




American Friends of Israel Philharmonic Orchestra, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2024 and 2023



American Friends of the Israel Philharmonic Orchestra, Inc.
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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, 2024 and 2023, 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, 2024 and 2023, 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 11, 2025**

American Friends of the Israel Philharmonic Orchestra, Inc.
Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 1,230,930	\$ 1,371,685
Investments	21,455,675	20,553,006
Contributions receivable, net	457,459	622,459
Other receivables	18,000	57,702
Prepaid expenses and other assets	239,760	63,796
Right-of-use assets – operating leases	251,382	358,198
Property, equipment, and musical instruments, net	1,916,504	1,993,746
Total Assets		\$ 25,020,592
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 77,458	\$ 44,364
Operating lease liabilities	277,371	391,521
Deferred revenue	419,258	-
Total Liabilities	774,087	435,885
Net Assets		
Without Donor Restrictions		
Operating	19,101,075	19,108,429
Board designated	918,724	931,413
Total Without Donor Restrictions	20,019,799	20,039,842
With Donor Restrictions	4,775,824	4,544,865
Total Net Assets	24,795,623	24,584,707
Total Liabilities and Net Assets	\$ 25,569,710	\$ 25,020,592

American Friends of the Israel Philharmonic Orchestra, Inc.
Statements of Activities
Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, Losses, and Other Support						
Contributions	\$ 2,052,282	\$ 75,000	\$ 2,127,282	\$ 2,029,981	\$ 150,000	\$ 2,179,981
Special events	\$ 1,208,522			\$ 866,306		
Less direct costs of special events	(540,704)			(85,521)		
Net revenues from special events	667,818	-	667,818	780,785	-	780,785
Recovery of bad debt	30,000	-	30,000	-	-	-
Investment return	1,512,030	695,959	2,207,989	2,496,635	655,860	3,152,495
Loss on disposal of property and equipment	-	-	-	(561)	-	(561)
Net assets released from restriction	540,000	(540,000)	-	565,000	(565,000)	-
Total Revenues, Gains, Losses, and Other Support	4,802,130	230,959	5,033,089	5,871,840	240,860	6,112,700
Expenses						
Program Service – Orchestral	3,355,839	-	3,355,839	2,897,496	-	2,897,496
Supporting Services						
Management and general	325,437	-	325,437	290,031	-	290,031
Fundraising	1,140,897	-	1,140,897	993,705	-	993,705
Total Supporting Services	1,466,334	-	1,466,334	1,283,736	-	1,283,736
Total Expenses	4,822,173	-	4,822,173	4,181,232	-	4,181,232
Change in Net Assets	(20,043)	230,959	210,916	1,690,608	240,860	1,931,468
Net Assets, Beginning of Year	20,039,842	4,544,865	24,584,707	18,349,234	4,304,005	22,653,239
Net Assets, End of Year	\$ 20,019,799	\$ 4,775,824	\$ 24,795,623	\$ 20,039,842	\$ 4,544,865	\$ 24,584,707

American Friends of the Israel Philharmonic Orchestra, Inc.
Statement of Functional Expenses
Year Ended December 31, 2024

	Program Service	Supporting Services				Total	Total
	Orchestral	Management and General		Direct Cost of Special Events			
		General	Fundraising				
Grants and other support for Israel Philharmonic Orchestra	\$ 2,818,397	\$ -	\$ -	\$ -	\$ -	\$ 2,818,397	
Salaries	256,230	204,401	684,297	-	888,698	1,144,928	
Employee benefits and payroll taxes	17,068	23,334	78,117	-	101,451	118,519	
Occupancy	27,364	21,898	73,311	19,500	114,709	142,073	
Telephone	1,576	1,214	4,063	-	5,277	6,853	
Travel and carfare	-	6,580	35,155	-	41,735	41,735	
Insurance	-	1,565	5,240	-	6,805	6,805	
Professional fees	-	7,625	29,047	-	36,672	36,672	
Other fees	-	11,334	37,945	-	49,279	49,279	
Equipment rental and maintenance	-	644	2,158	-	2,802	2,802	
Office expense	-	820	3,061	-	3,881	3,881	
Dues and subscriptions	-	446	1,491	-	1,937	1,937	
Computer expenses	455	8,062	26,992	-	35,054	35,509	
Postage and messenger	-	674	4,981	-	5,655	5,655	
Printing and publications	-	541	20,060	-	20,601	20,601	
Event production	-	-	-	337,365	337,365	337,365	
Catering	-	-	-	183,839	183,839	183,839	
Marketing and public relations	162,808	34,804	123,087	-	157,891	320,699	
Depreciation	71,941	1,219	4,082	-	5,301	77,242	
Miscellaneous	-	276	7,810	-	8,086	8,086	
Total Expenses	3,355,839	325,437	1,140,897	540,704	2,007,038	5,362,877	
Less expenses deducted from revenues on the statements of activities							
Direct costs of special events	-	-	-	(540,704)	(540,704)	(540,704)	
Total Expenses Reported by Function on the Statements of Activities	\$ 3,355,839	\$ 325,437	\$ 1,140,897	\$ -	\$ 1,466,334	\$ 4,822,173	

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

	Program Service	Supporting Services				Total	Total
	Orchestral	Management and General	Fundraising	Direct Cost of Special Events	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	-	-	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.
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ 210,916	\$ 1,931,468
Items not requiring (providing) operating cash flows		
Net realized and unrealized gain on investments	(1,612,044)	(2,849,695)
Depreciation	77,242	78,354
Loss on disposal of property and equipment	-	561
Noncash operating lease expense	(7,334)	(6,028)
Recovery of bad debt	(30,000)	-
Changes in		
Contributions receivable	195,000	109,237
Other receivables	39,702	272,140
Prepaid expenses and other assets	(175,964)	(40,671)
Accounts payable and accrued expenses	33,094	(72,022)
Grant payable	-	(954,827)
Deferred revenue	419,258	-
Net Cash Used in Operating Activities	(850,130)	(1,531,483)
Investing Activities		
Proceeds from sale of investments	3,243,610	3,896,066
Purchase of investments	(2,534,235)	(1,515,382)
Purchase of property, equipment, and musical instruments	-	(5,799)
Net Cash Provided by Investing Activities	709,375	2,374,885
Financing Activities		
Proceeds from line of credit	5,100	9,500
Payments on line of credit	(5,100)	(9,500)
Net Cash Provided by Financing Activities	-	-
Change in Cash and Cash Equivalents	(140,755)	843,402
Cash and Cash Equivalents, Beginning of Year	1,371,685	528,283
Cash and Cash Equivalents, End of Year	\$ 1,230,930	\$ 1,371,685
Supplemental Cash Flows Information		
Cash paid during the year for interest	\$ 4	\$ 19

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

American Friends of 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, 2024 and 2023, cash equivalents consisted primarily of money market accounts with brokers.

At December 31, 2024, the cash accounts exceed federally insured limits by approximately \$871,000.

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.

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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, 2024 and 2023.

Deferred Revenue

Revenue from special events that are going to take place in the future is recorded as deferred revenue.

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.

American Friends of the Israel Philharmonic Orchestra, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

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
<i>Unconditional gifts, with or without restriction</i>	
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 (the Board). All grants were unconditional.

American Friends of the Israel Philharmonic Orchestra, Inc.
Notes to Financial Statements
December 31, 2024 and 2023

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 3.88% in 2024 and 3.52% in 2023. The receivables are due as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions – Time Restricted	Total
Due in one year and past due	\$ 170,000	\$ 190,000	\$ 360,000
Due in two to five years	-	237,500	237,500
Due in more than five years	-	42,500	42,500
	170,000	470,000	640,000
Less allowance for uncollectible contributions	(170,000)	-	(170,000)
Unamortized discount	-	(12,541)	(12,541)
	<u>\$ -</u>	<u>\$ 457,459</u>	<u>\$ 457,459</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions – Time 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)
	<u>\$ -</u>	<u>\$ 622,459</u>	<u>\$ 622,459</u>

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

American Friends of the Israel Philharmonic Orchestra, Inc.
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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, 2024 and 2023:

	2024		
	Total	Fair Value Measurements Using	
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)
Mutual funds – bonds	\$ 3,646,819	\$ 3,646,819	\$ -
Mutual funds – equities	14,022,126	14,022,126	-
Equities – large cap	796,561	796,561	-
Equities – mid cap/small cap	43,091	43,091	-
Israel bonds	1,002	-	1,002
	<u>18,509,599</u>	<u>\$ 18,508,597</u>	<u>\$ 1,002</u>
Cash and cash equivalents	<u>125,681</u>		
Investments measured at net asset value (A)			
Hedge funds	680,428		
Limited partnerships	<u>2,139,967</u>		
	<u>2,820,395</u>		
Total investments	<u>\$ 21,455,675</u>		

American Friends of the Israel Philharmonic Orchestra, Inc.
Notes to Financial Statements
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	2023		
	Total	Fair Value Measurements Using	
		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
	<u>17,333,110</u>	<u>\$ 17,332,860</u>	<u>\$ 250</u>
Cash and cash equivalents	<u>138,333</u>		
Investments measured at net asset value (A)			
Hedge funds	853,094		
Limited partnerships	<u>2,228,469</u>		
	<u>3,081,563</u>		
Total investments	<u>\$ 20,553,006</u>		

(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, 2024 and 2023.

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.

American Friends of the Israel Philharmonic Orchestra, Inc.
Notes to Financial Statements
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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 Commitments	Redemption Frequency	Redemption Notice Period
	2024	2023			
Fund (a)	\$ 660,830	\$ 828,265	\$ -	Quarterly	45 days
Fund (b)	19,598	24,829	-	Quarterly	30 days
Limited Partnership (c)	582,949	905,290	-	Quarterly	60 days
Limited Partnership (d)	18,238	76,729	40,000	N/A	N/A
Limited Partnership (e)	230,703	306,471	22,606	Quarterly	45 days
Limited Partnership (f)	115,784	134,481	154,179	N/A	N/A
Limited Partnership (g)	314,944	200,234	200,000	Monthly	N/A
Limited Partnership (h)	408,487	416,354	110,000	Monthly	N/A
Limited Partnership (i)	179,166	97,983	310,000	Quarterly	N/A
Limited Partnership (j)	289,696	90,927	393,435	Quarterly	N/A
Total	<u>\$ 2,820,395</u>	<u>\$ 3,081,563</u>	<u>\$ 1,230,220</u>		

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.

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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

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 57,148	\$ 57,148
Musical instruments	3,597,052	3,597,052
	3,654,200	3,654,200
Less accumulated depreciation	<u>(1,737,696)</u>	<u>(1,660,454)</u>
	<u>\$ 1,916,504</u>	<u>\$ 1,993,746</u>

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, 2024 and 2023, AFIPO recognized revenue of approximately \$103,360 and \$53,000, 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.

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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, 2024 and 2023 are:

	<u>2024</u>	<u>2023</u>
Lease cost		
Operating lease cost	\$ 120,134	\$ 111,524
Short-term lease cost	-	24,480
	<u> </u>	<u> </u>
Total lease cost	<u>\$ 120,134</u>	<u>\$ 136,004</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 118,694	\$ 111,440
Weighted-average remaining lease term		
Operating leases	2.31 years	3.31 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, 2024 are as follows:

2025	\$ 119,765
2026	121,242
2027	<u>40,680</u>
Total undiscounted cash flows	281,687
Less present value discount	<u>(4,316)</u>
Total lease liabilities	<u>\$ 277,371</u>

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Note 7. 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:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose or time		
Time restriction	\$ 470,000	\$ 635,000
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for guest artist program	2,017,488	1,961,500
Subject to NFP endowment spending policy and appropriation of earnings on endowment	<u>2,288,336</u>	<u>1,948,365</u>
Total endowments	<u>4,305,824</u>	<u>3,909,865</u>
	<u>\$ 4,775,824</u>	<u>\$ 4,544,865</u>

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.

	<u>2024</u>	<u>2023</u>
Expiration of time restrictions	\$ 240,000	\$ 215,000
Satisfaction of purpose restrictions		
Guest artist program	<u>300,000</u>	<u>350,000</u>
	<u>\$ 540,000</u>	<u>\$ 565,000</u>

Note 8. 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.

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Interpretation of Relevant Law

The Board 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, 2024 and 2023

The endowment net asset composition of \$4,305,824 and \$3,909,865 as of December 31, 2024 and 2023, 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, 2024 and 2023

	With Donor Restrictions	
	2024	2023
Endowment net assets, beginning of year	\$ 3,909,865	\$ 3,604,005
Appropriation of endowment net assets for expenditures	(300,000)	(350,000)
Investment return	695,959	655,860
Endowment net assets, end of year	<u>\$ 4,305,824</u>	<u>\$ 3,909,865</u>

Note 9. 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.

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Note 10. Line of Credit

AFIPO has a \$25,000 line of credit, bearing interest at 13.5% and 14% as of December 31, 2024 and 2023, respectively. There was no outstanding balance as of December 31, 2024 and 2023. Interest expense for 2024 and 2023 was \$4 and \$19, respectively, and is recorded as office expense in the statements of functional expenses.

Note 11. 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, 2024 and 2023, comprise the following:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end		
Cash	\$ 1,230,930	\$ 1,371,685
Investments	21,455,675	20,553,006
Contributions receivable, net	457,459	622,459
Other receivables	<u>18,000</u>	<u>57,702</u>
Total financial assets at year-end	<u>23,162,064</u>	<u>22,604,852</u>
Less amounts not available to be used within one year		
Donor-imposed restrictions	<u>(4,775,824)</u>	<u>(4,544,865)</u>
Total amounts not available to be used within one year	<u>(4,775,824)</u>	<u>(4,544,865)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 18,386,240</u>	<u>\$ 18,059,987</u>

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, 2024 and 2023, the level of liquidity and reserves was managed within the policy requirements.

Note 12. Significant Estimates and Concentrations

GAAP requires disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Approximately 92% and 94% of the contributions receivable are due from three donors as of December 31, 2024 and 2023, respectively.

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Special Events

Revenue from three special events represents 84% and 98% of total special event revenue in 2024 and 2023, respectively.

Note 13. Subsequent Events

Subsequent events have been evaluated through September 11, 2025, which is the date the financial statements were available to be issued.