agreement with the city has not yet been signed. In 2023, additional donations totaling about \$ 150 thousand were raised bringing the total donations for the Dimona Tennis and Education Center to \$ 650 thousand.

## NOTES TO FINANCIAL STATEMENTS

U.S. dollars

## NOTE 11:- NET ASSETS WITH DONOR RESTRICTIONS (Cont.)

Endowments subject to the Foundation's spending policy and appropriation at December 31:

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
	<b>U.S. dollars</b>	
Sponsorship of Eisenberg Challenger Cup in Israel (1)	-	573,604
Endowment for Programs for Children with Developmental and Physical Disabilities (2)	-	650,000
Endowment for Clay Courts at ITC Ramat Hasharon (3)	250,000	250,000
Support of Ben B. and Joyce E. Eisenberg Jerusalem Tennis Center and general operational expenses (4)	<u>6,559,269</u>	<u>6,546,600</u>
	<u><u>6,809,269</u></u>	<u><u>8,020,204</u></u>

1. The Sponsorship of Eisenberg Challenger Cup in Israel Tournament of \$ 573,604 donated by Joyce E. Eisenberg ended. The donation was received in 1990 for Challenger Cup tournaments and was used over the years to sponsor the tournaments.
2. The Endowment of the Ettenberg Family Foundation endowment for Programs for Children with Developmental and Physical Disabilities totaling \$ 650,000 ended. The donation was received for sponsoring programs for children with developmental and physical disabilities. The donation was used in full.
3. The endowment for clay courts at ITC Ramat Hasharon was established by a donor in 2014. The income to be generated from this endowment is to be used to maintain the clay courts at ITC Ramat Hasharon in perpetuity. During 2015, the donor agreement was amended to allow for the transfer to Israel of \$50,000 for clay court renovation to be performed in 2016. The funds were transferred to Israel in December 2015. During 2022 and 2023, no funds were transferred to Israel.
4. In 1992, the Foundation established the Ben B. and Joyce E. Eisenberg Jerusalem Tennis Center Fund at the request of the donor. The purpose of this fund is to finance the operations of the Ben B. and Joyce E. Eisenberg Jerusalem Tennis Center. The fund was initially established by a \$2,000,000 contribution. A second contribution in the amount of \$5,000,000 was subsequently made, of which \$500,000 was subsequently released by the donor to be used for operations. Additional contributions totaling \$59,269 were subsequently added to these funds. The income generated from this fund is to be used first to fund the operations of the Ben B. and Joyce E. Eisenberg Jerusalem Tennis Center and the remainder, if any, is to be added to the unrestricted operating fund.

**NOTES TO FINANCIAL STATEMENTS**

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**U.S. dollars****NOTE 12:- ENDOWMENTS**

The Foundation adheres to the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA creates a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor- restricted perpetual endowment fund's fair value (averaged over a period of not less than the preceding five years) in any year. In addition, in accordance with U.S. GAAP, any unappropriated earnings on endowment funds that would otherwise be considered net assets without donor restrictions by the donor should be reflected as net assets with donor restrictions until appropriated by the Board of Directors.

The Foundation's endowments consist of a number of funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument (if applicable) at the time the accumulation is added to the fund, and (d) the portion of investment return added to the perpetual endowment to maintain its purchasing power, if required.

The Foundation classifies as net assets with donor restrictions (a) the portion of donor-restricted term endowment funds that is deemed to be restricted over a donor-specified period, and (b) the portion of donor-restricted endowment funds with donor-imposed purpose restrictions that have not yet been met.

**Board Designated Funds**

The Board Designated Endowment Fund was initially established by the Board of Directors through a transfer of net assets without donor restrictions from the Operating Fund. In subsequent years, additional transfers have been made from the Operating Fund to the Endowment Fund with Board approval. The principal balance in this fund is to be maintained unless otherwise designated by the Board. At December 31, 2023 and 2022, board- designated assets consisted of the net assets in the Board Designated Planned Giving Fund and a Board Designated Endowment Fund totaling \$ 10,375,679 and \$ 8,696,172 respectively.

## NOTES TO FINANCIAL STATEMENTS

U.S. dollars

## NOTE 12:- ENDOWMENTS (Cont.)

The following schedule summarizes the changes in endowment net assets for the year ended December 31, 2023:

	Without Donor Restriction Board Designated Planned Giving Fund	Without Donor Restriction Board Designated Endowment Fund	With Donor Restriction Perpetual Endowment	Total
	U.S. dollars			
Net investment income (loss)	(17,561)	1,816,950	214,858	2,014,247
Contribution	-	341,417	12,669	354,086
Expenditure of endowment assets	-	(430,734)	(1,438,462)	(1,869,196)
Other changes:				
Change in value of split-interest arrangement	(27,537)	-	-	(27,537)
Change in value of life insurance policies	(3,028)	-	-	(3,028)
Change in endowment net assets	(48,126)	1,727,633	(1,210,935)	468,572
Balance at beginning of year	787,815	7,908,357	8,020,204	16,716,376
Balance at end of year	739,689	9,635,990	6,809,269	17,184,948

The following schedule summarizes the changes in endowment net assets for the year ended December 31, 2022:

	Without Donor Restriction Board Designated Planned Giving Fund	Without Donor Restriction Board Designated Endowment Fund	With Donor Restriction Perpetual Endowment	Total
	U.S. dollars			
Net investment income (loss)	486,687	(2,643,151)	108,000	(2,048,464)
Contribution	-	562,580	-	562,580
Expenditure of endowment assets	-	(1,092,953)	(108,000)	(1,200,953)
Other changes:				
Change in value of split-interest arrangement	(35,979)	-	-	(35,979)
Change in value of life insurance policies	(19,112)	-	-	(19,112)
Change in endowment net assets	431,596	(3,173,524)	-	(2,741,928)
Balance at beginning of year	356,219	11,081,881	8,020,204	19,458,304
Balance at end of year	787,815	7,908,357	8,020,204	16,716,376

**NOTES TO FINANCIAL STATEMENTS**

U.S. dollars

**NOTE 12:- ENDOWMENTS (Cont.)**

Return Objectives and Risk Parameters: The Foundation 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 value of the original gift as of the gift date of its donor- restricted endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified purpose, as well as board-designated funds.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce the maximum yield possible, while assuming a relatively low level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 4% annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy based on a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Annual Allocation to be distributed to the Israel Tennis Centers from the Endowment Fund is generally funded as follows: first, from contributions collected, net of costs incurred to fund the Foundation's operations, and second, to the extent there is a deficit in funding the Annual Allocation, an amount not to exceed 7% of the three year rolling average of the fair market value of the Endowment Fund (as of December 31 each year), up to a maximum of \$1.5 million. The Foundation's Endowment Committee and Board may make additional "emergency" or "special" allocations from the Endowment Fund beyond the Annual Allocation amount. In establishing its spending policy, the Foundation considered the long-term expected return on its endowment. The Foundation's policy is to spend the income earned on the endowment assets, and not spend any of the endowment principal, except as needed for emergency purposes.

Investment return on perpetual endowment funds is recognized as donor restricted until appropriated by the Board of Directors. For the years ended December 31, 2023 and 2022 investment income amounted to \$ 214,858 and \$ 108,000, respectively.

**NOTE 13:- RELATED PARTY TRANSACTIONS**

During the years ended December 31, 2023 and 2022, the Foundation made grants to the ITC of \$ 3,554,428 and \$ 3,931,636, respectively.

**NOTE 14:- CONCENTRATIONS**

Pledges receivable from two donors accounted for approximately 31% and 48% of the gross contribution receivables as of December 31, 2023, and 2022, respectively.

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