American Friends of the Israel Philharmonic Orchestra, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2023 and 2022

American Friends of the Israel Philharmonic Orchestra, Inc.
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Forvis Mazars, LLP
135 West 50th Street
New York, NY 10020-1299
P 212.812.7000 | F 212.375.6888
forvismazars.us

Independent Auditor's Report

Board of Directors
American Friends of the Israel Philharmonic, Inc.
New York, New York

Opinion

We have audited the financial statements of American Friends of the Israel Philharmonic Orchestra, Inc. (AFIPO), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and 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 AFIPO as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 AFIPO 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 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 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 AFIPO's ability to continue as a going concern within one year after the date that these 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 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 AFIPO’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 AFIPO’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.

Forvis Mazars, LLP

New York, New York
September 20, 2024

American Friends of the Israel Philharmonic Orchestra, Inc.
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 1,371,685	$ 528,283
Investments	20,553,006	20,083,995
Contributions receivable, net	622,459	731,696
Other receivables	57,702	329,842
Prepaid expenses and other assets	63,796	23,125
Right-of-use assets - operating leases	358,198	463,610
Property, equipment, and musical instruments, net	1,993,746	2,066,862
Total Assets	$ 25,020,592	$ 24,227,413
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts and accrued expenses payable	$ 44,364	$ 116,386
Grant payable	-	954,827
Operating lease liabilities	391,521	502,961
Total liabilities	435,885	1,574,174
Net Assets		
Without Donor Restrictions		
Operating	19,108,429	17,377,866
Board designated	931,413	971,368
Total Without Donor Restrictions	20,039,842	18,349,234
With Donor Restrictions	4,544,865	4,304,005
Total Net Assets	24,584,707	22,653,239
Total Liabilities and Net Assets	$ 25,020,592	$ 24,227,413

American Friends of the Israel Philharmonic Orchestra, Inc.
Statements of Activities
Years Ended December 31, 2023 and 2022

	2023				2022			
		Without Donor Restrictions	With Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, Losses, and Other Support								
Contributions		$ 2,029,981	$ 150,000	$ 2,179,981		$ 1,775,256	$ 150,000	$ 1,925,256
Special events	$ 866,306				$ 2,119,240			
Less direct costs of special events	(85,521)				(781,577)			
Net revenues from special events		780,785	-	780,785		1,337,663	-	1,337,663
Recovery of bad debt (bad debt loss)		-	-	-		100,000	(100,000)	-
Investment return (loss)		2,496,635	655,860	3,152,495		(3,678,228)	(630,591)	(4,308,819)
Loss on disposal of property and equipment		(561)	-	(561)		-	-	-
Gain on forgiveness of loan		-	-	-		110,000	-	110,000
Net assets released from restriction		565,000	(565,000)	-		1,085,408	(1,085,408)	-
Total Revenues, Gains, Losses, and Other Support		5,871,840	240,860	6,112,700		730,099	(1,665,999)	(935,900)
Expenses								
Program Service - Orchestral		2,897,496	-	2,897,496		4,771,468	-	4,771,468
Supporting Services								
Management and general		290,031	-	290,031		357,234	-	357,234
Fundraising		993,705	-	993,705		1,291,263	-	1,291,263
Total Supporting Services		1,283,736	-	1,283,736		1,648,497	-	1,648,497
Total Expenses		4,181,232	-	4,181,232		6,419,965	-	6,419,965
Change in Net Assets		1,690,608	240,860	1,931,468		(5,689,866)	(1,665,999)	(7,355,865)
Net Assets, Beginning of Year		18,349,234	4,304,005	22,653,239		24,039,100	5,970,004	30,009,104
Net Assets, End of Year		$ 20,039,842	$ 4,544,865	$ 24,584,707		$ 18,349,234	$ 4,304,005	$ 22,653,239

American Friends of the Israel Philharmonic Orchestra, Inc.
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Service	Supporting Services				
	Orchestral	Management and General	Fundraising	Direct Cost of Special Events	Total	Total
Grants and other support for Israel Philharmonic Orchestra	$ 2,452,558	$ -	$ -	$ -	$ -	$ 2,452,558
Salaries	226,785	160,078	535,913	-	695,991	922,776
Employee benefits and payroll taxes	14,910	30,322	101,512	-	131,834	146,744
Occupancy	32,775	24,678	82,619	2,000	109,297	142,072
Telephone	1,667	1,283	4,296	-	5,579	7,246
Travel and carfare	-	6,769	30,056	-	36,825	36,825
Insurance	-	1,927	6,450	-	8,377	8,377
Professional fees	-	7,886	26,401	-	34,287	34,287
Other fees	-	9,656	32,328	-	41,984	41,984
Equipment rental and maintenance	-	809	2,710	-	3,519	3,519
Office expense	-	414	1,388	-	1,802	1,802
Dues and subscriptions	-	395	1,324	-	1,719	1,719
Computer expenses	455	4,232	14,168	-	18,400	18,855
Postage and messenger	-	562	3,845	-	4,407	4,407
Printing and publications	-	371	13,433	-	13,804	13,804
Event production	-	-	-	56,998	56,998	56,998
Catering	-	-	-	26,523	26,523	26,523
Marketing and public relations	96,405	27,090	90,692	-	117,782	214,187
Recruitment	-	12,084	40,456	-	52,540	52,540
Depreciation	71,941	1,475	4,938	-	6,413	78,354
Miscellaneous	-	-	1,176	-	1,176	1,176
Total Expenses	2,897,496	290,031	993,705	85,521	1,369,257	4,266,753
Less expenses deducted from revenues on the statements of activities						
Direct costs of special events	-	-	-	(85,521)	(85,521)	(85,521)
Total Expenses Reported by Function on the Statements of Activities	$ 2,897,496	$ 290,031	$ 993,705	$ -	$ 1,283,736	$ 4,181,232

American Friends of the Israel Philharmonic Orchestra, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Service	Supporting Services				
	Orchestral	Management and General	Fundraising	Direct Cost of Special Events	Total	Total
Grants and other support for Israel Philharmonic Orchestra	$ 4,087,028	$ -	$ -	$ -	$ -	$ 4,087,028
Salaries	259,976	186,568	624,596	-	811,164	1,071,140
Employee benefits and payroll taxes	14,163	26,960	90,257	-	117,217	131,380
Occupancy	33,407	26,551	88,889	41,059	156,499	189,906
Telephone	2,000	1,540	5,156	-	6,696	8,696
Travel and carfare	-	3,462	52,786	-	56,248	56,248
Insurance	-	1,708	5,716	-	7,424	7,424
Professional fees	-	7,092	30,562	-	37,654	37,654
Other fees	-	10,988	36,786	-	47,774	47,774
Equipment rental and maintenance	-	759	2,543	-	3,302	3,302
Office expense	-	1,438	4,813	-	6,251	6,251
Dues and subscriptions	-	656	2,196	-	2,852	2,852
Computer expenses	453	4,347	14,552	-	18,899	19,352
Postage and messenger	-	792	10,827	-	11,619	11,619
Printing and publications	-	768	21,651	-	22,419	22,419
Event production	-	-	-	377,432	377,432	377,432
Catering	-	-	-	363,086	363,086	363,086
Marketing and public relations	302,500	73,137	244,850	-	317,987	620,487
Recruitment	-	9,150	30,633	-	39,783	39,783
Depreciation	71,941	1,318	4,412	-	5,730	77,671
Miscellaneous	-	-	20,038	-	20,038	20,038
Total Expenses	4,771,468	357,234	1,291,263	781,577	2,430,074	7,201,542
Less expenses deducted from revenues on the statements of activities						
Direct costs of special events	-	-	-	(781,577)	(781,577)	(781,577)
Total Expenses Reported by Function on the Statements of Activities	$ 4,771,468	$ 357,234	$ 1,291,263	$ -	$ 1,648,497	$ 6,419,965

American Friends of the Israel Philharmonic Orchestra, Inc.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	$ 1,931,468	$ (7,355,865)
Items not requiring (providing) operating cash flows		
Net realized and unrealized (gain) loss on investments	(2,849,695)	4,727,685
Depreciation	78,354	77,671
Gain on forgiveness of loan	-	(110,000)
Loss on disposal of property and equipment	561	-
Noncash operating lease expense	(6,028)	-
Changes in		
Contributions receivable	109,237	838,355
Other receivables	272,140	(166,238)
Prepaid expenses and other assets	(40,671)	104,517
Accounts and accrued expenses payable	(72,022)	(142,077)
Grant payable	(954,827)	954,827
Net Cash Used in Operating Activities	(1,531,483)	(1,071,125)
Investing Activities		
Proceeds from sale of investments	3,896,066	2,472,327
Purchase of investments	(1,515,382)	(1,940,426)
Purchase of property, equipment, and musical instruments	(5,799)	(3,277)
Net Cash Provided by Investing Activities	2,374,885	528,624
Financing Activities		
Proceeds from line of credit	9,500	16,864
Payments on line of credit	(9,500)	(16,864)
Net Cash Provided by Financing Activities	-	-
Change in Cash and Cash Equivalents	843,402	(542,501)
Cash and Cash Equivalents, Beginning of Year	528,283	1,070,784
Cash and Cash Equivalents, End of Year	$ 1,371,685	$ 528,283
Supplemental Cash Flows Information		
Cash paid during the year for interest	$ 19	$ 14
Right-of-use assets obtained in exchange for new operating lease liabilities	-	6,039

Note 1. Nature of Organization and Summary of Significant Accounting Policies

American Friends of the Israel Philharmonic Orchestra, Inc. (AFIPO) raises funds to support and to secure the financial future of the Israel Philharmonic Orchestra. AFIPO is a not-for-profit corporation which is tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

AFIPO is funded primarily by contributions from the general public, investment income, and special events.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

AFIPO considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents. At December 31, 2023 and 2022, cash equivalents consisted primarily of money market accounts with brokers.

At December 31, 2023, the cash accounts exceed federally insured limits by approximately $843,000.

Investments and Investment Return

Investments in equities, exchange traded funds, mutual funds, and Israel bonds having a readily determinable fair value are carried at fair value. Investments in hedge funds are recorded at net asset value (NAV) as a practical expedient. Investment return includes dividends and interest; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return is reflected in the statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Allowance for Doubtful Accounts

AFIPO's management determines whether an allowance for uncollectibles should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent receipts, and historical information. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged or recorded on overdue receivables.

Property, Equipment, and Musical Instruments

Property, equipment, and musical instruments are stated at cost less accumulated depreciation. Property, equipment, and musical instruments costing in excess of $450 with a useful life of greater than one year are capitalized. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property, equipment, and musical instruments are as follows:

Property and equipment	5 to 7 years
Musical instruments	50 years

Long-Lived Asset Impairment

AFIPO evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Leases

AFIPO determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. AFIPO determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. AFIPO has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that AFIPO is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

AFIPO has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an orchestral training program.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some 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 restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to AFIPO either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	**Value Recognized**
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Special Events

AFIPO conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenue in the accompanying statements of activities if the event has taken place. Proceeds for events that have not taken place are part of deferred revenue. Income accrued related to special events that have occurred is included in other receivables.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general, and fundraising categories based on salaries and office space or direct charges.

Grants and Other Support to Israel Philharmonic Orchestra

All grants and other support to the Israel Philharmonic Orchestra in Israel are recorded when approved by management and the Board of Directors. All grants were unconditional.

Note 2. Contributions Receivable

Unconditional contributions receivable have been recorded in these financial statements at their realizable value. Those receivables that are payable in more than one year have been discounted to their present value using discount rates of 3.52% in 2023 and 2.72% in 2022. The receivables are due as follows:

	2023			
	Without Donor Restrictions	**With Donor Restrictions - Time Restricted**	**With Donor Restrictions - Purpose Restricted**	**Total**
Due in one year and past due	$ 200,000	$ 215,000	$ -	$ 415,000
Due in two to five years	-	375,000	-	375,000
Due in more than five years	-	45,000	-	45,000
	200,000	635,000	-	835,000
Less allowance for uncollectible contributions	(200,000)	-	-	(200,000)
Unamortized discount	-	(12,541)	-	(12,541)
	$ -	$ 622,459	$ -	$ 622,459

	2022			
	Without Donor Restrictions	**With Donor Restrictions - Time Restricted**	**With Donor Restrictions - Purpose Restricted**	**Total**
Due in one year and past due	$ 144,237	$ 300,000	$ -	$ 444,237
Due in two to five years	-	500,000	-	500,000
	144,237	800,000	-	944,237
Less allowance for uncollectible contributions	(100,000)	(100,000)	-	(200,000)
Unamortized discount	-	(12,541)	-	(12,541)
	$ 44,237	$ 687,459	$ -	$ 731,696

Note 3. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022:

	2023		
		Fair Value Measurements Using	
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Mutual funds - bonds	$ 2,695,817	$ 2,695,817	$ -
Mutual funds - equities	13,772,655	13,772,655	-
Equities - large cap	814,791	814,791	-
Equities - mid cap/small cap	49,597	49,597	-
Israel bonds	250	-	250
	17,333,110	$ 17,332,860	$ 250
Cash and cash equivalents	138,333		
Investments measured at net asset value (A)			
Hedge funds	853,094		
Limited partnerships	2,228,469		
	3,081,563		
Total investments	$ 20,553,006		

	2022		
		Fair Value Measurements Using	
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Mutual funds - bonds	$ 2,989,888	$ 2,989,888	$ -
Mutual funds - equities	13,170,701	13,170,701	-
Equities - large cap	843,513	843,513	-
Equities - mid cap/small cap	48,809	48,809	-
Israel bonds	247	-	247
	17,053,158	$ 17,052,911	$ 247
Cash and cash equivalents	238,520		
Investments measured at net asset value (A)			
Hedge funds	970,790		
Limited partnerships	1,821,527		
	2,792,317		
Total investments	$ 20,083,995		

(A) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2023 and 2022.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while AFIPO 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.

Hedge Funds and Limited Partnerships

Investments in certain entities measured at fair value using the NAV per share as a practical expedient consist of the following:

	Fair Value		Unfunded	Redemption	Redemption
	2023	**2022**	**Commitments**	**Frequency**	**Notice Period**
Fund (a)	$ 828,265	$ 941,634	$ -	Quarterly	45 days
Fund (b)	24,829	29,156	-	Quarterly	30 days
Limited Partnership (c)	905,290	811,613	-	Quarterly	60 days
Limited Partnership (d)	76,729	85,913	108,172	N/A	N/A
Limited Partnership (e)	306,471	275,598	22,606	Quarterly	45 days
Limited Partnership (f)	134,481	152,900	154,179	N/A	N/A
Limited Partnership (g)	200,234	114,570	280,000	Monthly	N/A
Limited Partnership (h)	416,354	321,488	145,000	Monthly	N/A
Limited Partnership (i)	97,983	31,356	400,000	Quarterly	N/A
Limited Partnership (j)	90,927	28,089	410,833	Quarterly	N/A
Total	$ 3,081,563	$ 2,792,317	$ 1,520,790		

Fund (a): A fund-of-funds that seeks long-term capital appreciation through investments in a number of long/short equity hedge funds. There are 10 underlying multi-sector and sector funds, and average net exposure is in the 60% range.

Fund (b): Seeks to generate superior risk-adjusted returns that maximize gains and minimize volatility over a broad range of market environments. The portfolio is domestically focused and generally maintains low net exposure to the market.

Limited partnership (c): Limited partnership which seeks to achieve equity-like investment returns while taking significantly less market risk than the broad market indices. The General Partner seeks to achieve this goal through superior security selection on both long and short positions.

Limited partnership (d): High yielding loans to diverse middle market companies across the U.S. providing transitional capital to fund acquisitions, refinancing, growth, recapitalizations, and turnarounds on a sponsored or unsponsored basis.

Limited partnership (e): Seeks to generate superior risk-adjusted returns that maximize gains and minimize volatility over a broad range of market environments. The portfolio is domestically focused and generally maintains low net exposure to the market.

Limited partnership (f): A privately held firm specializing in non-traditional money management activities. The firm seeks to acquire equity interests in sub-performing and distressed real estate assets and debt which often require significant capital restructuring and asset repositioning to stabilize.

Limited partnership (g): The fund was organized in Delaware on August 5, 2021 and will continue until the tenth anniversary of the initial close date of December 30, 2021, at which time the fund will dissolve and commence its winding up. The term of the fund may be extended for up to two additional one-year periods.

Limited partnership (h): The fund was organized on May 2, 2019 for the sole purpose of investing substantially all of its assets in a limited partnership interest. The fund operates as a “Fund of Funds” investment vehicle that seeks to realize long-term returns in excess of those available through conventional investments primarily by investing in a diversified group of closed-end private funds focused on leveraged buyout, growth equity, mezzanine, and venture capital investment funds.

Limited partnership (i): The partnership was organized on November 3, 2021 and commenced operations on March 31, 2022. The partnership’s principal objective is current income and capital appreciation primarily through investments in value-add real estate assets and performing and non-performing mortgages.

Limited partnership (j): The partnership was formed in November 2021. The investment objective is to make investments in less liquid and/or longer-duration private and public securities, other financial instruments, and other assets, including, senior, secured, and unsecured bank debt and public debt, mezzanine and junior debt, bonds, notes, trade claims, equities and convertible securities, contingent value rights, options, and swaps.

Note 4. Furniture, Equipment, and Musical Instruments

	2023	2022
Furniture and equipment	$ 57,148	$ 55,682
Musical instruments	3,597,052	3,597,052
	3,654,200	3,652,734
Less accumulated depreciation	(1,660,454)	(1,585,872)
	$ 1,993,746	$ 2,066,862

Note 5. Revenue from Contracts with Special Event Attendees

Special Events Revenue

Revenue from special events is reported at the amount that reflects the consideration to which AFIPO expects to be entitled in exchange for the direct cost of the benefits received by the participant at the event.

Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations

Performance obligations are determined based on the nature of the services provided by AFIPO. Revenue for performance obligations satisfied over a period of time is generally recognized when goods are provided to donors over a period of time and AFIPO does not believe it is required to provide additional goods or services related to that sale.

Transaction Price

AFIPO determines the transaction price based on standard charges for goods and services provided. For the years ended December 31, 2023 and 2022, AFIPO recognized revenue of approximately $53,000 and $213,000, respectively, from goods and services that transfer to the attendee over a period of time.

Note 6. Leases

Nature of Leases

Operating Leases

AFIPO leases premises in New York City under a 10-year lease which expires April 30, 2027. In addition to the minimum rentals, there are required payments for escalation in real estate taxes and other charges.

AFIPO also leases office space in Los Angeles on a month-to-month basis.

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2023 and 2022 are:

	2023	2022
Lease cost		
Operating lease cost	$ 111,524	$ 111,444
Short-term lease cost	24,480	24,880
Total lease cost	$ 136,004	$ 136,324
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 111,440	$ 97,675
Weighted-average remaining lease term		
Operating leases	3.31 years	4.31 years
Weighted-average discount rate		
Operating leases	1.38%	1.38%

Future minimum lease payments and reconciliation to the statements of financial position at December 31, 2023 are as follows:

2024	$ 118,694
2025	119,765
2026	121,242
2027	40,680
Total undiscounted cash flows	400,381
Less present value discount	(8,860)
Total lease liabilities	$ 391,521

Note 7. Loan Payable

On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* was signed into law. On May 11, 2020, AFIPO received a loan in the amount of $106,400 pursuant to the Paycheck Protection Program (PPP), which was scheduled to mature on May 11, 2022. AFIPO has elected to account for the funding as a loan under Accounting Standards Codification (ASC) Topic 470, *Debt*. The loan was due two years from the date of the first disbursement under the loan and had a fixed interest rate of 1% per year. On August 18, 2021, the entire amount of the loan was forgiven and was recognized as a gain on forgiveness in the 2021 statement of activities.

On March 3, 2021, AFIPO received a second draw PPP loan in the amount of $110,000. The loan was due five years from the date of the first disbursement under the loan and had a fixed interest rate of 1% per year. Similarly to the first draw, any forgiveness of the loan was recognized as a gain in the financial statements in the period the debt was legally released. On March 21, 2022, the entire amount of the second draw PPP loan was forgiven.

Note 8. Net Assets With Donor Restrictions

Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	2023	2022
Subject to expenditure for specified purpose or time		
Time restriction	$ 635,000	$ 700,000
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for guest artist program	1,961,500	2,151,615
Subject to NFP endowment spending policy and appropriation of earnings on endowment	1,948,365	1,452,390
Total endowments	3,909,865	3,604,005
	$ 4,544,865	$ 4,304,005

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2023	2022
Expiration of time restrictions	$ 215,000	$ 280,408
Satisfaction of purpose restrictions		
Guest artist program	350,000	325,000
Commissioning fund	-	180,000
Digital music platform	-	300,000
	$ 565,000	$ 1,085,408

Note 9. Endowment

General

AFIPO's endowment consists of one individual donor-restricted endowment fund established for support for the Israel Philharmonic Orchestra's guest artist program for artists who do not reside in Israel to perform with the Orchestra. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of AFIPO has adopted the *New York Prudent Management of Institutional Funds Act* (NYPMIFA). NYPMIFA moves away from the "historic dollar value" standard and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. AFIPO is now governed by the NYPMIFA spending policy, which establishes a maximum prudent spending limit of 7% of the average of its previous five years' balance. As a result of this interpretation, AFIPO classifies as endowment restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Return Objectives, Strategies Employed, and Spending Policy

The objective of AFIPO is to maintain the principal endowment fund designated by the donor while generating investment income except to the extent that a donor designated the fund to be fully disbursed by January 31, 2036. The investment policy for this fund is to invest in securities that provide capital appreciation without putting the principal value at excessive risks. The baseline spending rate will be set at 3% of the portion of the fund that excludes the corpus of endowment. The spending amount will correspond to 3% of the average market value of the endowment as of the last 12 quarters of prior year.

Funds with Deficiencies

AFIPO does not have any funds with deficiencies.

Endowment Net Asset Composition by Type of Fund as of December 31, 2023 and 2022

The endowment net asset composition of $3,909,865 and $3,604,005 as of December 31, 2023 and 2022, respectively, consists of a donor-restricted endowment fund. Investment income earned is currently being added to the principal per donor instruction.

Changes in Endowment Net Assets for the Years Ended December 31, 2023 and 2022

	With Donor Restrictions	
	2023	**2022**
Endowment net assets, beginning of year	$ 3,604,005	$ 4,559,596
Appropriation of endowment net assets for expenditures	(350,000)	(325,000)
Investment return	655,860	(630,591)
Endowment net assets, end of year	$ 3,909,865	$ 3,604,005

Note 10. Pension Plan

AFIPO offers a 403(b) pension plan. To be eligible to participate in this plan, the employee must be at least 21 years old and work a minimum of 20 hours per week. This plan only provides for employee contributions through a salary reduction agreement with no provision for an employer matching contribution. Employees are fully vested in their contributions to the plan.

Note 11. Line of Credit

AFIPO has a $25,000 line of credit, bearing interest at 14% and 12% as of December 31, 2023 and 2022, respectively. There was no outstanding balance as of December 31, 2023 and 2022. Interest expense for 2023 and 2022 was $19 and $14, respectively, and is recorded as office expense in the statements of functional expenses.

Note 12. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 and 2022, comprise the following:

	2023	2022
Financial assets at year-end		
Cash	$ 1,371,685	$ 528,283
Investments	20,553,006	20,083,995
Contributions receivable, net	622,459	731,696
Other receivables	57,702	329,842
Total financial assets at year-end	22,604,852	21,673,816
Less amounts not available to be used within one year		
Donor-imposed restrictions	(4,544,865)	(4,304,005)
Total amounts not available to be used within one year	(4,544,865)	(4,304,005)
Financial assets available to meet general expenditures within one year	$ 18,059,987	$ 17,369,811

The Board has designated a portion of its financial assets for a reserve. However, these funds are included in the financial assets available to meet general expenditures within one year as they can be released from the Board as needed.

AFIPO manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, AFIPO forecasts its future cash flows and monitors its reserves annually. During the years ended December 31, 2023 and 2022, the level of liquidity and reserves was managed within the policy requirements.

Note 13. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Approximately 94% and 95% of the contributions receivable are due from three donors as of December 31, 2023 and 2022, respectively.

Special Events

Revenue from three special events represents 98% and 73% of total special event revenue in 2023 and 2022, respectively.

Note 14. Subsequent Events

Subsequent events have been evaluated through September 20, 2024, which is the date the financial statements were available to be issued.