P.E.F.
Israel Endowment Funds, Inc.

Annual Report
2013
President’s Report

PEF continues to provide a means for individuals, foundations and charitable institutions to recommend grants to approved Israeli charities at no expense to the donor. Information regarding the more than one thousand Israeli charities that we support, our history, frequently asked questions and our full financial statements and tax filings may be found at our web site at www.pefisrael.org.

If you wish us to send you any information or documents in the mail or electronically, please feel free to contact us at 212-599-1260 or info@pefisrael.org. The information and material on our web site is updated regularly and so it remains the most efficient address to search for a particular charity and confirm that they are in good standing.

As I write this letter, we have moved to a new location and we look forward to continue what we have been doing for the last 91 years, only better. In the year ahead we will be providing our charities with more ways to confirm and track incoming grants. Likewise we plan on providing more options for the electronic transfer of grants directly into the account of the recipient charity. Stay tuned.

PEF does not do any fundraising or crowdsourcing, nor do we take credit cards or PayPal. We are not into retail philanthropy. We don’t do outreach, host gala banquets, plan tours or educate existing and entre level Israel philanthropists. There are other worthy organizations that provide these vital services. But for donors who already have an affinity for an Israeli charity and wish to provide support without any fees deducted and with maximum efficiency, PEF is the right address.

I offer my thanks to our donors, our charities, our staff and my fellow trustees for enabling us to carry on our critical work.

Geoffrey Stern
President

PEF makes grants to hundreds of charities in Israel every year. When making a contribution, please include the 9 digit ID number along with the name of the charity. You can see the full list online at: www.pefisrael.org/charities
P.E.F Israel Endowment Funds, Inc.

<table>
<thead>
<tr>
<th>Contribution Revenue and Grant Expense</th>
<th>November 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution Revenue</td>
<td>$ 60,659,284</td>
</tr>
<tr>
<td>Grants to Qualified Organizations</td>
<td></td>
</tr>
<tr>
<td>and Related Expenses</td>
<td>69,516,201</td>
</tr>
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**Investment Revenue**

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<table>
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<tbody>
<tr>
<td>Interest and Dividends (Net of Investment Expenses)</td>
<td>1,574,510</td>
</tr>
<tr>
<td>Net Realized and Unrealized Gains on Investments</td>
<td>16,970,830</td>
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**Other Expenses**

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>General and Administrative</td>
<td>575,367</td>
</tr>
<tr>
<td>Fundraising</td>
<td>22,254</td>
</tr>
<tr>
<td>Excess of Revenue over Expenses</td>
<td>$ 9,090,802</td>
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**Net Assets**

<p>| | |</p>
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<thead>
<tr>
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<tbody>
<tr>
<td>Assets</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 3,017,495</td>
</tr>
<tr>
<td>Interest and Dividends Receivable</td>
<td>143,996</td>
</tr>
<tr>
<td>Investments</td>
<td>120,776,967</td>
</tr>
<tr>
<td>Other Assets</td>
<td>83,557</td>
</tr>
<tr>
<td>Total Assets</td>
<td>124,022,015</td>
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|                                |                   |
| Liabilities                    |                   |
| Grants Payable                 | 1,181,700         |
| Other Liabilities              | 4,889             |
| Total Liabilities              | 1,186,589         |

|                                |                   |
| Net Assets                     | $ 122,835,426     |
Summary of the past year's program service accomplishments

P.E.F. had a good financial year in 2013. Contributions of over $60 million were in the upper end of what we have received over the past ten years. Our $69 million in grants were our third highest in the last ten years. Nevertheless, aided by strong financial markets, particularly a very strong stock market with the S&P 500 index up 32%, total assets rose by some 8% to $122 million. We remain an unusually efficient charity with administrative expenses of only about 1 ¼% of total grants issued. The trend over the last ten years is one of organizational stability, very gradual growth in assets and grants and a slightly more rapid increase in administrative costs.

In the past year the areas of support for approved charities in Israel include, but were not limited to: primary and secondary education; supporting scientific research; promoting greater tolerance and understanding between religious and secular communities and between Arabs and Jews; the special needs of women, children and families in distress; special education and education for the gifted; veterans programs; drug abuse; promotion of the arts; and relief for the handicapped.
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