



Multinational Force & Observers (MFO)

Independent auditor's report
As of September 30, 2024, and 2023

INDEPENDENT AUDITOR'S REPORT

Director General
Multinational Force and Observers

Opinion

We have audited the financial statements of Multinational Force and Observers (MFO), which comprise the statement of financial position as of September 30, 2024 and 2023, the related statement of revenues, expenses and changes in net assets, statements of functional expenses and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MFO as of September 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with the accounting policies as set forth in Note 2 to the financial statements.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MFO 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 policies specified in Note 2 to financial statements, 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 MFO ability to continue as a going concern for 12 months beyond the date of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MFO'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 MFO'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.

Milan, Italy

November 7, 2024

Crowe Bompani SpA



Giovanni Santoro
(Partner)

MULTINATIONAL FORCE & OBSERVERS
STATEMENT OF FINANCIAL POSITION
as at September 30, 2024 and 2023

ASSETS	Note	Sept 30, 2024	Sept 30, 2023
Current assets		<i>USD 000s</i>	<i>USD 000s</i>
Cash & cash equivalents		33,639	26,110
Marketable securities < 1 year	4	13,126	6,651
Pledges	7	281	0
Prepaid expenses & other receivables	6	1,655	2,802
Total current assets		48,701	35,563
Non-current assets			
Fixed assets	5	0	0
Marketable securities > 1 year	4	24,897	29,264
Total non-current assets		24,897	29,264
TOTAL ASSETS		73,598	64,827
LIABILITIES & NET ASSETS			
Current liabilities			
Accounts payable & accrued expenses	10	16,933	19,270
Total current liabilities		16,933	19,270
Net assets without donor restrictions:			
BSRF* unrealized gain(loss) on marketable securities	4	2,399	256
Total net assets without donor restrictions		2,399	256
Net assets with donor restrictions:			
SIF Self Insurance Fund	13	6,150	6,150
CARF Capital Asset Replacement Fund	14	4,188	4,188
BSRF Budget Stabilization Reserve Fund carry forward	3	29,136	30,716
BSRF Budget Stabilization Reserve Fund current surplus	3	3,916	24
USFP Force Protection Fund	9	10,863	3,576
JPPF Japan Projects Fund	9	13	646
Total net assets with donor restrictions		54,266	45,300
Total net assets, restricted and unrestricted		56,665	45,557
TOTAL LIABILITIES & NET ASSETS		73,598	64,827

* BSRF: Budget Stabilization Reserve Fund

MULTINATIONAL FORCE & OBSERVERS
STATEMENT OF REVENUE, EXPENSE AND CHANGES IN NET ASSETS
as at September 30, 2024 and 2023

	Note	2024			2023	
		Unrestricted General USD 000s	Unrealized gain (loss) USD 000s	with donor restrictions USD 000s	Total USD 000s	Total USD 000s
Revenue:						
Support from Funds Contributing States						
Egypt	1 & 2	24,000			24,000	24,000
Israel		24,000			24,000	24,000
United States		24,000			24,000	24,000
Support from Donor States						
Finland – unrestricted	2					
	8	131			131	126
Germany	8	490		635	1,125	1,159
Japan – restricted	8			24	24	26
Republic of Korea – unrestricted	8	241			241	243
Netherlands – unrestricted	8	905			905	892
Norway – restricted	8			182	182	186
Sweden – restricted	8					96
Switzerland - unrestricted	8	281			281	346
Japan Projects – restricted	9			* 512	512	580
US Force Protection – restricted	9			10,000	10,000	1,000
Other income: interest & realized gain, and gain related to previous years	2	2,347		0	2,348	1,595
Release of restricted revenue	8	841		(841)	0	0
Total revenue		77,235	0	10,512	87,748	78,251
Expenses:						
Program services:						
Peacekeeping mission	11	66,966			66,966	70,385
CARF Capital Asset Replacement	14			1,604	1,604	5,131
JPPF Japan Projects	9			1,145	1,145	552
USFP US Force Protection	9			2,714	2,714	5,759
Support services:						
Management & general	12	6,354			6,354	6,256
Total expenses		73,319		5,463	78,783	88,083
Surplus / (deficit) of revenues over expenses		3,916		5,049	8,965	(9,833)
Opening net assets				45,557	45,557	55,133
Transfer to BSRF Budget Stabilization Reserve Fund	3	** (3,916)		3,916	0	0
Change in unrealized gains (losses) on marketable securities	4		2,143		2,143	256
Closing net assets		0	2,143	54,522	56,665	45,557

* \$512k revenue from Japan is net of \$580k received in FY24 for a “Reverse Osmosis Plant,” less \$68k reimbursed following completion in FY24 of the FY23 acquisition of an armored bus that came in under budget

** FY24 surplus was transferred to BSRF, then \$1,604k was transferred from BRSF to CARF for replenishment

MULTINATIONAL FORCE & OBSERVERS
STATEMENT OF FUNCTIONAL EXPENSES
as at September 30, 2024 and 2023

	<i>USD 000s</i>	<i>USD 000s</i>	<i>USD 000s</i>
	<i>FY 2024</i>		
	<i>Total Expenses</i>	<i>Peacekeeping Services</i>	<i>Management & General</i>
Civilian & military personnel	28,991	24,914	4,077
General supplies materials and aviation	14,732	14,732	0
Finance and administration	5,824	5,220	605
Labor contracts	6,397	6,397	0
Civilian and military rotations	2,979	2,906	74
Equipment	4,828	4,600	228
Petroleum, Oil and lubricants	4,715	4,693	21
Transportation	1,945	1,937	8
IT and communications	1,296	1,249	46
Rents	1,362	553	809
Buildings & facilities	4,426	4,139	287
Travel	856	717	139
Utilities	710	649	60
Offsets	(5,741)	(5,741)	0
Total expenses	73,319	66,966	6,354
		91%	9%

	<i>USD 000s</i>	<i>USD 000s</i>	<i>USD 000s</i>
	<i>FY 2023</i>		
	<i>Total Expenses</i>	<i>Peacekeeping Services</i>	<i>Management & General</i>
Civilian & military personnel	28,558	24,759	3,799
General supplies materials and aviation	13,713	13,713	0
Finance and administration	6,372	5,662	710
Labor contracts	6,974	6,974	0
Civilian and military rotations	6,013	5,920	93
Equipment	4,673	4,459	214
Petroleum, Oil and lubricants	5,622	5,610	12
Transportation	1,910	1,895	15
IT and communications	3,232	3,164	67
Rents	1,379	606	773
Buildings & facilities	2,681	2,321	360
Travel	1,074	932	142
Utilities	840	768	72
Offsets	(6,398)	(6,398)	0
Total expenses	76,641	70,385	6,256
		92%	8%

This table was published in the FY 2023 Financial Statements. Subsequently, in FY 2024 there was a reclassification between Supplies and Materials and Building and Facilities, to reflect the total cost of maintenance.

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MULTINATIONAL FORCE & OBSERVERS
STATEMENT OF CASHFLOW
as at September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
	<i>USD</i>	<i>USD</i>
	<i>000s</i>	<i>000s</i>
Cash provided (used) by operating activities:		
Change in net assets		
Excess of revenue over expenses – unrestricted only	3,916	24
Expenditure (-) from CARF fund	(1,604)	(5,131)
Excess of revenue over expenses (+) from US Force Protection Fund	7,286	(4,759)
Net of expense (-) and donation & interest (+) in Japan Fund	(633)	34
Change in liabilities:		
Increase (decrease) in payables & accrued expenses	(2,337)	5,133
Change in assets:		
Decrease (increase) in prepaid expenses & receivables	1,147	(173)
Decrease (increase) in pledges	(281)	211
Net cash provided by operating activities	7,494	(4,660)
Cash provided by investing activities:		
Sale of marketable securities, at <u>sale price</u>	24,005	37,178
Realized loss(gain) on sale of securities	(550)	(287)
Purchase (-) of marketable securities	(23,421)	(72,550)
Net cash provided by investment activities	35	(35,659)
Cash & cash equivalents at beginning of year	26,110	66,430
Cash & cash equivalents at end of year	33,639	26,110
Supplemental Data, detail of “Other income”:		
Realized gain/(loss), current year, on BSRF and SIF funds		0
Realized gain/(loss) - Portfolio coupons/dividends	1,064	897
Realized gain/(loss) - Portfolio sales	550	287
Interest earned on Portfolio and bank balances	734	406
Interest & realized gain on investments - unrestricted revenue	2,347	1,590
Other various profits and gains on previous years		0
Other income Unrestricted/Released		0
Other income restricted - Interest earned on Japan Fund	0	6
TOTAL Other income shown on Revenue Statement	2,348	1,596

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

MULTINATIONAL FORCE & OBSERVERS
NOTES TO THE FINANCIAL STATEMENTS
as at September 30, 2024 and 2023

NOTE 1 - THE ORGANIZATION

The Multinational Force & Observers (MFO) is an international organization established by the Protocol signed by the Governments of Egypt and Israel (the Receiving States) and witnessed by the United States on August 3, 1981. The MFO's function is to supervise the implementation of key security provisions of the Treaty of Peace between Egypt and Israel dated March 26, 1979.

The MFO received its initial funding on September 9, 1981. Each Receiving State and, subject to annual appropriations, the United States (together, the Funds Contributing States (FCS)) agreed to contribute equally to the annual operating expenses of the MFO.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the MFO are prepared using accrual accounting. The accounting principles consistently applied by the organization are in accordance with Chapter III of the MFO's Administrative and Financial Regulations and the Notes to these financial statements. For matters not regulated by the organization's Administrative and Financial Regulations and the Notes to these financial statements, the organization adopts the generally accepted accounting principles and standards (GAAP) as defined by the Financial Accounting Standards Board (FASB), in particular the Accounting Standards Codification (ASC) 958 "Not-for-Profit Organizations".

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Assumptions are reviewed periodically and the effect of each change is recorded in the Financial Statements.

Net assets

The MFO classifies Net Assets in accordance with the FASB ASC 958-210. The Net Assets of the MFO result from support contributions by the Funds Contributing States plus the additional annual contributions from "Donor States".

Revenue Recognition

Monetary contributions are shown in the financial statements as revenue upon notification in accordance with the FASB ASC 958-605, including the Accounting Standard Update 2018-08.

The statement of Revenue shows restricted monetary contributions separately from unrestricted monetary contributions. A transfer from the restricted to unrestricted class is made when donor's spending conditions are met.

All of the MFO's revenues in Fiscal Year (FY) 2024 are derived from monetary support contributions by the Funds Contributing States plus additional monetary contributions from "Donor States" which in FY 2024 were Finland, Germany, Japan, the Netherlands, Norway, the Republic of Korea, and Switzerland, and from other income relating to interest, dividends and realized gains/losses on the investment portfolio, these are recognized as unrestricted. Unrealized gains/losses on the investment portfolio are recorded directly in net assets (BSRF).

MULTINATIONAL FORCE & OBSERVERS
NOTES TO THE FINANCIAL STATEMENTS
as at September 30, 2024 and 2023

The principle of equal contributions by the three Funds Contributing States pursuant to the Protocol to the Treaty and related side letters, has been maintained.

Revenue Recognition - Pledges

Conditional and unconditional pledges of the Funds Contributing and Donor States have been shown in the financial statements as revenue in accordance with the FASB ASC 958-605.

Fixed Assets - Buildings, Equipment & Furnishings

The Rome Headquarters and Tel Aviv office spaces, owned by the MFO, are recorded as fixed assets on the balance sheet at their historic cost, net of the accumulated depreciation in accordance with the FASB ASC 958-360. These two office spaces were being depreciated over thirty years using the straight-line method until FY 2020. In FY 2021, depreciation was accelerated and fully expensed. Therefore, both assets are now fully depreciated.

Other fixed assets (tangible and intangible), including equipment and furnishings, are expensed as incurred, net of any sales proceeds. The MFO Policy and Administrative Manual, Volume III, section 300.3.3, states that MFO does not capitalize assets, with the exception of the aforementioned properties. This policy differs from the FASB ASC 958-360.

Supplies & Stores Inventory

Costs of supplies and stores are charged to expenditure as they are received, net of any proceeds from miscellaneous sales.

Foreign Exchange

The effects of changes in foreign exchange rates are included in the results of current operations.

Marketable Securities - Investment Portfolio

After retaining sufficient liquidity to meet planned, near-term expenditure, funds are invested in an Investment Portfolio with a private bank. The portfolio is a conservative balance of cash, money market, government bonds, corporate bonds, and equities. The maximum maturity of any financial instrument cannot exceed more than five years. Securities are stated at a fair value.

Net assets with donor restrictions

Net assets with donor restrictions are reported in accordance with the FASB ASC 958-210 and Accounting Standards Update 2016-14.

Financial Statements presentation

Numbers are displayed rounded to one decimal place.

NOTE 3 - BUDGET STABILIZATION RESERVE FUND

Following consultations with the three Funds Contributing States on June 10, 2010, the MFO was asked to establish a mechanism to set aside any surplus from the Funds Contributing States contribution to the operating budget, in order to stabilize their annual contributions and to make up any future deficit that might occur. The Budget Stabilization Reserve Fund (BSRF) was created in

MULTINATIONAL FORCE & OBSERVERS
NOTES TO THE FINANCIAL STATEMENTS
as at September 30, 2024 and 2023

FY 2010. Initially, interest earned on the BSRF was retained in the BSRF. Since FY 2021, interest earned on the BSRF investments is credited to the operating funds.

The BSRF balance at the end of FY 2024 amounts to \$33,051,651 (\$30,739,999 in FY 2023). The increase of \$2,311,652 is the result of a \$1,604,480 transfer to the CARF, and the FY 2024 surplus of \$3,916,132.

NOTE 4 – MARKETABLE SECURITIES

Société Générale Kleinwort Hambros manages the MFO’s investment portfolio, which commenced in October 2022. Prior to this, available funds were invested in fixed income, U.S. dollar-denominated securities and certificates with a maximum maturity period of ten years; all such securities were sold in August 2022.

At September 30, 2024, marketable securities are:

	<i>Carrying Amount</i>	<i>Unrealized gains</i>	<i>Unrealized losses</i>	<i>Fair Value</i>
	<i>FY2024</i>	<i>FY2024</i>	<i>FY2024</i>	<i>Sept 30, 2024</i>
	<i>USD 000s</i>	<i>USD 000s</i>	<i>USD 000s</i>	<i>USD 000s</i>
Money market instruments maturing:				
within 1 year	0	0	0	0
between 1-5 years	0	0	0	0
Government Bonds maturing:				
within 1 year	3,397	38	0	3,435
between 1-5 years	0	0	0	0
Corporate Bonds maturing:				
within 1 year	9,311	388	(8)	9,691
between 1-5 years	19,503	938	(4)	20,437
Equity maturing:				
within 1 year	0	0	0	0
between 1-5 years	3,413	1,047	0	4,460
Total Marketable Securities FY 2024	35,624	2,411	(12)	38,023

MULTINATIONAL FORCE & OBSERVERS
 NOTES TO THE FINANCIAL STATEMENTS
 as at September 30, 2024 and 2023

The realized net gain on sales of marketable securities was \$550k. The realized gain on portfolio coupons and dividends was \$1,064k. The interest earned on the portfolio was \$33k. All are recognized as revenue in the FY 24 statement of revenue.

Unrealized gains and losses reflect movements in the market value of securities and are only realized if the securities are sold.

As at September 30, 2023, marketable securities were \$35,915k (fair value).

NOTE 5 - FIXED ASSETS

Tangible fixed assets: Office spaces

On September 16, 1997, the MFO acquired part of a building in Rome, Italy, for use as the headquarters of the organization for \$2,336,903. On August 9, 2007, the MFO also acquired part of a building in Tel Aviv, Israel, for use as the office of the Director General's Representative for \$2,677,231.

Depreciation was accelerated in FY 2021 and both assets are now fully depreciated.

The acquisition cost and accumulated depreciation of both properties are:

	<u>2024</u> <i>USD 000s</i>	<u>2023</u> <i>USD 000s</i>
Cost of the MFO's two office spaces	5,014	5,014
Accumulated depreciation	(5,014)	(5,014)
Fixed assets net book value, September 30:	0	0

The expenditure for equipment and furnishings is included in the statement of functional expenses.

Intangible fixed assets: Software licenses

In September 2021, the MFO purchased a series of Microsoft licenses for \$2,531,992, and SAP licenses for \$154,276. Following MFO accounting policies and past practice, these licenses were expensed. They have a validity and economic value of 5 years for the Microsoft licenses and 3 years for the SAP licenses. The SAP 3 year licenses were renewed in FY24 and the expense was recorded as a cost for the year.

NOTE 6 - PREPAID EXPENSES AND OTHER RECEIVABLES

Prepaid expenses and receivables are comparable to the prior year, as detailed below:

	FY 2024 <i>USD 000s</i>	FY 2023 <i>USD 000s</i>
Prepayments	584	1,703
Receivables and VAT receivables	1,025	656
Accrued Interest and currency revaluation	212	263
FRP	115	179
Total Prepaid Expenses and Other Receivables	1,936	2,802

MULTINATIONAL FORCE & OBSERVERS
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As at September 30, 2024, the balance of prepaid expenses and other receivables decreased due to a reduction in advance payments, in particular for one large item of equipment.

The Force Retail Program (FRP) intercompany account:

The MFO operates the FRP, a Force Exchange and Club System, in Sinai, for the benefit of participating troops and civilian personnel, on a not-for-profit basis. The FRP surpluses are used to fund recreational activities for military and civilian personnel. FRP operations have not been incorporated into the MFO financial statements as they are distinct and autonomous from those of the MFO and such inclusion is deemed immaterial.

The FRP operates using separate bank accounts and financial accounting records. FRP accounts and records are subject to independent audit every financial year. Should FRP operations significantly increase, they may be consolidated into the MFO financial statements, although such increase in operation is not envisioned in the foreseeable future.

NOTE 7 - PLEDGES

The contributions from Donor States that have not been drawn upon or made available are shown in the financial statements as pledges, under receivables. As at September 30, 2024, there was one receivable for \$281k relating to the contribution from Switzerland.

NOTE 8 - CONTRIBUTIONS TO OPERATING REVENUE BY THE DONOR STATES

Donor State contributions to FY 2024 operating revenue were recorded as follows (for Force Protection-earmarked funding see note 9):

- from the Government of Finland, a contribution of € 120,000 without donor restrictions – unchanged in euros compared to FY 2023;
- from the Government of Germany, € 1,053,000 of which € 600,000 was restricted and applied towards local Sinai employment – the restricted contribution was unchanged in euros from FY 2023 and the unrestricted saw a slight reduction of € 17,000;
- from the Government of Japan, a restricted contribution of \$23,781. As specified by the Government of Japan, this contribution has been applied exclusively to pay for food and civilian personnel salaries. (See also, \$580,000 supplemental donation for a Japanese project, detailed in Note 9);
- from the Republic of Korea, an unrestricted contribution of KRW 325,000,000 – an increase compared to KRW 310,000,000 in FY 2023;
- from the Government of the Netherlands, an unrestricted contribution of € 850,000 – unchanged in euros compared to FY 2023;
- from the Government of Norway, a contribution of NOK 2,000,000 restricted toward support for the Civilian Observer Unit – unchanged in NOK compared to FY 2023;
- from the Government of Switzerland, an unrestricted contribution of CHF 257,000, an increase from CHF 207,000 in FY23;



MULTINATIONAL FORCE & OBSERVERS
NOTES TO THE FINANCIAL STATEMENTS
as at September 30, 2024 and 2023

Conditional contributions are listed as “with donor restrictions” in the statement of Revenue and were released in their entirety by incurring qualified expenses during FY 2024 thereby satisfying donor restrictions.

The Donor State contributions are included in the financial statements, in US dollars, as follows:

	<u>Source</u>	<u>2024</u>	<u>2023</u>	<u>Restrictions</u>	<u>2024</u>	<u>2023</u>
	<u>Currency</u>	Currency 000s	Currency 000s		USD 000s	USD 000s
Finland	Euro	120	120	Unrestricted	131	126
Germany	Euro	1,053	1,070	Restricted/Unrestricted	1,125	1,159
Japan	USD	24	26	Restricted	24	26
Republic of Korea	KRW	325,000	310,000	Unrestricted	241	243
Netherlands	Euro	850	850	Unrestricted	905	892
Norway	NOK	2,000	2,000	Restricted	182	186
Sweden	SEK	0	1,000	Restricted	0	96
Switzerland	CHK	257	207	Unrestricted	281	226
Switzerland	USD	0	120	Restricted	0	120
Total					2,888	3,075

NOTE 9 – SUPPLEMENTAL DONATIONS – FORCE PROTECTION and JAPANESE PROJECTS

Beginning in FY 2005, the U.S. Government has provided funding for Force Protection requirements that are separate from and additional to the U.S. contribution to the MFO’s annual operating expenses. Japan began providing supplemental, project specific financing in FY 2015.

In FY 2024, Japan contributed \$580,000, separate from and additional to Japan’s contribution to operating expenses, to build a new “Reverse Osmosis Plant”.

In FY 2024 the MFO received \$10,000,000 from the U.S. Government for Force Protection (\$1,000,000 in FY 2023). The MFO did not request additional Force Protection funding from the U.S. Government in FY 2022 or FY 2021.

These funds are separately managed and accounted for and exclusively applied for the intended purpose of Force Protection and related expenditure. The expenditure was released by incurring qualified expenses or commitments during FY 2024, thereby satisfying donor restrictions.

MULTINATIONAL FORCE & OBSERVERS
NOTES TO THE FINANCIAL STATEMENTS
as at September 30, 2024 and 2023

The schedule below provides an analysis of supplementary funding from inception to September 30, 2024:

<u><i>Force Protection (FP) and Japanese projects</i></u>	<u><i>Contributions</i></u> <i>USD 000s</i>	<u><i>Interest</i></u> <i>USD 000s</i>	<u><i>Expenditures</i></u> <i>USD 000s</i>	<u><i>Balance of funds</i></u> <i>USD 000s</i>
USA FP–FY05 to FY23:	67,937	685	(65,046)	3,576
USA FP - FY 2024:	10,000		(2,714)	7,286
				10,862
Japan – FY15 to FY23:	11,658	49	(11,061)	646
Japan - FY 2024:	512	0	(1,145)	(633)
				13
Australia FP –FY13 to FY18	3,530		(3,530)	0
Germany FP – FP FY15:	322		(322)	0
Total on Sept 30, 2024:	93,959	734	(83,818)	10,876

In accordance with the FASB ASCs 958-210 and 958-225, these funds are considered “with donor restrictions”.

NOTE 10 - ACCOUNTS PAYABLE & ACCRUED EXPENSES

The schedule below provides an analysis of accounts payable and accrued expenses:

	<u><i>2024</i></u> <i>USD 000s</i>	<u><i>2023</i></u> <i>USD 000s</i>
Personnel/labor costs (staff country payables, accrued leave, etc.)	4,562	6,613
Troop Rotations	1,294	3,438
Force Protection DoD	3,728	3,394
Other payables and accruals	7,350	5,825
Total Accounts Payable and Accrued Expenses	16,933	19,270

As at September 30, 2024, the accounts payable and accrued expenses decreased by \$2.3m due to the following key factors:

- Staff country payables were allocated in a timely manner, reducing accruals.
- The majority of the Troop Rotations invoices were received and paid within the year, reducing the need to accrue.
- The increase in other payables is due to the increased cost for some US Department of Defense expenses, which require accrual at year end.

2/2/24

NOTE 11 - CONTRIBUTED SERVICES & FACILITIES

Contributed Services

For Troop Contributing States, the MFO may reimburse all or part of the agreed cost of special pay and allowances for troops serving in Sinai. The MFO does not reimburse fixed base pay and salaries. The MFO recognizes with gratitude the indirect and substantial support that Troop Contributing States are providing.

Australia, Canada, Japan, New Zealand, Norway, and the United Kingdom provide military participation on a generous basis that does not seek MFO reimbursement of costs for soldiers' allowances, benefits, overheads, or rotation costs. Australia also provided a Royal Australian Air Force aircraft to transfer Fijian military personnel to the Sinai and back to Fiji, saving the MFO considerable commercial aircraft transportation costs.

Throughout the financial year, the United States Army generously contributed Force Protection equipment for use at North Camp, South Camp, and remote sites.

Contributed Equipment

The Czech Republic, Italy, and the United States provided aviation and maritime assets to the MFO with agreed maintenance and support arrangements that effectively share operating costs between the MFO and the contributing country.

Contributed Facilities in the Sinai

The MFO does not have title to the buildings and facilities located in the Sinai. The MFO is permitted to use North Camp and South Camp in the Sinai rent-free. These sites and related facilities are owned and provided by the Government of Egypt; all improvements to the facilities have been made possible through the contributions of the Funds Contributing and Donor States.

Accounting treatment for in-kind contributions

In accordance with the FASB ASC 958-605-25, the value of the above contributed Services, Equipment, and Facilities is not included in the financial statements, as they are not obtainable from the general marketplace. A precise valuation of these capital contributions, either in terms of cost to contributors not reimbursed by the MFO and/or in avoided costs of potentially more costly alternate sourcing of such assets, while obviously substantial and appreciated by the MFO, would be very speculative based on the limited information available to the MFO.

Offsets from Japan, United Kingdom, and the USA

The MFO receives credits from some Troop Contributing States for certain costs that troop contributors would have incurred had their troops remained at home. These credits are not identified as revenue within the financial statements, but the MFO's operating expense is net of these credits.

Regarding the United States Army, the arrangement of 21 December 2022 provides both for credits to the MFO for support costs that the U.S. Army avoids by having its soldiers stationed in the Sinai, and charges to the MFO for U.S. Army incremental costs, including certain soldier

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allowances and benefits, flying hours and labor contract charges. In FY 2024, the total value of offset credits from the United States Department of Defense was \$5,510,963.

NOTE 12 - ALLOCATION OF EXPENSES IN THE STATEMENT OF REVENUE & EXPENSE

MFO Management has determined, in compliance with FASB ASC 958-720, that all costs relating to the Rome Headquarters including the staff compensation costs will be regarded as support costs.

All other costs relating to the MFO field offices in Tel Aviv, Cairo, and the Force in the Sinai have been reported as program costs as defined by FASB ASC 958-720.

It should be noted that some Headquarters costs are truly program specific, whilst some Tel Aviv and Cairo office costs could be regarded as support costs. The cost of tracking and reallocating these costs separately would not provide the user of the accounts with a greater understanding of them. Management thus determined the most cost-effective way of complying with the standard is the adopted method of cost allocation. However, it should be noted that all costs are related to the purposes for which the MFO has received contributions, i.e., the conduct and support of its peacekeeping mission.

NOTE 13 - SELF-INSURANCE FUND

At the Trilateral Conference held on November 27, 1989, it was agreed that a self-insurance fund (SIF) would be created. The authorized amount of the SIF is set at \$6,150,239. There were no transactions during the financial year and the closing Fund balance was \$6,150,239. In accordance with the FASB ASC 958-210, the SIF is considered "with donor restrictions".

NOTE 14 - CAPITAL ASSET REPLACEMENT FUND

At the Trilateral Conference held on November 26, 1990, it was agreed that a Capital Asset Replacement Fund (CARF) would be created to finance projects of a non-routine, non-recurring nature (within 5 years) with a projected cost in excess of \$250,000. The authorized amount of the fund was set at \$4,187,500 on September 30, 2017. The CARF is replenished, as needed, from the Budget Stabilization Reserve Fund.

The opening balance of the CARF was \$4,187,500. During FY 2024, expenditure totaled \$1,604,480, relating to replacement barracks for military personnel, the renovation of South Camp's electrical distribution system, and the replacement of generators. Following the \$1,604,480 replenishment, the CARF closing balance was \$4,187,500.

In accordance with the FASB ASC 958-210, the CARF is considered "with donor restrictions".