Association for Cultural Interchange, Inc. and Subsidiary

Consolidated Financial Statements

December 31, 2023

TABLE OF CONTENTS

ROGOFF & COMPANY PC
CERTIFIED PUBLIC ACCOUNTANTS

355 Lexington Avenue, Sixth Floor
New York, NY 10017-6603
212-557-5666 F 212-557-9330

Independent Auditor's Report

To The Board of Directors of the
Association for Cultural Interchange, Inc. and Subsidiary

Opinion

We have audited the consolidated financial statements of the Association for Cultural Interchange, Inc. and Subsidiary (the "Organization", a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Saxum Ltd (CC), a wholly-owned subsidiary, whose statements reflect total assets constituting 17% of consolidated total assets as of December 31, 2023 and total revenues constituting 6% of consolidated total revenues for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Saxum Ltd (CC), is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's December 31, 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Rogoff & Company PC

Rogoff & Company, PC
Certified Public Accountants
New York, New York
October 30, 2024

Association for Cultural Interchange, Inc. and Subsidiary

Consolidated Statement of Financial Position

As of December 31, 2023
(with comparative amounts as of December 31, 2022)

	2023	2022
Assets		
Cash and cash equivalents	$ 2,350,041	$ 2,105,677
Program loans receivable	7,646,020	9,265,903
Accrued investment income	494,645	210,830
Investments, at fair value	151,768,706	136,894,087
Fixed assets, net	58,942,033	62,878,720
Other assets	62,798	71,359
Total assets	$ 221,264,243	$ 211,426,576
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 154,767	$ 147,856
Grants payable	123,331	-
Total liabilities	278,098	147,856
Net assets		
Without donor restrictions		
Undesignated	171,277,766	164,120,016
Accumulated foreign currency translation	3,319,844	4,805,228
	174,597,610	168,925,244
With donor restrictions	46,388,535	42,353,476
Total net assets	220,986,145	211,278,720
Total liabilities and net assets	$ 221,264,243	$ 211,426,576

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

Association for Cultural Interchange, Inc. and Subsidiary

Consolidated Statement of Activities

For the year ended December 31, 2023
(with summarized totals for the year ended December 31, 2022)

	2023	2022
Change in Net Assets Without Donor Restrictions		
Revenue and support		
Contributions	$ 1,282,132	$ 1,458,628
Net investment return (loss)	11,215,296	(9,412,458)
Program service fees:		
Saxum Center	778,140	876,315
Domestic services	103,548	81,672
Program loan interest	109,069	66,043
	13,488,185	(6,929,800)
Net assets released from restrictions	1,686,951	1,164,847
Total revenue and support	15,175,136	(5,764,953)
Expenses		
Grants	3,348,029	1,553,703
Grantmaking and loan services	87,868	53,812
Foreign facilities and services:		
Saxum Center	2,921,367	3,237,630
Other foreign facilities	949,082	946,066
Domestic facilities and services	103,548	80,988
Total program	7,409,894	5,872,199
General administration	556,124	478,011
Total expenses	7,966,018	6,350,210
Excess of revenue and support over expenses	7,209,118	(12,115,163)
Change in accumulated foreign currency translation	(1,485,384)	(6,795,964)
Foreign exchange (losses) gains	(51,369)	25,538
Change in net assets without donor restrictions	5,672,365	(18,885,589)
Change in Net Assets With Donor Restrictions		
Contributions	1,142,305	1,113,912
Net investment return - Saxum Center	4,579,706	(3,140,723)
Net assets released from restrictions	(1,686,951)	(1,164,847)
Change in net assets with donor restrictions	4,035,060	(3,191,658)
Change in Total Net Assets		
Changes in net assets	9,707,425	(22,077,247)
Total net assets - beginning of year	211,278,720	233,355,967
Total net assets - end of year	$ 220,986,145	$ 211,278,720

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

Association for Cultural Interchange, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

For the year ended December 31, 2023
(with summarized totals for the year ended December 31, 2022)

	Grants and loans	Saxum Center	Foreign facilities	Domestic services	Total program	General admini-stration	2023 Total	2022 Total
Grants	$ 3,348,029	$ -	$ -	$ -	$ 3,348,029	$ -	$ 3,348,029	$ 1,553,703
Personnel costs	71,908	183,673	162,587	98,791	516,959	169,139	686,098	526,692
Professional fees	-	-	7,189	-	7,189	350,708	357,897	318,350
Occupancy	15,960	-	35,802	4,757	56,519	14,569	71,088	63,044
Utilities	-	148,100	-	-	148,100	-	148,100	161,339
Maintenance	-	225,476	-	-	225,476	-	225,476	282,824
Insurance	-	31,117	-	-	31,117	-	31,117	31,977
Property Taxes	-	134,779	10,978	-	145,757	-	145,757	153,610
Technology and communications	-	9,302	-	-	9,302	11,993	21,295	17,346
Travel and transportation	-	6,777	-	-	6,777	5,364	12,141	8,112
Office expenses	-	19,255	597	-	19,852	4,351	24,203	14,431
Program supplies	-	283,426	-	-	283,426	-	283,426	293,081
Marketing and advertising	-	24,998	2,049	-	27,047	-	27,047	12,408
Depreciation	-	1,854,464	729,880	-	2,584,344	-	2,584,344	2,913,293
	$ 3,435,897	$ 2,921,367	$ 949,082	$ 103,548	$ 7,409,894	$ 556,124	$ 7,966,018	$ 6,350,210

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

Association for Cultural Interchange, Inc. and Subsidiary

Consolidated Statement of Cash Flows

For the year ended December 31, 2023
(with comparative amounts for the year ended December 31, 2022)

	2023	2022
Cash flows from operating activities:		
Changes in net assets	$ 9,707,425	$ (22,077,247)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Saxum Center depreciation	1,854,464	2,039,045
Other depreciation	729,880	874,248
Foreign currency translation	1,477,732	6,692,981
Foreign exchange losses (gains)	-	(25,538)
(Gain) loss in fair value of investments	(12,162,479)	12,845,108
Partnership and fund losses	58,885	1,520,167
Grants applied to program loan repayments	671,020	311,157
Changes in operating assets and liabilities:		
Accrued investment income	(283,815)	(120,684)
Other assets	8,561	(7,174)
Accounts payable and accrued expenses	6,911	(163,113)
Grants payable	123,331	-
Net cash provided by operating activities	2,191,915	1,888,950
Cash flows from investing activities:		
Program loans repaid	1,991,863	2,734,854
Program loans made	(1,043,000)	-
Sale of portfolio securities	52,004,590	39,087,509
Purchase of portfolio securities	(30,494,576)	(38,731,146)
Partnership and fund distributions	833,729	3,299,560
Partnership and fund contributions	(25,114,770)	(8,500,000)
Additions to fixed assets	(125,387)	(93,759)
Net cash used in investing activities	(1,947,551)	(2,202,982)
Net decrease in cash and cash equivalents	244,364	(314,032)
Cash and cash equivalents - beginning of year	2,105,677	2,419,709
Cash and cash equivalents - end of year	$ 2,350,041	$ 2,105,677

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

Note 1 – Organization

Association for Cultural Interchange, Inc. and Saxum Ltd (CC) (wholly-owned "Subsidiary") (collectively the "Organization") is a nonprofit organization formed in 1958, to provide support and assistance to educational and vocational training institutions, most of which include a religious dimension inspired and assisted by the Catholic Prelature of Opus Dei. The Organization emphasizes the promotion of international understanding and the interchange of ideas and cultural activities among people of different nations. The Organization achieves this by making loans and grants, as well as the use of physical facilities, to organizations in the United States and other countries that operate in furtherance of the Organization's mission.

The Organization also owns and operates the Saxum Center ("Saxum") in Abu Gosh, Israel. Saxum consists of a conference center which operates workshops, conferences and spiritual retreats, as well as a visitor center providing orientation and information resources for individuals and groups visiting the Holy Land.

Activities related to Saxum are conducted through Saxum Ltd (CC), a charitable company that is established under the laws of Israel as a wholly owned subsidiary of the Organization. The seven Directors of Saxum Ltd CC are appointed by the Organization and include four persons who are also Directors of the Organization.

Development and construction of Saxum began in 2007, with broad international financial support. From donations of $89.3 million, $3 million was retained for property development, and $30 million was retained for future funding of the facility. The conference center opened for operations on June 8, 2017. The Visitor Center began receiving visitors in late 2017.

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the parent organization and subsidiary because the parent has both control and an economic interest in the subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Comparative Financial Information

The accompanying consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited consolidated financial statements for the year December 31, 2022, from which the summarized information was derived.

Note 2 – Summary of Significant Accounting Policies – continued

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to certain projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Receivables and Credit Policies

Receivables consist primarily of program loans. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. There was no allowance as of December 31, 2023, as well as no bad debt expense for the year ended December 31, 2023.

Promises to Give

We record unconditional promises to give that are expected to be collected within one year 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 contribution revenue in the consolidated statement of activities. We determine the allowance for uncollectable 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 uncollectable. As of December 31, 2023, there was no allowance.

Contributions of donated non-cash assets are recorded at their fair value in the period received. It is the policy and practice of the Organization to sell donated securities shortly after receipt. Accordingly, those items are not shown separately in the consolidated statement of cash flows.

Property and Equipment

The Organization records property and equipment additions over $1,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the consolidated statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Note 2 – Summary of Significant Accounting Policies – continued

Property and Equipment (continued)
Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2023.

Leases
The Organization determines if an arrangement is a lease at inception. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term. Lease obligations represent the Organization's liability to make lease payments arising from the lease. Operating lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate discount rate at the commencement date. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Investments
The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position as described in Note 5. Net investment return/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. The Organization maintains traditional investment portfolios for which the primary return objective is to maximize total return and build capital. Portfolio managers are employed. Specific policies call for a mixture of equity and fixed income securities, generally in the ratio of 65% to 35%, with variations as approved by the investment committee. No single equity security should exceed 5% of total equities. U.S. government obligations, diversified mutual funds and exchange traded fixed income funds may be held without limit. Other fixed income securities are to be rated BBB or higher and should not exceed 15% of the fixed income allocation; with no single investment exceeding 5% of the fixed income allocation. The Organization also invests selectively in private equity partnerships that have investment objectives deemed by the investment committee to be compatible with The Organization's overall investment goals and strategies.

Note 2 – Summary of Significant Accounting Policies – continued

Net Assets
Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed 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. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition
The Organization recognizes revenue from exchange transactions when the earnings process is complete and goods have been delivered and/or services performed. Payments received for which the Organization has a future performance obligation are reported as deferred revenue in the consolidated statement of financial position.

Receivables from program loans amounted to $7,646,020 as of December 31, 2023. Receivables from program loans amounted to $9,265,903 as of December 31, 2022. There is no deferred revenue balances as of December 31, 2023 and 2022.

Donated Services
Certain volunteers have donated time and services in the Organization’s programs and supporting services. Such contributed services do not meet the criteria for recognition of contributed services in accordance with generally accepted accounting principles and, accordingly, are not reflected in the accompanying consolidated financial statements.

Functional Allocation of Expenses
The costs of providing program and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated using management's estimates among the programs and

Note 2 – Summary of Significant Accounting Policies – continued

Functional Allocation of Expenses (continued)
supporting services benefited using methods that reflect time and effort, material usage, and other appropriate indicators.

Income Taxes
The Organization is a Maryland nonprofit organization and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under the Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. Management is required to file a Return of Organization Exempt from Income Tax (Form 990) annually with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. Management has determined that the Organization is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 assumptions.

Financial Instruments and Credit Risk
The Organization maintains its cash accounts at commercial banks. The Federal Deposit Insurance Corporation (FDIC) insures up to $250,000 for the total cash balances in each financial institution. From time to time, the Organization may have amounts on deposit in excess of FDIC limits. As of December 31, 2023, the amount in excess of insured limits was approximately $970,000. The Organization performs ongoing evaluations of the commercial banks to limit its concentration of risk exposure. The Organization has not experienced any loss in such accounts. Management believes that the Organization is not exposed to any significant risk on its cash. Credit risk associated with accounts receivables and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from organizations managed by individuals supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Note 2 – Summary of Significant Accounting Policies – continued

Foreign Exchange

Unrealized and realized exchange gains and losses arising from foreign activities are recorded as gains or losses in the accompanying consolidated statement of activities. The change in net asset value of the Subsidiary that is due solely to the year-to-year change in the USD/ILS exchange rate is recorded as accumulated foreign currency translation in the accompanying consolidated statement of financial position

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU was issued to increase transparency and comparability among entities by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements. Under the provisions of Topic 842, a lessee is required to recognize a right-of-use asset and lease liability, initially measured at the present value of the remaining lease payments, in the consolidated statement of financial position. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the leasing activities. The Organization adopted this ASU and related amendments as of January 1, 2022 under the modified retrospective approach and elected certain practical expedients permitted under the transition guidance. Lease term is defined as the non-cancelable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that The Organization will exercise the option. The Organization has elected not to recognize right-of-use asset and lease obligations for its short-term leases, which are defined as leases with an initial term of 12 months or less. The adoption of ASU 2016-02, did not have an impact on the Organization's consolidated financial statements.

Reclassification

Certain reclassifications have been made to the 2022 amounts to conform to the 2023 presentation. Those reclassifications have no effect on the 2022 change in net assets or net assets as of December 31, 2022.

Subsequent Events

Management has evaluated subsequent events through October 30, 2024, the date the consolidated financial statements were available to be issued.

Note 3 – Availability and Liquidity

The following represents the Organization's financial assets as of December 31, 2023:

Financial assets at end of year:		
Cash and cash equivalents	$	2,350,041
Program loans receivable		7,646,020
Accrued investment income		494,645
Investments, at fair value		151,768,706
Other assets		62,798
		162,322,210
Amounts not available within one year:		
Program loans due beyond one year		(5,060,807)
Investments subject to liquidity restrictions		(3,530,933)
Designated for Saxum Center - future funding		(41,957,167)
Financial assets available within one year	$	111,773,303

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligation become due. The Organization's primary outlays of operating cash and cash equivalents are for program loans and grants, both of which are made on a discretionary basis by the Board, with due consideration of the effect on liquidity. As part of its liquidity plan, a portion of excess cash is invested in short-term investments.

Note 4 – Program Loans

As part of its charitable program, the Organization provides loans to educational, vocational training and charitable organizations worldwide, the proceeds of which are to be used for the recipients' capital construction projects or operational programs. All recipients of program loans are also eligible to receive charitable grants. Consistent with the purposes of the Organization and of program loan recipients, organization management may at any time grant the reduction or forgiveness of principal and/or interest amounts due. Any such amounts that are reduced or forgiven are charged to grant expense in the year that a determination to do so is made by the Board.

In 2023, a combination of program loans and interest outstanding totaling $721,020 was forgiven and charged to grant expense.

Program loans outstanding amounted to $7,646,020 as of December 31, 2023. They are due from 13 organizations in installments through various maturity dates ending in 2038. The loans are interest-free or bear below-market interest rates. Organization management reviews the collectability status of all program loans at least annually.

Note 4 – Program Loans – continued

From time-to-time the Organization may enter into incentive agreements with borrowers whereby certain amounts of principal and interest will be forgiven, conditioned on the borrower meeting repayment schedules and various other performance factors. Any amounts forgiven under these arrangements are charged to grant expense when the conditions have been met.

Principal payments on program loans receivable are scheduled to be received as follows for the year ending December 31,:

2024	$ 2,585,213
2025	1,431,069
2026	534,696
2027	540,762
2028	1,085,877
Thereafter	1,468,403
	$ 7,646,020

Note 5 – Fair Value Measurements and Disclosures

The Organization is subject to the Maryland Prudent Management of Institutional Funds Act that applies to certain endowment and other institutional funds. The Act establishes standards for managing and investing such funds and addresses, among other things, loyalty, prudence, good faith and care; types of investments, diversification of investments and pooling of funds; delegation of investment management functions; appropriateness of investment management costs; and record-keeping requirements. It also provides that spending policies should take into account the long-term needs of the organization as well as the potential effects of inflation. The Board believes its policies and activities in these matters are compliant with the Act

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Note 5 – Fair Value Measurements and Disclosures – continued

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2023.

Equities: securities that are valued at the closing quoted price in the active market in which they are traded.

U.S. government obligations: valued at the closing price reported in the active market in which the individual securities are traded.

Money funds and certificates of deposit: the carrying amount approximates fair value because of the short-term maturity of these instruments.

American depositary receipts: certificates issued by a U.S. depositary bank that represent a stipulated number of shares in a non-US company's stock and that are valued by the custodial broker at the closing quoted price in the active market in which the certificates are traded.

Real estate investment trusts: securities listed on a public exchange that are valued at the closing quoted price in the active market in which they are traded.

Note 5 – Fair Value Measurements and Disclosures – continued

Net Asset Value: As a practical expedient, fair value of certain investments (partnerships and funds) may be estimated using their net asset value (NAV) if such investments are redeemable at NAV. In the fair value hierarchy, such investments that are redeemable at NAV are reported separately instead of the levels within the fair value hierarchy. The fair values are intended to permit a reconciliation to the fair value hierarchy to the amounts presented on the consolidated statement of financial position.

The following tables sets forth the valuation of the Organization's investments as of December 31, 2023:

	Level 1	Level 2	Level 3	Total	Percentage of Total
Equities	$ 62,638,204	$ -	$ -	$ 62,638,204	41.3%
U.S. government obligations	24,762,836	-	-	24,762,836	16.3%
Money funds	15,070,453	-	-	15,070,453	9.9%
Certificates of deposit	250,000	-	-	250,000	0.2%
American depositary receipts	3,043,906	-	-	3,043,906	2%
Real estate investment trusts	481,447	-	-	481,447	0.3%
	$ 106,246,846	$ -	$ -	106,246,846	70%
Partnerships and funds				45,521,860	30%
				$ 151,768,706	100%

In management's opinion, the Foundation did not hold any Level 2 or 3 investments as of December 31, 2023.

Note 5 – Fair Value Measurements and Disclosures – continued

Additional information concerning investment in partnerships and funds for the year ended December 31, 2023, is presented below.

	Fair Value (NAV)	Unfunded Commit-ments	Available Redemption Frequency	Redemption Notice Period
Select EQT Infrastructure I Fund, L.P.	$ 8,514	$ -	None	N/A
Select EQT Infrastructure III Fund, L.P.	1,085,979	-	None	N/A
Bridgepoint Credit Opportunities III Fund	2,436,440	1,375,000	None	N/A
Zilkha Partners Special Opportunities, L.P.	5,763,774	-	Quarterly	35 days
Oaktree Global Credit Fund, L.P.	6,863,124	-	Monthly	30 days
Principal Diversified Real Asset Fund	8,010,892	-	Daily	1-2 days
Acadian All Country World Ex US Fund	19,572,557	-	Daily	10 days
Audax Private Equity Fund VII-B, L.P.	422,546	2,550,705	None	N/A
Gridiron Capital (Parallel) Fund V, L.P.	1,358,034	1,714,328	None	N/A
	$ 45,521,860	$ 5,640,033		

Select EQT Infrastructure I and III Funds primarily make controlling and co-controlling investments in a diversified portfolio of infrastructure and related assets. They invest in assets that are based in, or connected to, Northern and Eastern Europe; with flexibility to invest globally. Distributions will be received as the funds' underlying investments are liquidated, which is estimated to occur over the next 5 years.

Bridgepoint Credit Opportunities III Fund (formerly Select EQT Credit III Fund) focuses on credit opportunities by finding good companies with bad balance sheets. The fund makes investments in first and second lien, mezzanine, and unsecured debt, primarily in Europe. The fund is in liquidation, and it is unlikely there will be any additional capital calls.

Zilkha Partners Special Opportunities focuses on undervalued publicly-traded businesses by making investments at a discount to estimated liquidation values. Shares of the partnership in a minimum amount of $1,000,000 may generally be redeemed as of the last business day of each calendar quarter. Requests for redemption must be made at least 35 calendar days prior to the redemption date.

Oaktree Global Credit Fund invests globally in a concentrated subset of securities across the Oaktree Group's liquid credit platform of high yield bonds, senior loans, convertibles, real estate debt securities, structured credit, and emerging markets debt. The Fund has monthly liquidity and requests for redemption must be made at least 30 days prior to the redemption date.

Note 5 – Fair Value Measurements and Disclosures – continued

Principal Diversified Real Asset Fund is a multi-asset, multi-manager portfolio that seeks long-term total return in excess of inflation. The Fund's strategy is to invest across a universe of real assets including infrastructure, natural resources and timber, commodities, real estate, inflation-indexed bonds, and floating-rate debt. The Fund has daily liquidity and does not have a mandatory notice period.

Acadian All Country World Ex US Fund invests primarily in common stock of Non-U.S. companies in both developed and emerging market economies. It has daily liquidity with a 10-day notice period, although Acadian can typically accommodate redemption requests with less notice on a best-efforts basis.

Audax Private Equity Fund seeks to transform middle-market companies into scalable strategic assets through buy and build growth strategies, revenue initiatives, operational improvements, and business professionalization tools. The Fund targets market-leading North American-based businesses with positive cash flows, defensible market positions, and the potential for growth with an enterprise value of less than $500 million.

Gridiron Capital (Parallel) Fund seeks to transform smaller middle-market companies with enterprise values between $150 and $600 million and EBITDA ranges of approximately $10 to $60 million into scalable strategic assets through buy and build growth strategies, revenue initiatives, operational improvements, and business professionalization tools.

Investment Return

The composition of investment return for the year ended December 31, 2023 was as follows:

Gains in fair value of portfolio securities	$ 12,162,479
Dividends and interest, net	4,116,229
Investment fees paid directly	(433,389)
Partnership and fund losses	(58,885)
	$ 15,786,434

Total investment return above does not include net investment return from the Saxum Center for the year ended December 31, 2023.

Note 6 – Fixed Assets

The composition of land, buildings, furniture and equipment as of December 31, 2023 was as follows:

Educational and Vocational Training Facilities Operated by Other Institutions	
Israel, Amud Residence/Cultural Center	$ 10,047,495
Israel, Polis Institute of Language and Humanities	1,680,831
Israel, Talma Cultural Center	6,720,004
Israel, Madaba Cultural Center	1,831,289
Italy, Villa Balestra International Student Center	27,672,523
	47,952,142
Less: Accumulated depreciation	(35,203,484)
	12,748,658
Saxum Center	
Land and building	56,923,730
Furniture and equipment	1,573,350
	58,497,080
Less: Accumulated depreciation	(12,303,705)
	46,193,375
	$ 58,942,033

Depreciation expense for the year ended December 31, 2023 was $2,584,344. Depreciation on assets in service has been provided using the straight-line method over the estimated useful lives by asset type as follows:

	Land	Buildings	Furniture and equipment
Useful life in years	N/A	30	3-14

Note 7 – Commitments and Contingencies

The Organization is a party to an office use license agreement that provides for administrative and program management space, office, utility, telephone services, and the use of office furniture/cabinetry. The agreement runs for a fiscal year that begins December 1 and is renewed automatically at current market license rates unless terminated by either party with 90 days advance notice. Expense of the agreement during the year ended December 31, 2023 was $62,449. The Organization shares its spaces and services with other organizations and recovers from them an agreed amount (see Note 8).

Note 8 – Related Party Transactions

One or more of the Organization’s Directors and/or Officers serve as Directors and/or Officers of certain not-for-profit organizations that have received grants or loans from the Organization.

The Organization has entered into a service agreement with a not-for-profit public charity and a private foundation with similar goals as the Organization. This agreement calls for the Organization to provide administrative services regarding corporate, grant, loan, donor. and investment administration. The agreement calls for expense reimbursement payments from the two organizations in the combined amount of $103,548 for the year ended December 31, 2023. These amounts are reflected in the consolidated statement of activities as program service fees. Certain Directors and/or Officers of the Organization are also Directors and/or Officers of the public charity and the private foundation.

Note 9 – Net Assets With Donor Restrictions

During 2023, the purposes and activities of net assets with donor restrictions were as follows:

Location and purpose	Beginning of year	Contributions and investment return	Released	End of year
Grantmaking program:				
Central America and the Caribbean	$ 39,100	$ 50,000	$ (50,000)	$ 39,100
East Asia and the Pacific	-	11,000	(10,500)	500
Europe	361,157	503,327	(577,384)	287,100
Middle East and North Africa	1,237	67,267	(67,933)	571
North America	10,112	84,000	(29,312)	64,800
South America	320,756	30,700	(202,664)	148,792
South Asia	65,948	42,150	(70,948)	37,150
Sub-Saharan Africa	61,956	39,785	(30,000)	71,741
Total grantmaking program	860,266	828,229	(1,038,741)	649,754
Israel development program:				
Israel, Talma Cultural Center - property expansion	418,625	4,500	(122,311)	300,814
Israel, Saxum Center - property development	2,843,942	636,858	-	3,480,800
Israel, Saxum Center - future funding	38,230,643	4,252,424	(525,900)	41,957,167
Total Israel development program	41,493,210	4,893,782	(648,211)	45,738,781
	$ 42,353,476	$ 5,722,011	$ (1,686,952)	$ 46,388,535

Note 10 – Subsequent Events

On January 12, 2024, the Foundation received an unrestricted gift in the amount of $5,000,000 from the National Philanthropic Trust to be used towards program activities in South America.