

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2022

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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JILLEBA & LIBOCK

CERTIFIED PUBLIC ACCOUNTANTS, LLC

Independent Auditors' Report

To the Board of Directors
America-Israel Cultural Foundation, Inc

Opinion

We have audited the accompanying consolidated financial statements of the America-Israel Cultural Foundation, Inc. (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of America-Israel Cultural Foundation, Inc as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Auditor’s Responsibilities for the Audit of the 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 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 ’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 foundation’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 Comparative Information

We have previously audited the consolidated 2021 financial statements, and we expressed an Unmodified Opinion on those audited financial statements in our report dated December 1, 2022. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Jilleba & Libock CPAs LLC

Westwood, New Jersey
October 30, 2023

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	\$ 1,103,063	\$ 540,517
INVESTMENTS	2,454,814	4,129,253
PLEDGES AND ACCOUNTS RECEIVABLE	69,525	42,660
PREPAID EXPENSES AND OTHER ASSETS	27,975	13,543
TOTAL CURRENT ASSETS	3,655,377	4,725,973
PROPERTY AND EQUIPMENT, NET	81,971	93,322
SECURITY DEPOSITS	8,050	3,150
DONATED MUSICAL INSTRUMENTS	914,114	914,114
TOTAL ASSETS	\$ 4,659,512	\$ 5,736,559
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
ACCRUED AND OTHER CURRENT LIABILITIES	\$ 204,132	\$ 117,657
TOTAL CURRENT LIABILITIES	204,132	117,657
NET ASSETS		
Without donor restrictions	650,373	1,804,693
With donor restrictions	3,805,007	3,814,209
TOTAL NET ASSETS	4,455,380	5,618,902
TOTAL LIABILITIES AND NET ASSETS	\$ 4,659,512	\$ 5,736,559

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH COMPARATIVE TOTALS FOR 2021

	2022			2021 Summarized
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Annual campaign, special events and chapter revenues	\$ 1,867,991	\$ -	\$ 1,867,991	\$ 2,883,106
Investment income	288,170	-	288,170	373,749
PPP Forgiveness	-	-	-	61,512
Other income	-	-	-	20,874
Unrealized Gain (Loss)	(698,667)	-	(698,667)	218,777
	<u>1,457,494</u>	<u>-</u>	<u>1,457,494</u>	<u>3,558,018</u>
Net assets released from restrictions	<u>9,202</u>	<u>(9,202)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>1,466,696</u>	<u>(9,202)</u>	<u>1,457,494</u>	<u>3,558,018</u>
EXPENSES				
Program services	<u>2,045,069</u>	<u>-</u>	<u>2,045,069</u>	<u>2,834,607</u>
SUPPORTING SERVICES				
Management and general	352,707	-	352,707	445,987
Fundraising	<u>223,241</u>	<u>-</u>	<u>223,241</u>	<u>214,569</u>
TOTAL SUPPORTING SERVICES	<u>575,947</u>	<u>-</u>	<u>575,947</u>	<u>660,556</u>
TOTAL EXPENSES	<u>2,621,016</u>	<u>-</u>	<u>2,621,016</u>	<u>3,495,163</u>
CHANGES IN NET ASSETS	(1,154,320)	(9,202)	(1,163,522)	62,855
NET ASSETS - beginning of year	1,804,693	3,814,209	5,618,902	5,556,047
NET ASSETS - end of year	<u>\$ 650,373</u>	<u>\$ 3,805,007</u>	<u>\$ 4,455,380</u>	<u>\$ 5,618,902</u>

See independent auditor's report and accompanying notes to the consolidated financial statements.

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH COMPARATIVE TOTALS FOR 2021

	2022				2021 Total Expenses
	Program Services	Supporting Services		Total	
	Program Services	Management and General	Fundraising		
Salaries	\$ 288,273	\$ 66,525	\$ 88,699	\$ 443,497	\$ 338,809
Employee benefits	34,458	7,952	10,602	53,012	53,358
Payroll taxes	16,445	3,795	5,060	25,300	12,645
Total salaries and related expenses	339,176	78,272	104,361	521,809	404,812
Appropriations for grants and projects	1,436,238	145,238	32,275	1,613,751	2,700,032
Annual Celebration	92,230	-	-	92,230	-
Office expense	18,523	4,275	5,699	28,497	22,769
Moving expenses	-	-	-	-	260
Postage and delivery	714	165	220	1,098	575
Bank and Investment fees	-	28,744	-	28,744	33,860
Telecommunications	3,293	760	1,013	5,066	4,100
Insurance	6,509	1,502	2,003	10,014	4,886
Travel	22,925	5,290	7,054	35,269	19,342
Occupancy	18,031	4,161	5,548	27,740	44,703
Computer expenses	5,773	1,332	1,776	8,882	5,765
Professional fees	48,249	80,414	17,545	146,208	167,875
Public relations and advertising	42,342	-	42,342	84,683	71,285
Depreciation	11,066	2,554	3,405	17,025	14,899
	<u>\$ 2,045,069</u>	<u>\$ 352,707</u>	<u>\$ 223,241</u>	<u>\$ 2,621,016</u>	<u>\$ 3,495,163</u>

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
WITH COMPARATIVE TOTALS FOR 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (1,163,522)	\$ 62,855
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	17,025	14,899
Investment (gain) loss	438,737	(498,459)
Changes in operating assets and liabilities:		
Pledges and accounts receivable	(26,865)	1,395,721
Prepaid expenses and other assets	(14,432)	17,360
Accrued and other current liabilities	86,476	(1,367,357)
Pledged program support	-	(138,203)
Security deposits	(4,900)	26,804
NET CASH USED IN OPERATING ACTIVITIES	<u>(667,481)</u>	<u>(486,380)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,674)	-
Purchase of securities	(1,117,829)	(1,730,495)
Proceeds from sale of securities	<u>2,353,531</u>	<u>1,503,994</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>1,230,028</u>	<u>(226,501)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	562,547	(712,881)
CASH AND CASH EQUIVALENTS - beginning of year	<u>540,517</u>	<u>1,253,398</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 1,103,064</u>	<u>\$ 540,517</u>

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

The accompanying consolidated financial statements include the financial statements of the America-Israel Cultural Foundation, Inc. (the “AICF”) and the America-Israel Cultural Foundation (R.A.) (the “Amuta”). The AICF is a publicly supported not-for-profit organization, incorporated in the State of New York in 1939 to encourage, promote and sustain cultural life in Israel. Funds raised in the United States and Israel provide scholarships to gifted students, advanced study fellowships to teachers and young professionals, and grants to institutions and special projects in Israel in the fields of art, dance, film, music, and theater. The AICF is funded primarily by contributions. The Amuta is a not-for-profit organization registered in Israel in 1939 and is controlled by the Board of Directors of the AICF. Accordingly, the consolidated financial statements include the financial statements of the AICF and the Amuta. All intercompany accounts and transactions have been eliminated in consolidation.

The Foundation is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws.

b. Basis of accounting

The accompanying consolidated financial statements of the Foundation have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

c. Applicability of NYPMIFA

The Foundation complies with the terms of the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). NYPMIFA principally addresses (i) the management and investment of all of a not-for-profit entity’s “institutional funds” (which are mainly the financial assets of the entity and which exclude programmatic assets such as buildings or operating facilities) and (ii) the appropriations by the governing board of earnings derived from donor-restricted endowment funds. In essence, NYPMIFA requires all of the financial resources of the entity to be used in a “prudent” fashion, with the express approval and action of the governing board.

d. Use of estimates

The preparation of the financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

f. Comparative totals

The financial statements and footnote disclosures for the year ended December 31, 2021, are presented only to provide a basis for comparison with the year 2022. The 2021 financial statements and footnote disclosures are not intended to present all information necessary for the fair presentation in accordance with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year December 31, 2021, from which the summarized information was derived.

g. Cash and cash equivalents

For financial reporting purposes, highly liquid investments with original maturities of three months or less at the date of acquisition are considered to be cash equivalents. Cash equivalents include investments in money market funds and certificates of deposit. Certificates of deposit denominated in foreign currencies are translated into U.S. dollars using rates of exchange as of the date of the statements of financial position.

h. Functional allocation of expenses

The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's judgment.

Transmissions for projects in Israel are made pursuant to authorization by the Board of Directors of the Foundation.

The Israel office of the Foundation is maintained mainly for the purpose of handling allocations and, to a lesser degree, soliciting contributions. This includes the assembling of beneficiary projects, scholarship awards to hundreds of students annually, recommendations to the Board of Directors of proposed recipients, and actual distribution of funds to students and projects. Expenses for maintenance of that office are included as part of appropriations for projects in Israel.

i. Investments

The Foundation's investments are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

j. Basis of presentation

The financial statement presentation follows the recommendations of the FASB ASC 958-205, Presentation of Financial Statements. As amended by Accounting Standards Update No. 2016-14, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Foundation had \$3,805,007 net assets with donor restrictions on December 31, 2022.

k. Contributions and grants

All contributions and grants are considered to be without donor restrictions unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes are reported as net assets with donor restrictions that increases that net asset class. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as the reclassification of net assets.

l. Property and equipment

The Foundation capitalizes property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are capitalized at their estimated fair value at the date contributed. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five years to thirty years.

Depreciation expense relating to property and equipment charged to operations for the year ended December 31, 2022, was \$17,025.

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
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DECEMBER 31, 2022

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

m. Donations of musical instruments

Donated musical instruments received through September 30, 1976, are included on the balance sheet at a nominal value of \$1. Since September 30, 1976, these donations have been recorded at appraised values at the time of donation. Substantially all of these instruments are on loan to current and former scholarship recipients and restricted exclusively for that purpose.

n. Income taxes

The Foundation is exempt from income tax under Section 501 (c)(3) of the Internal Revenue Code. In addition, the Foundation has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Accordingly, no provision is required to be made for income taxes in the financial statements. There was no unrelated business income for the year ended December 31, 2022.

The Foundation has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Foundation has filed Internal Revenue Service Form 990, *Return of Organization Exempt From Income Tax*, as required.

The Foundation follows the provisions of FASB ASC 740-10-25. The provisions prescribe a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken or expected to be taken in income tax returns and require that uncertain tax positions be evaluated in a two-step process. The Foundation does not believe it has any material uncertain tax positions. As of and during the year ended December 31, 2022, the Foundation did not have a liability for any unrecognized tax benefits. For the year ended December 31, 2022, there were no interest or penalties recorded or included in the statement of activities.

The Foundation's 2019, 2020, 2021 and 2022 tax years are open and subject to examination by the taxing authorities. However, the Foundation is not currently under audit, nor has the Foundation been contacted by any of the taxing authorities.

o. Fair value measurements

As of December 31, 2022, some of the Foundation's assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash and cash equivalents, grants receivable, prepaid expenses, accounts payable and accrued liabilities, and other payables, approximate their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the year ended December 31, 2022.

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Organization And Summary of Significant Accounting Policies (continued)

p. Advertising

The Foundation follows the policy of charging the costs of advertising to expenses as incurred. Advertising expense was \$84,683 and \$71,285 for the years ended December 31, 2022, and 2021, respectively.

q. Contributed Services and Tangible Person Property

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as contributed services.

Note 2 – Fair Value Measurements

FASB ASC 820, *Fair Value Measurement and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2

Inputs to the valuation methodologies include (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022.

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
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Note 2 – Fair Value Measurements (continued)

2022	Level 1	Level 2	Level 3	Totals
Equity Securities	\$ 1,768,100	\$ -	\$ -	\$ 1,768,100
Fixed Income	281,991	-	-	281,991
Mutual and Exchange Traded Funds	404,723	-	-	404,723
Totals	<u>\$ 2,454,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,454,814</u>
2021	Level 1	Level 2	Level 3	Totals
Equity Securities	\$ 2,409,486	\$ -	\$ -	\$ 2,409,486
Fixed Income	740,408	-	-	740,408
Mutual and Exchange Traded Funds	979,359	-	-	979,359
Totals	<u>\$ 4,129,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,129,253</u>

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments are recorded at fair value. The historical cost and fair value at December 31, 2022 are as follows:

2022	Cost	Fair Market Value	Unrealized Loss
Equity Securities (Level 1)	\$ 1,576,877	\$ 1,768,100	\$ 191,223
Fixed Income (Level 1)	306,332	281,991	(24,341)
Mutual and Exchange Traded Funds (Level 1)	371,414	404,723	33,309
	<u>\$ 2,254,623</u>	<u>\$ 2,454,814</u>	<u>\$ 200,191</u>
2021	Cost	Fair Market Value	Unrealized Gain
Equity Securities (Level 1)	\$ 1,758,197	\$ 2,409,486	\$ 651,289
Fixed Income (Level 1)	730,593	740,408	9,815
Mutual and Exchange Traded Funds (Level 1)	723,803	979,359	255,556
	<u>\$ 3,212,593</u>	<u>\$ 4,129,253</u>	<u>\$ 916,660</u>

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
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Note 3 - Property and Equipment

At each year's end, property and equipment consisted of the following:

	2022	2021
Furniture and fixtures	\$ 29,378	\$ 29,378
Computer equipment	81,916	76,243
Leasehold improvements	35,232	35,232
Software and website	153,740	153,740
	300,266	294,593
Less accumulated depreciation	(218,295)	(201,271)
Property and equipment, net	\$ 81,971	\$ 93,322

Note 4 – Endowments

a. The endowment

At December 31, 2022, and 2021, the Foundation's endowment of \$3,805,007 and \$3,814,209, respectively, consisted of donor-restricted funds established for the purpose of providing scholarships to students in Israel.

b. Interpretation of the relevant law

As discussed in Note 1(c), NYPMIFA is applicable to all of the Foundation's institutional funds. The Board of Directors will continue to adhere to NYPMIFA's requirements relating to the Foundation's permanent endowment funds.

c. Funds with deficiencies

Due to unfavorable market fluctuations, from time to time, the fair value of assets associated with individual donor-restricted endowment funds may decline below the historic dollar value of the donor's original, permanently restricted contributions. At December 31, 2022, and 2021, there were no funds with deficiencies.

d. Spending policy and relation to the spending policy

The income earned on donor-restricted endowments is expected to remain in donor-restricted net assets until spent in accordance with the donor's intent.

e. Endowment net asset composition by type of fund at December 31, 2022 and 2021 and changes in endowment net assets for the year then ended are as follows:

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 4 – Endowments (continued)

	<u>2022</u>	<u>2021</u>
	Donor	Donor
	Restricted	Restricted
Endowment funds, beginning of year	\$ 3,814,209	\$ 3,823,410
Contributions	-	-
Restrictions released	(9,202)	(9,201)
	<u>\$ 3,805,007</u>	<u>\$ 3,814,209</u>

Note 5 - Pension Plan

The Foundation has a contributory, defined contribution pension plan (the “Plan”) covering all eligible employees. Contributions to the Plan by the Foundation are based on a percentage of salary and one year of employment, with a maximum contribution of 3% at December 31, 2022 and 2021. Employees may elect to contribute additional funds up to the limit set by law. The Foundation’s contribution to the plan amounted to approximately \$9,011 and \$12,003 for the years ended December 31, 2022 and 2021, respectively.

Note 6 - Concentrations

a. Revenue

For the year ended December 31, 2022 approximately 45% of the Foundation’s total revenue and support was from five donors. For the year ended December 31, 2021, approximately 35% of the Foundation’s total revenue and support was from one donor.

b. Financial instruments

Financial instruments which potentially subject the Foundation to a concentration of credit risk are cash accounts with major financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings, and management believes that credit risk related to these accounts is minimal.

Note 7 - Commitment and Contingencies

The Foundation entered into an operating lease agreement for office space commencing on May 1, 2019, and expiring on April 30, 2024, however, in August 2020, the Foundation was released from the remainder of their lease effective January 1, 2021. In September 2021, the Foundation entered into a 6-month commitment with WeWork for \$2,050 per month.

Occupancy expense which includes rent and other expenses associated with the office space, totaled \$27,740 and \$93,067 for 2022 and 2021, respectively.

AMERICA-ISRAEL CULTURAL FOUNDATION, INC.
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Note 8 – Liquidity and Availability of Resources

The following represents the Foundation’s financial assets as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,113,818	\$ 540,517
Investments	2,444,059	4,129,253
Contributions receivable	69,525	42,660
Total financial assets	<u>3,627,402</u>	<u>4,712,430</u>
Less: amounts not available to be used within one year	<u>(3,805,007)</u>	<u>(3,814,209)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ (177,605)</u>	<u>\$ 898,221</u>

Note 9 – Subsequent Events

The Foundation's management has performed subsequent events procedures through October 30, 2023, which is the date the financial statements were available to be issued.